



Memorandum

April 22, 2026

To: Board of Trustees

From: Peter Eglinton, Deputy Director

Re: Authorization to Amend the Lead by Example Memorandum of Understanding to Return Remaining Funds – Approximately \$36,000 – to Maine Treasury

Proposed Motion

Move to authorize the Executive Director to amend the Memorandum of Understanding (MOU) with the Office of the Attorney General (OAG) and the Department of Administration and Financial Services (DAFS) to return all remaining balance in the Lead by Example Initiative to the Maine Treasury.

Background

On December 29, 2020, Staff of the Efficiency Maine Trust (EMT) entered into an MOU with OAG and DAFS. The arrangement directed slightly less than \$3.7 million from the OAG's settlement with Volkswagen (VW) to EMT. In return, EMT agreed to use the funds for an initiative to promote energy upgrades in State-owned and State-leased properties. The initiative was one element of the Governor's broader initiative to show that the State government in Maine is "leading by example" (LBE) in making energy efficiency upgrades to, and shifting to cleaner energy sources in, State properties.

Cost-effectiveness, a core criteria guiding eligibility for projects using the VW funds, was defined differently in this MOU than in EMT's traditional program rules. Under the terms of the MOU, a project would be considered cost-effective if it would produce "a savings-to-investment ratio (SIR) greater than 1.0 ... when comparing the net present value of the project's financial savings to its financial costs (which costs shall include any financial incentive from the Trust) when calculated over the useful life of the measures to be installed on the project." (MOU, Section III(3)(c), p. 4).

In 2021, EMT Staff collaborated with the Bureau of General Services (BGS), a bureau within DAFS, to tailor the initiative to the procurement process used to make improvements to buildings owned or leased by the State of Maine. The results were incorporated into the LBE initiative Program Opportunity Notice (PON), which EMT launched through its Commercial and Industrial (C&I) Custom Program on June 1, 2022.

The design of EMT's LBE Initiative provided financial and technical support to develop and install energy efficiency investments to help accelerate the transition toward net zero carbon in state government buildings. The initiative focused on beneficial electrification, targeting the replacement of existing oil- and propane-based heating systems with electric heat pump systems. The initiative provided a cash incentive for 60% of the project costs (higher than the standard program incentives EMT offers for other

commercial buildings) up to \$1,000,000. The initiative also funded 50% of the cost of technical assistance (TA) up to \$20,000, offsetting the costs of architectural and engineering (A&E) firms to develop design and bid documents.

EMT closed out its last remaining Lead by Example project in February 2026. As shown in Table 1, overall, the initiative supported six (6) projects across five (5) state agencies, representing \$1,139,920 in incentive awards. It also supported six (6) TA studies, representing an additional \$113,748 in incentives.

Table 1: Summary of Lead by Example Project Awards

Agency	Facility	Installer	Incentive Award	Preapproval Date	Completed Date	Annual Fuel Savings (MMBtus)
Department of Transportation	Lincolnville and Vinalhaven Ferry Terminals	Fleet Services	\$27,150	12/7/2022	5/16/2023	159
Department of Transportation	Hampden I95 South Bound Visitor Center	Fleet Services	\$27,582	1/25/2023	5/16/2023	180
Maine Forest Service	Southern Maine Regional Headquarters	ABM Mechanical	\$70,930	10/19/2023	5/3/2024	404
Education in Unorganized Territories	Edmunds Consolidated School	Mechanical Services	\$191,652	12/7/2023	3/4/2025	663
Army National Guard	Norway Armory	Phelan Construction	\$150,334	2/27/2024	12/8/2025	631
Department of Marine Resources	West Boothbay Facility	Bowmans Constructors	\$672,272	9/27/2024	10/2/2025	1,673
TOTAL			\$1,139,920			3,710

Previous MOU Amendment

At the August 2023 EMT Board meeting, Staff sought Board authorization to amend the Lead by Example MOU to re-allocate a portion of the budget to DAFS to invest directly in projects being developed by BGS using slightly different investment criteria than what EMT was using under the MOU. Staff recognized that enlisting BGS and DAFS to take the lead on driving some of these investments would ensure the funds could be invested more quickly.

The Board authorized Staff to amend the existing MOU to revise the scope of work allocate to \$1.8 million to DAFS for its projects.

Recommendation

As noted above, EMT invested \$1,139,920 in project incentives and \$113,748 TA incentives through the Lead by Example Initiative. Combined with administration costs, program delivery costs, and expenditures associated with a state energy consultant, EMT expended a total of \$1,831,216 of its overall \$1,867,157 budget. This leaves \$35,941 remaining. This balance is too small to warrant reopening a formal, competitive solicitation. Instead, Staff proposes transferring all remaining balance

to the Maine Treasury. Staff has discussed this plan with the OAG who has expressed a preference to execute an amendment to the MOU to return the remaining funds to the OAG via the Maine Treasury.