



Memorandum

July 23, 2025

To: Board of Trustees
From: Michael Stoddard, Executive Director
Peter Eglinton, Deputy Director
Re: Authorize Acceptance of Funding from the New England Heat Pump Accelerator

Proposed Motion

Move to find that the receipt of up to \$12 million in federal funds from the New England Clean Energy Accelerator grant's Innovation Hub, as described in this memorandum, is consistent with the purposes of the Efficiency Maine Trust Act and to authorize the Executive Director to accept such funds as are allocated to the Trust from the grant.

Background and Recommendations

Section 10103(4) of the EMT Act provides that EMT may receive funds "from any entity ... if the board determines that the receipt of those funds is consistent with the purposes of [the Efficiency Maine Trust Act]."

At the EMT board meeting in June 2024, the Staff reported that Maine was a party, with four other New England states, to a coalition that bid for federal funds from the US EPA's Climate Pollution Reduction Grants (CPRG). At that time, it was unknown whether the proposal – called the New England Heat Pump Accelerator (NEHPA) – would be awarded or what Maine's share of the funding would be. However, during the development of the proposal it was generally agreed that should the bid be successful EMT would take on the job of administering the incentives for heat pumps (and/or heat pump water heaters (HPWH)) in Maine. The Board then approved EMT accepting CPRG funds for that purpose and, when the grant was subsequently awarded, EMT Staff incorporated a portion of the NEHPA funds for HPWH incentives into its FY2026 budget, which also has been approved by the Board.

What was not discussed or authorized at that time was the potential for EMT to receive additional funds from the NEHPA to administer activity under the project's "Innovation Hub." The purpose of this memo is to explain how such activity under the Innovation Hub of the project would be consistent with the EMT Act and to request Board authorization to receive and deploy additional NEHPA funds to the extent such funds may be awarded for projects in Maine.

As Staff reported to the Board last month, the Innovation Hub is one of the three elements of the NEHPA project. The Innovation Hub contemplates funding initiatives in each state to foster innovative approaches to scaling up heat pump adoption, especially for low- and moderate-income (LMI) households and in disadvantaged communities. The NEHPA project envisions deploying Innovation Hub funds for two categories of initiatives in each state: (1) State-Based Pilot projects aimed at scaling up heat pump adoption for LIDACs and (2) Community-Level Grants. The project envisions each state approving one or two large, state-based pilots in the first category that in Maine would constitute an estimated \$9.6 million in budget, plus a small number of Community-Level grants, awarded annually, in the range of \$100,000-\$300,000 per grant.

In recent weeks, the NEHPA project organizers have informed the coalition that they are open to deploying the

Innovation Hub funds using the same approach allowed for deploying the Market Hub incentives. Specifically, this approach allows any state to administer its share of the budget by naming a “state designee” to receive the funds directly from the project’s Regional Implementer and take responsibility for all aspects of administering the funds. These responsibilities include designing and marketing solicitations, awarding grants or contracts, managing those grants/contracts, processing invoices and disbursing funds, accounting, and reporting. The alternative is to let the Regional Implementer administer those duties for each state.

EMT Staff has discussed with the Governor’s Energy Office and the Governor’s Office of Policy Innovation and the Future (GOPIF) its desire to serve as the “state designee” in Maine for some or all of the Innovation Hub funds. In regard to selecting and overseeing 1-2 large State-Based Pilot projects, designating EMT to serve as the fiscal agent and in-state administrator would be a particularly efficient and effective fit with EMT’s existing Innovation Program. This approach also could be used with regard to the Community-Level Grants, whether it is EMT or another entity that would serve as the administrator. EMT’s existing Innovation Program could easily accommodate the added budget and rely on its existing resources and processes to expeditiously move the funds into the field. EMT’s existing resources and processes include: the EMT Innovation Advisory Group, EMT’s procurement rules, EMT’s templates for RFPs and grant agreements, its financial management system and project database, and its deep bench of staff and experts on heat pump technology and markets.

Given the scope of the projects that Maine’s share of the Innovation Hub budget would allow, it will be important to solicit robust stakeholder input on what priorities to pursue with pilot projects. Staff is contemplating issuing a Request for Information (RFI) that would solicit written input from the perspective of consumers and the supply chain and other observers to review with GEO, GOPIF and the Board’s Advisory Group and incorporate into the ultimate Request for Proposals (RFP). This approach seems significantly better for Maine and for EMT than the alternative, which would be to have the NEHPA’s Regional Implementer develop an RFP for Maine, run the selection process, and oversee the resulting grants.

The objectives and activities that will be funded in Maine from NEHPA’s Innovation Hub involve promoting increased awareness and understanding of heat pump technology and approaches to scaling up adoption of heat pumps, especially in harder to reach markets. (One idea Staff has been developing is to deploy some of the State-Based Pilot funds to expand the pilot project it is currently running in Millinocket to test and demonstrate the performance of hydronic heat pumps with thermal storage.) These activities are consistent with EMT’s statutory purposes and Triennial Plan by promoting beneficial electrification measures that save energy and/or reduce carbon. (See, 35-A MRS §10103, §10109, §10110, and §10119). Accessing these funds through the NEHPA’s Innovation Hub as described above would assist the Trust in fulfilling the statutory purposes laid out in the Efficiency Maine Trust Act and advancing various targets contained in the Trust’s Triennial Plan(s) and in the State’s climate action plan.

Staff would like to be in position to directly receive and administer funds from NEHPA Innovation Hub. At a minimum, Staff would like to fulfil that role for the State-Based Pilot initiatives. If appropriate and warranted, Staff could envision extending that role to administration of the Community-Based Grants, although Staff believes other entities in Maine may be better positioned for that role. To accommodate the range of potential outcomes, Staff therefore requests that the Board authorize receipt of these funds for each of the possible uses described above. Staff have been informed that Maine’s share of the budget allocation will likely be in the range of \$9.6 to \$12 million. Although Staff does not assume that all of that amount will be administered by EMT, Staff would prefer to keep all options open and therefore requests that the Board authorize EMT to receive “up to” the maximum allocation of \$12 million.