



## Memorandum

March 4, 2026

To: Board of Trustees

From: Ian Burnes, Director of Strategic Initiatives  
Peter Eglinton, Deputy Director

Re: 2026 Annual Update -- Proposed Significant Changes and Non-Significant Changes for FY2027 and FY2028

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### Proposed motion

Move to authorize the staff to seek approval from the Maine Public Utilities Commission of proposed significant changes to FY 2027 and FY 2028 of Triennial Plan VI as described in this memo, and to approve the non-significant changes as further described within this memo.

### Background and recommendations

The Trust is required to file an Annual Update with the Maine Public Utilities Commission (the Commission).<sup>1</sup> The filing constitutes the Trust's compliance with Section 2 of Attachment A to the Stipulation by which Triennial Plan VI was settled, and Paragraph No. 9 of the Commission's April 25, 2025 Order approving the plan;

Annual Update. On or before March 1st of the first two years of the plan period, or as needed to request a significant change, the Trust shall file with the Commission an annual update in which any proposed significant changes, as defined ... shall be described and documented. At the time of the annual update or upon request for a significant change, the Trust shall describe any non-significant changes, as defined....<sup>2</sup>

In the 2026 Annual Update, Staff proposes to file a request for Commission approval of significant changes to reflect a modification of the total annual budgets for FY 2027 and FY 2028 for electricity programs.<sup>3</sup> Staff also proposes to report certain additional "non-significant" changes in this filing. The changes being proposed reflect revised forecasting by the Staff based on updated actual program results (i.e., pace of spending and market uptake) that was presented to the Board during the January 28, 2026 Board meeting in the FY2026 Mid-Year Program Update.

Consistent with the FY2026 Mid-Year Program Update, Staff proposes significant and non-significant changes to the Triennial Plan VI budget for FY 2027 and 2028, with corresponding changes to the performance metrics, as described below.

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<sup>1</sup> 35-A M.R.S.A. § 10104(6).

<sup>2</sup> Attachment A: Annual Update and Significant Change Process for the Sixth Triennial Plan of the Efficiency Maine Trust (Attachment A to the Stipulation), Docket No. 2024-00310, April 9, 2025, at Page 17.

<sup>3</sup> *ibid*, at Page 18(4d).

## Significant Changes

Staff proposes to file in its 2026 Annual Update the following significant changes to the second (FY 2027) and third (FY 2028) years of Triennial Plan VI:

1. A decrease in MACE electric opportunity for the Home Energy Savings Program (HESP) and Income-Eligible Home Programs for heat pumps. The combined Electric Procurement budget for both Programs is reduced by \$~~21.923.2~~ million in FY 2027 and \$~~39.240.2~~ million in FY 2028. This decrease is driven by 1) economic and other market dynamics caused by unexpected termination of federal tax credits, higher electricity rates with lower oil costs, and tariffs, 2) supply issues related to federal rules on refrigerants, and 3) changes to the program rebate structure that went into effect in April 2025. These factors have combined to lead to a lower forecast of demand for whole-home heat pump systems.
  - To help increase activity, the Trust has significantly increased marketing, launched a new rebate structure for ducted whole home heat pumps on January 1, 2026, and added a limited-time bonus for all whole home heat pump rebates, both ducted and non-ducted, starting on March 1, 2026.
2. A decrease in MACE electric opportunity for Commercial & Industrial Prescriptive Initiatives (CIPI) by \$7.5 million in FY 2027 and \$9.8 million in FY 2028, driven by a reduction in the forecasted demand for heat pump and lighting measures, both of which have shown slower-than-anticipated investment in FY 2026 year-to-date.
3. A slight increase in Electric Procurement budget for Retail and Distributor Initiatives by approximately \$667,000 in FY 2027 and in FY 2028. The increase is based on two components: 1) the Trust expects a slight decrease in MACE electric opportunity for both efficient circulator pumps and heat pump water heaters, and 2) new specifications arising in the federally funded Carbon Pollution Reduction Grant (CPRG) do not allow spending on mail-in rebates or rebates for commercial use cases. Whereas the Trust had initially assumed it could fund these excluded use cases with CPRG grant funds, because they are cost-effective electricity measures it is shifting course now to propose funding them with Electric Procurement funds.
4. A decrease in MACE electric opportunity for Electric Vehicles Initiatives (rebates) combined with the ability to shift to an alternative funding source. Rebate activity has significantly slowed due to the discontinuation of federal tax credits. Also, in April 2025, LD 585 was signed into law, expanding the allowable use of the Trust's Forward Capacity Market (FCM) funding to include electric vehicle rebates.<sup>4</sup> The Trust now anticipates meeting the entirety of MACE for electric vehicles with FCM in FY 2027 and FY 2028. The result is a decrease in use of the Electric Procurement funds for Electric Vehicle Initiatives (rebates) by \$3.1 million in FY 2027 and \$3.9 million in FY 2028.
5. A decrease in MACE electric opportunity for the Demand Management Program by \$1.5 million in FY 2027 and \$3.2 million in FY 2028. There are a few contributing reasons for this. Commercial & Industrial (C&I) Demand Response has not grown as quickly as anticipated, and large C&I battery projects have been experiencing delays and cancellations due to market uncertainty. Additionally, off-peak charger sales decreased significantly due to the discontinuation of federal tax credits for electric vehicles. The Trust is encouraged by the market share captured by off-peak chargers despite this slowdown. The Trust estimates that over 10% of newly registered electric vehicles in Maine are purchasing an off-peak charger. This, in addition to hundreds more

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<sup>4</sup> Public Law, Chapter 45, 132nd Maine State Legislature, LD 585, An Act to Use Certain Regional Transmission Organization Payments for Beneficial Electrification to Reduce Electricity Rates.

off-peak charger purchases by electric vehicle drivers who have owned their electric vehicle longer than a year, represents about 5% of all-electric and plug-in hybrid electric vehicles on the road in Maine.

6. An \$8 million decrease in the Electric Procurement budget for FY 2027 to account for an offsetting investment of RGGI funds received in FY 2026 and allocated by the Board.
7. A decrease to the following non-program spending categories – Innovation, Public Information, EM&V, and Inter-Agency Transfer – that is proportional to the aforementioned changes in electric-procurement-funded program budgets. (The budgets for these non-program activities are established as a percentage of the total program budgets, and therefore need to be revised when the total program budget is adjusted). This amounts to a total decrease in the non-program, non-admin, Electric Procurement budget by \$2.1 million in FY 2027 and \$2.8 million in FY 2028.
8. Increasing the percentage of Electric Procurement allocated to Administration in FY 2027 and FY 2028 to 9% of the program costs. These changes are needed to make up for the reduced overall Electric Procurement budget driven by lower program activities and an increase in offsetting funds from RGGI and CPRG. The total change in electric procurement budget for Administration, in aggregate of reductions to MACE and the increase to the percentage allocated to Administration, is a reduction of about ~~\$823,000~~1.5 million in FY 2027 and \$1.3 million in FY 2028.

### **Non-Significant Changes**

Certain updates to the Triennial Plan are considered by the Commission as non-significant changes since they are not impacting Electric Procurement or Natural Gas Procurement, or are modifications in the allocation of the non-ratepayer-funded budget. These changes require approval by the board and will be reported to the Commission in the Annual Update.<sup>5</sup> The Staff proposes the following non-significant changes to the plan:

1. An increase of \$852,000 in FY 2027 and in FY 2028 to the C&I Prescriptive Initiatives budget funded by RGGI, driven primarily by Variable Refrigerant Flow (VRF) measures. Market activity for VRFs has been higher than previously anticipated due to the ease of using them to achieve whole-building HVAC transitions (compared to mini-splits). This corresponds with an equivalent decrease to RGGI funds budgeted for the C&I Custom budget, which has experienced slower-than-anticipated investment in electric efficiency projects for subtransmission and transmission (ST&T) facilities.
2. A decrease to the Retail and Distributor Initiatives budget funded by the CPRG grant. The program has seen a natural plateau in heat pump water heaters rebated since 2021 and the Trust expects this plateau to continue in upcoming fiscal years. Although the total grant amount will not change, the Trust anticipates an annual spending decrease of \$2.3 million in FY 2027 and \$3.3 million in FY 2028, allowing the Trust to extend the period of using the CPRG grant into later years.
3. Allocating 10% to Administration in FY 2027 and FY 2028 from the Forward Capacity Market funding. These changes are needed to make up for the reduced funding for Administration that corresponds to the decreased request for Electric Procurement in each year compared to the originally filed Triennial Plan. This increases the total non-program FCM budget by about

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<sup>5</sup> Attachment A §(3)(d) at Page 17.

\$410,000 in FY 2027 and \$402,000 in FY 2028. This is reflected in an equivalent decrease of FCM funding in the Home Energy Savings Program.

4. As previously mentioned, a new addition of FCM funding to Electric Vehicle Initiatives (rebates) of nearly \$900,000 in FY 2027 and approximately \$1.1 million in FY 2028, which will entirely fund light-duty electric vehicle rebates and commercial electric vans. This is reflected in an equivalent decrease of FCM funding in the Home Energy Savings Program.