

Efficiency Maine Trust

Board Meeting Minutes November 28, 2012

Trust Board Members

Naomi Mermin, Chair	Ken Fletcher
Jim Atwell, Vice Chair	Doug Smith
Glen Poole, Treasurer	John Rohman
Brent Boyles	

Efficiency Maine Trust Staff:

- Michael Stoddard
- Elizabeth Crabtree
- Paul Badeau

Other Attendees:

- Lisa Smith, Governor's Energy Office
- Bill Bell, Maine Pellet Fuels Association
- Beth Nagusky, ENE
- Jennifer Ritch-Smith, Howe Cahill
- Jean Guzzetti, OPLA, Maine Legislature
- Michael Daily, Executive Services
- Steve Hambric, O Power

1.0 Welcome and Introduction

Ms. Mermin called the meeting to order at 9:30 a.m. The Board and attendees introduced themselves.

2.0 Approve the Draft Agenda and Minutes:

ACTION: Upon a motion duly made (Mr. Rohman) and seconded (Mr. Poole), the Board voted unanimously to approve the draft agenda. Upon a motion duly made (Mr. Rohman) and seconded (Mr. Smith), the Board also voted unanimously to approve the minutes.

3.0 Public Comment

No public comments were made.

4.0 Executive Director's Report

Mr. Stoddard provided an update regarding the Boothbay Harbor Non Transmission Alternative (NTA) Pilot Program and expected to hear within the next several weeks regarding a winning bidder. The pilot project is managed by Grid Solar, and meetings were held with the local Chamber to explain the process.

Mr. Stoddard added that although EMT targeted specific large companies in the pilot, additional candidates could be considered prior to March. The total size of the pilot is 2 megawatts and is seeking three categories of capacity resources: demand response, renewable energy/ back-up utility generators, and energy efficiency.

Mr. Stoddard thanked Mr. Poole, Ms. Mermin, Mr. Atwell, and Mr. Hodsdon for attending the recent Annual Awards Ceremony and Symposium in Freeport. Two panels were held which generated robust discussions at a high level. More than 225 people attended the event. He said EMT would likely do more public events on targeted issues that affect planning and programs. In addition, EMT honored a number of vendors, customers, and other partners with its annual awards.

Regarding the Large Customer Program, Mr. Stoddard suggested that any board member who may have an interested prospect in mind should direct him or her to the Efficiency Maine web site for info on the RFP.

Mr. Stoddard mentioned ongoing success with two additional programs, the Multifamily Efficiency Program and the Air Sealing Promotion/Direct Install initiative. He said participation in the Air Sealing Promotion was robust, with more than 600 air sealing jobs completed. With temperatures getting colder, and more middle-income homeowners participating, participation continues to be brisk. Mr. Smith asked if there were any defaults, to which Mr. Stoddard answered there was a negligible number, particularly so early on in the product's life span, but that EMT was tracking the number.

Mr. Atwell asked about the future of the loan pool and use of funds. Mr. Stoddard said that he plans to create a working group made up of representatives of the board who may want to plan for the remainder of PACE program funding, and what comes after the grant period in order to help design a program plan consistent with responsible expending of revenues. One possibility is to explore approaching colleges and universities that may want to invest in these kinds of loans, as has happened in other states. Mr. Atwell asked about revisiting the interest rate, and whether 4.99 percent was the right number, a question that the working group would address.

Mr. Stoddard then gave a brief overview of the low income multifamily efficiency program, and how a large percentage of multifamily properties that had installed heat pumps also had previously had air conditioners and would benefit further from the heat pumps. On a related note, the Bangor Hydro and Maine Public Service heat pump pilot program was going strong.

Mr. Rohman asked how many heat pumps were slated to be incentivized in the program, to which Mr. Stoddard replied the program had a budget of \$150,000, translating to about 300 or so units with \$600 rebates. The pilot program had reached well over 1/3 of its target. Once the EMT funds are expended, the utilities were planning to lower their incentive to \$100. In addition, the heat-pump pilot also includes an on-bill financing option for customers. Ms. Mermin added that with several hundred heat pumps in Maine, there now exists an infrastructure of mechanical engineers, plumbers, and other contractors that have seen this new technology work, and is now commonly accepted. There is enough interest in heat pumps that contractors regularly attend trainings. EMT has not certified or licensed any heat pump installers, but has made a requirement that contractors take a class before they can get their customer a rebate through the program.

5.0 COMMITTEE REPORTS

a.) FINANCE COMMITTEE

AUDIT REPORT: As Treasurer, Mr. Poole delivered the Finance Committee report, summarizing a meeting that had taken place several weeks ago to review the Mac Page audit. He reported that there were no major issues to report, and it was generally a clean audit.

Mr. Smith pointed out that in the board packet, there were two unsigned transmittal letters, one addressed to the management team and another to trustees. In the letter to management, the 4th paragraph mentioned a “deficiency to merit attention,” but doesn’t mention what that deficiency is.

Mr. Stoddard responded that the finding in an initial DOE review had cited concerns about insufficient documentation, but in the intervening period, a subsequent review by DOE had determined that EMT in fact was in possession of adequate documentation. EMT further adopted procedures to ensure there is sufficient documentation in the files at the Trust and also to spot check documentation in the files of sub-grantees.

Mr. Smith also asked about the report’s reference to a disaster recovery plan and whether it referenced a potential computer meltdown and how EMT would be prepared for that eventuality. Mr. Stoddard said the disaster recovery referred to how fast EMT could get up and running on a day-to-day basis in the event of an emergency impacting server failure. The audit sought to bring attention to the fact that EMT’s current back-up system is on computer tapes, which may be problematic if there is not immediate access to a computer/server system on which to operate the tapes. Auditors suggested we address this issue.

Mr. Smith asked if there were any additional issues that came up in the audit that trustees ought to know about regarding deficiencies. Mr. Stoddard answered that there were no additional issues.

Mr. Atwell added that auditors generally dig pretty deep, and found no major concerns. Mr. Smith also asked if sub-recipient issues were under control and sufficient documentation was currently in place, to which Mr. Stoddard answered in the affirmative. Mr. Fletcher said his

office also received a letter from DOE stating that everything was acceptable. General Boyles concurred, saying he attended the Finance Committee meeting, and that audits typically either have significant findings or not, and he was satisfied with everything they had to say. He said it was a clean audit in his opinion.

ACTION: Upon a motion duly made (Mr. Poole) and seconded (Mr. Atwell), the board unanimously accepted the A-133 Federal Single Audit Report for the period ending June 30, 2012.

REFRIGERATOR RECYCLING PROGRAM: Mr. Stoddard introduced a memo from Ms. Crabtree, dated Nov. 20, regarding the Refrigerator Recycling Program. He explained that while the program has been performing relatively smoothly, EMT has experienced complexities around such issues as measuring free ridership, gauging program participant motivations, and documenting cost-effectiveness. As a result, staff decided to discontinue the program resulting in the need to transfer the remaining budget to other parts of the Residential Program, specifically Lighting, Appliances and Electronics. He said staff didn't want to proceed until checking with the board first. Discussion ensued on Staff's recommendation to re-purpose the affected budget funds to other residential programs (lighting and appliances).

ACTION: Two motions were duly made (Mr. Poole) and seconded (Mr. Smith), and unanimously approved and voted upon jointly by the board: the reallocation of \$1.25 million in previously budgeted Refrigerator Recycling funds to the Residential Lighting, Appliances, and Electronics program and to amend the associated contract with APT to include those funds; and the reallocation of \$250,000 in previously budgeted Refrigerator Recycling funds to be used for evaluation of the Residential Appliance and Electronics Program.

Mr. Rohman asked what was in the electronics program. Mr. Stoddard replied that it was merely a category description paired with Lighting and Appliances that would allow room for future growth; other than a brief foray in experimenting with smart strips, there are no electronics incentives currently in place. Ms. Mermin added that electronics were a growing opportunity area nationally.

FY 13 BUDGET: Mr. Stoddard commented that the budget this year reflects a multi-year grant carry forward, which results in an appearance of funds not having been expended. He said EMT would stop treating multi-year grants in this way, and that this was the last year of much of the stimulus funding anyway, with the exception of PACE funds.

Mr. Atwell asked if there were transactions regarding large grant recipients that had been allocated, but not yet spent. Mr. Stoddard replied that as a rule, EMT doesn't pay recipients until we get invoices from the customer, and EMT doesn't make final payment typically until the project is completed. Very large projects haven't spent all their money, and it inflates what the budget reflects as unspent.

ACTION: Upon a motion duly made (Mr. Poole) and seconded (Mr. Atwell), the board voted to unanimously accept the amended FY 13 budget as presented and as further amended by the transfer previously approved.

b. Strategic Planning Committee

ANNUAL REPORT:

Mr. Atwell said the Strategic Planning Committee hadn't met to review the document, but was aware it was coming. He asked when the report had to be submitted by statute. Mr. Stoddard replied that it had to be submitted by December 1 to the Public Utilities Commission. He said if needed, EMT could request an extension.

Mr. Stoddard replied that the annual report was formatted according to last year's report. It serves as a reporting of what happened and what was done. In summary, 1.8 billion kWh lifetime savings from this year's programs is slightly more than the previous year, but costs were very similar. At \$23 million for the cost of all electric programs, it was \$.5 million less than was spent last year. Participant cost is up, but lifetime energy benefit is almost identical. He added that he wanted to make sure the board was aware of federal standards for incandescent lights that would be phase into the next several years. As a result, EMT won't get to claim the energy savings as much as it used to

Mr. Atwell said that his recollection was that LEDs utilized about the same amount of energy per lumen as CFLs; if replacing CFLs with LEDs, it's a bit less, but there were significant performance advantages. He said he was curious about the cost effectiveness of LEDs. Mr. Stoddard suggested staff would invite a lighting expert to make a presentation on lighting innovations and advancements, and added that affordable LEDs were on store shelves now. Ms. Mermin commented that LEDs may have cost advantages five years from now.

Returning to discussion about the annual report, Mr. Stoddard reported that the High Performance Schools project was a low performer. It's not an active, ongoing program, but required us to make a multi-year commitment several years ago to fund energy efficient construction projects at Maine schools that were selected to participate, which is why there is a budget allocation.

Ms. Mermin questioned why the low income program cost benefit is higher than the Tri Plan calls for, and asked whether this was a reflection of the lighting program success, or the multifamily program.

Mr. Stoddard answered that Maine State Housing funds that had previously been used to replace low efficiency refrigerators with EnergStar models had shifted to weatherizing low-income electrically heated homes. Furthermore, because CFL incentives were offered at stores such as Wal Mart and Sam's Clubs, low-income residents were benefitting from those programs as well. In blending the first half of the year's MaineHousing results with the second half

reflecting the other two programs, that is the number we arrived at. They are proving to be better results, but they won't last forever, as there is only a limited universe of low-income electrically-heated homes.

Ms. Mermin said it was nice to have programs for low income populations one of the highest performing line items. She said there were a number of programs in other states that blend programs. Perhaps EMT could look at the Direct Install program, and try to tease out the electric savings to see if there is an opportunity to have the program serve the low-income population.

Mr. Stoddard said more analysis was needed on Direct Install. Perhaps in the future, weatherization may go beyond electrically heated homes. He suggested that perhaps some kind of home weatherization could be completed because of other quantified savings.

Regarding favorable benefit to cost ratios pointed out by Mr. Fletcher, Mr. Stoddard cautioned that results are influenced greatly by the cost-effectiveness of the lighting program, and that with EISA regulations, he wants to manage expectations, and remind trustees once again that the marketplace would eventually be saturated with CFLs.

Mr. Stoddard also reported a slightly higher benefit-to-cost ratio for PACE up to 1.86, and regarding the Air Sealing Promotion (or Direct Install), staff neglected to reflect \$40,000 in costs. Otherwise, there were no changes.

Mr. Rohman pointed out that under RDI, the lifetime energy benefit increased, as did the number of BTUs saved and the benefit to cost ratio.

Mr. Fletcher also inquired about the fate of the Maine Advanced Building program. Mr. Stoddard explained that the MAB was a new construction program for commercial buildings that started as a pilot program funded with ARRA dollars. As expected, most new construction savings is thermal. EMT used federal dollars that were unrestricted. EMT is keeping it as a new construction program, but it's primarily an education and training initiative with no cash incentives. MAB is modeled after a national best practices standard, and proved to be slow and costly. EMT had the experience of investing significant time working with designers and developers, and two-thirds of the way through the process the customer might decide not to do go forward. The program delivery consumed a lot of money and time, but no savings would result in those cases. With new construction in Maine still very slow, the program has been scaled down. EMT proposes to still promote efficiency standards with new construction, and invest in training with architects and the engineering community, but will offer no cash incentives. Stakeholders who like the program say new construction sometimes takes two years or more to complete.

Ms. Mermin said we should remember this data because EMT had received pushback from a small group of stakeholders during its Triennial Plan meetings. Given the few new buildings, and considering the highest benefit for ratepayers, the data doesn't show the MAB program is cost effective.

Mr. Stoddard explained that the balance of the report is descriptive, and if there is some significant departure expected from FY 13 vs. FY 12, it is mentioned. The primary issue that needs board review is the legislative recommendations, which is the only commentary in the document.

Mr. Fletcher opined that he would either reference the findings document, or lay out the targets the board identified as unattainable. Some may not understand what the board was referencing. He suggested moving footnote 8 into the body of the report. The logical question a reader would ask is which targets were found to be unattainable, and for what reasons. That would lead to the findings document.

Ms. Mermin suggested that it may be worth noting in the executive summary that there are legislative recommendations.

Mr. Smith mentioned he was troubled with two parts of the law: he said findings should be consistent with hard and fast goals, and hard and fast data, and they were not. Findings have to show consistency with statutory goals. As a result, he said, trustees couldn't do what the statute asked. Paragraph C of the statute references goals. All we can do is bring it to the legislature's attention.

Mr. Stoddard offered add language that the board recommended that the legislature review the requirements of paragraph 4 (C).

Mr. Smith said he was comfortable with that, as long as it points out the requirements "findings" language of paragraph 4C.

Mr. Fletcher noted a discrepancy in appendix B in encumbrances. Chart ES3 shows FY 12 payments of \$38 million, but appendix B shows \$29 million. Mr. Stoddard responded that encumbrances in ES 3 reflect what the auditor sees on the books for checks cut and dollars out the door. However, for the purpose of giving the board a reflection of what happened, we lump all program costs and savings that year, which can be several million dollars. For example, large mill projects awarded in December are projected costs, but EMT hasn't yet spent a dollar.

Mr. Fletcher suggested being ready to explain the numbers, as one shows \$29 million, and the other references \$38 million, a 25 percent difference. There needs to be some explanation of why Appendix B is different than ES 3.

Mr. Smith also said that a good deal of what is reported is "lifetime energy savings." He asked if there was a public record or definitive document that defines the term "lifetime." Mr. Stoddard replied that the definitive source of what a "lifetime" is for each measure is found in EMT's Technical Reference Manual (TRM), accessible to the public and found on EMT's web site.

Mr. Smith also noted that the report referenced "reducing demand for electricity across the state enough to suppress the price paid by all Mainers on the grid..." (the second bullet on page

6), and should be footnoted to the Synapse study, as statements such as these should be documented and verified.

Mr. Fletcher also pointed out a possible decimal error on page 12 regarding the Large Customer Program and the \$8.6 million figure. Mr. Stoddard said he would have staff review the number for accuracy. Mr. Fletcher also suggested adding a footnote or explanation on page 24 regarding whether EMT applies lifetime gross or lifetime net savings, and a definition of terms under the second bullet. Mr. Stoddard explained that gross savings are what has traditionally been by efficiency programs in Maine, and also is reported by other states, but we show both.

ACTION: Upon a motion duly made (Mr. Atwell) and seconded (Mr. Poole), the board voted unanimously to accept the draft Annual Report with suggested amendments.

Mr. Stoddard recognized the hard work that staff has undertaken in producing the Annual Report and audit results, especially Elizabeth Crabtree and Ian Burnes for their work on the Annual Report, and Greg Leclair for his work on the audit, and Trishea Leavitt. Mr. Fletcher also complimented EMT on its audit and fiscal dealings, saying that EMT was a model for other state agencies, and said he had confidence in the report.

6.0 New Business

Mr. Fletcher recognized Lisa Smith, a new employee who recently joined the Governor's Energy Office.

Ms. Mermin then presented the slate of officers for election, nominating for FY 13 Jim Atwell as chairman, Al Hodsdon as Vice Chair, and Brent Boyles as Treasurer.

ACTION: Upon a motion duly made (Ms. Mermin) and seconded (Mr. Fletcher), the board unanimously approved the following slate of officers for 2013: Jim Atwell as chairman, Al Hodsdon as Vice Chair, and Brent Boyles as Treasurer.

NEXT MEETING AGENDA

Ms. Mermin suggested cancelling the regularly scheduled December meeting, and said dates for 2013 would be established at the next meeting, which would be held in January at a date to be determined via electronic polling of trustees.

7.0 EXECUTIVE SESSION FOR STAFF SALARY DISCUSSION

ACTION: Upon a motion duly made (Mr. Atwell) and seconded (Mr. Rohman), the board unanimously voted to go into executive session to discuss staff salary issues.

8.0 ADJOURN

Upon a motion duly made and seconded, the board unanimously voted to adjourn at 12:30 p.m.