

## Efficiency Maine Trust

**Board Meeting**  
**April 7, 2010**

**Meeting Minutes**  
**Approved: April 29, 2010**

**Date:** Wednesday, April 7, 2010  
**Time:** 9:30 a.m. to 12:30 p.m.  
**Location:** Ballard Room, PUC Offices, Hallowell, ME

**Attendance:**

Trust Board Members				Efficiency Maine Trust Staff/Consultants	
✓	Adam Lee, Chair	✓	Dale McCormick	✓	Michael Stoddard
✓	Naomi Mermin, Vice Chair	✓	John Kerry	✓	Cindy Talbot
✓	James Atwell, Secretary	✓	Glenn Poole		
✓	Michelle Atherton, Treasurer	✓	John Rohman		
		✓	Tom Tietenberg		

**Other Attendees:**

- Tim Vrabel, Efficiency Maine
- Andy Meyer, Efficiency Maine
- Jean Guzzetti, Efficiency Maine
- John Brautigam, Efficiency Maine
- Linda Pistner, Attorney General's Office
- Bruce Harrington, ERS
- Jennifer Puser, OEIS
- Kathy Mockler, Burgess Advertising
- Charlie Woodworth
- Tom Palma, Unitil
- Stephen Ward
- Todd Griset, Preti Flaherty
- John Davulis, GDS
- Tom Myette, Midnight Oil Co.
- Denis Bergeron, PUC
- Dylan Voorhees, NRCM
- Jim LaBrecque, Flexware Control Technology and UMaine

### **1.0 Approve Draft Agenda and Minutes**

The meeting convened at 9:32 a.m.

**ACTION:** Upon a motion duly made (Tietenberg) and seconded (Rohman) the Board voted unanimously to approve the agenda for this meeting.

**ACTION:** Upon a motion duly made (Rohman) and seconded (Atwell) the Board voted unanimously to approve minutes of the March 31, 2010 meeting.

### **2.0 Executive Director Report – Michael Stoddard**

- **Transition MOU between PUC and the Efficiency Maine Trust**

Stoddard reported that he and Lee met with John Brautigam and Karen Geraghty regarding a draft Memorandum of Understanding (MOU). Stoddard distributed the

draft to the Board members. It addresses shared responsibilities in the following three areas: the forward capacity market (FCI), the RGGI program, and ARRA funding.

**Forward Capacity Market** – The draft MOU includes schedules for the ongoing auction process. The MOU states that, beginning July 1, the Trust will be responsible for decision-making and operations for the FCM. Denis Bergeron and his team at the PUC will continue to provide supporting analysis. Poole noted the responsibility of the Trust to post a letter of credit.

**RGGI** - Beginning July 1, the Trust will be responsible for revenues from carbon dioxide allowance sales through RGGI and decisions regarding the expenditure of these funds. However, PUC staff will continue to have certain roles and responsibilities for regional RGGI policy, rules changes, and implementation. The Chair of the PUC requested that the Trust fund these costs for FY 2011. Staff reported it has requested clarification as to whether this request is only for one year or would be an ongoing need for funding. Tietenberg noted that the RGGI Trust has already transferred funds to the Efficiency Maine Trust for some elements of RGGI work.

Discussion followed regarding the RGGI coordinator position, its responsibilities and funding, and whether this function should be with the PUC or the Trust. Kerry asked for a clarification of the PUC's role with RGGI and the Trust's legal responsibilities. Poole suggested moving forward with approving the MOU with the exception of the RGGI section.

**ARRA:** Although most ARRA funds will transfer to the Trust effective July 1, the responsibility for delivery of two grants will remain with the PUC: the State Regulators Assistance Program and the Energy Assurance/Smart Grid Resiliency Grant. The MOU states that the Trust agrees to provide administrative support, primarily grant reporting, to the PUC for these grants in return for which the PUC will provide timely input.

Discussion among the Board Members followed on the areas of this MOU. Kerry asked whether there was any way that the timeframe could be extended so that the PUC could continue to provide some of these functions beyond July 1. Stoddard is comfortable with the July 1 date and noted that staff will transition and be able to continue to provide this support.

John Brautigam added that the Energy Assurance Grant is a State Energy Program grant and there will need to be a sub-grant arrangement to allow transfer of these funds. Kerry clarified that the State Energy Program is coming to the Trust.

Mermin noted that the signature structure should be parallel so that either the Chairs of both entities are signing the agreement or the staff directors.

**ACTION:** Upon a motion duly made (Rohman) and seconded (Mermin) the Board voted unanimously to approve the provisions of the MOU regarding the Forward Capacity Market and the ARRA funds with the minor modifications discussed (such as the signature block changes), subject to annual review and renewal.

Stoddard will research answers to the Board's concerns with the RGGI provisions, including the following items:

- the funding ceiling,
- the period for which the PUC is requesting funding, only FY 2011 or beyond and, if beyond, what is the amount for subsequent years, and
- financial and staff responsibilities and the process of requesting and obtaining the funds.

- **Executive Director Contracting and Expenditure Authority**

Stoddard distributed a memorandum describing a proposed policy for procurement authority for the Executive Director (ED) during the transition period until June 30, 2010. The proposed policy authorizes the ED to expend funds, up to established limits, for contracting or purchasing supplies or equipment and for outsourcing administrative and program services. The Board discussed the provisions of the proposed policy.

Atherton reminded the Board that the current policy is for two signatures for expenditures over \$10,000. Discussion followed on the types of services, existing vs. current contracts, and the appropriateness of the dollar limits. Atwell expressed interest in allowing the Board to weigh in on the selection of contractors. The provisions of Item 2 in the proposed policy provide for this.

**ACTION:** Upon a motion duly made (Atherton) and seconded (Atwell) the Board voted unanimously to approve the provisions of the Interim Procurement Procedure presented in the April 7, 2010 memorandum.

- **Legislative Update**

On Monday, April 5, Stoddard briefed the legislature's Joint Standing Committee on Utilities and Energy. He expressed gratitude for the support of the Board members who were present and believes that their presence sent a positive message to the legislature.

Stoddard noted that the Committee's questions are a preview to the challenge that the Trust will face when they propose funding mechanisms to the legislature in January.

The Portland Press Herald gave good coverage of the briefing and Stoddard has had calls from two trade organizations writing stories publicizing Maine's efficiency programs.

Stoddard also reported that the Governor's bond package was approved but it did not include the funding for large industrials.

There was a discussion of the debate regarding the energy corridors bill.

Lee questioned the previous meeting's discussion on establishing an Executive Committee. This item was tabled for the next meeting.

### **3.0 Work Group Updates**

- **Forward Capacity Markets (FCM)**

Stoddard explained that the landscape is changing and that future estimates of savings and costs will be more difficult to calculate due to new programs and changes in funding. He distributed information showing estimates of the electric conservation for FY 2014 based on differences in the system benefit charge (SBC) and in FCM revenues. Calculations present the high and low estimates of savings and resulting FCM revenues based on current and budgeted SBC rates. At the next Board Meeting the Trust must approve an estimate to be used for the next show of interest (SOI), which is due in May.

The calculations presented conservatively assume there will be zero RGGI funds. Stoddard believes that this is the appropriate assumption because there are several reasons why this funding may not be available in 2014.

John Davulis, from GDS Associates, explained that the calculations were made based on scaling up of current programs, not developing new programs.

The Work Group will continue to meet and refine the recommendations between now and the April 29 Board Meeting, at which the Board will vote on a recommended amount.

Stoddard asked whether the Board was comfortable with the assumptions. Lee cautioned about being too conservative; i.e. not counting RGGI funds and using the current SBC. Atwell requested that information supporting the recommendation be sent to the Board a couple of days before the next meeting.

### **4.0 Final Triennial Plan Review**

The final draft Triennial Plan was presented to the Utilities and Energy Committee at the April 5 briefing. In response to stakeholder input and Board discussion, the final draft addresses changes to the BPI certification requirement, how multi-family housing will be serviced, and the language around the heating fuel funding mechanism. Mermin explained that the preparation of the final version of the Plan is in process and that it will include budget changes reflecting the increased electric SBC approved at the March 31 Board Meeting. When the Plan has been finalized it will be submitted to the PUC.

**ACTION:** Upon a motion duly made (Mermin) and seconded (Tietenberg) the Board voted unanimously to approve the Triennial Plan for submittal to the PUC, pending changes to update the program budgets reflecting the new electric SBC rates.

Stoddard will submit the plan to the PUC before the next Trust Board meeting. This will start the 60-day review period.

## 5.0 New Business

- **Cooperation between MaineHousing and the Trust**

McCormick noted the overlap in responsibilities between MaineHousing and the Trust for middle-income multi-family residences and she would like to establish a dialogue to assure cooperation and to not duplicate efforts.

Stoddard noted the confusion in the Utilities and Energy Committee briefing on how the MaineHousing programs and budgets are included in the plan even though the Trust will not be running these programs. McCormick noted the suggestion that Jamie Py made regarding the incremental funding of a more efficient furnace and the much larger savings that this could provide. It is an example of how the programs could be adjusted so that they work together with more benefit.

- **Bank Selection**

At previous meetings, the Board established some criteria for selecting a bank; however, it is not clear how the criteria defined a “Maine bank.” In addition to using a Maine bank, the Trust needs to consider other criteria such as; financial capacity, branch locations, experience with transferring State funds, and other factors.

**ACTION:** Upon a motion duly made (McCormick) and seconded (Mermin) the Board voted to direct the ED to draft a Request for Proposals (RFP) for bank services. Seven Board Members approved the motion, none disapproved. Kerry and Atherton abstained.

Board members urged the ED to learn from the selection processes of other Maine entities, such as FAME.

- **Natural Gas Program Administration**

Stoddard distributed information on performance incentives provided by Unitil. Tom Palma of Unitil presented information regarding current incentive programs in New Hampshire, Massachusetts and Connecticut. Other states use performance incentives to encourage the utilities to meet, and exceed, the performance metrics and/or deliver more energy savings

Palma noted that the incentives are not implemented to make up for lost revenue, which is done through rate cases. He proposes a plan for Maine that is similar to that in New Hampshire.

Stoddard noted that he has seen performance measures tied to how ‘deep’ the efficiency measures go at a given residence. He also noted that it is not intended to make up for lower sales, but it is intended to alleviate the tension where the utility is being urged to work hard to encourage programs that sell less of their product. This is only an issue for natural gas, where they are administering the efficiency programs.

The Board discussed the concept of the incentives. Stoddard recommended doing more work in the next month and discussing incentives again at the next Board meeting.

## 6.0 Public Comment

- **Tom Myette, Midnight Oil Company, Newcastle.** He noted his company’s installation of a geothermal system that over 500 visitors have seen. They are an energy company and are not prejudice toward any particular technology. They have useful information through their experience that could help the Trust implement their plan. He pointed out barriers that the Trust doesn’t foresee such as financing (appraisals do not consider the investment of the new system). They look forward to assisting the Trust with implementing the plan. He will submit written comments focusing on the barriers to implementation.
- **Jim LaBrecque, Flexware Control Company** and UMaine electrical engineering professor, Bangor. He has concerns with the plan based on his experience, especially in the areas of filling the technical jobs created in the energy fields, how the savings were calculated and what factors were considered, and the fact that in some areas higher efficiency does not reduce consumption but improves “quality:”
- **Todd Griset, Preti Flaherty.** He thanked the Board for their hard work and for listening to the stakeholders. He also echoed Mr. Myette’s comment regarding how banks view efficiency investments and the difficulty in securing financing.
- **Dylan Voorhees, NRCM.** He praised the plan and the Trust’s efforts. He believes that the Board acted wisely when they increased the SBC. He reminded the Board of his concerns regarding biomass, sustainability and fuel switching, and hopes that the Trust will continue to work on these issues.

## **7.0 Next Meeting Agenda**

Next Meeting: Thursday, April 29, 2010, 9:30 a.m., PUC Offices

- PUC Efficiency Maine Trust MOU regarding RGGI responsibilities
- Forward Capacity Market SOI
- Bank Selection RFP
- Natural Gas Efficiency Program Administration

## **8.0 Adjournment**

**ACTION:** Upon a motion duly made (Kerry) and seconded (Tietenberg), the Board voted unanimously to adjourn the meeting at 12:33 p.m.