Efficiency Maine Trust
Board Meeting Minutes
October 19, 2016

Trust Board Members:

- David Barber, Chair
- Brent Boyles, Treasurer (via phone)
- Daniel Brennan for John Gallagher
- Herbert Crosby
- Kenneth Fletcher, Vice Chair
- Al Hodsdon
- Don Lewis, Secretary
- Patrick Woodcock

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Greg Leclair
- James Leyko
- Richard Meinking
- Michael Stoddard

Other Attendees:

- Ryan Barry, DNV-GL
- Bill Bell, MPFA
- Michelle Marean, DNV-GL
- Adam Gifford, CLEAResult
- Dot Kelly, Phippsburg Conservation Committee
- Jamie Py, MEMA
- Dylan Voorhees, NRCM

1.0 Welcome and Introductions

Mr. Barber called the meeting to order at 9:30 a.m.

2.0 Approve Agenda and Minutes

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the agenda and the September Board Meeting Minutes.

3.0 Public Comment on Agenda Items

Mr. Bell announced the completion of a third-party study (funded by the U.S. Department of Agriculture and commissioned by the Northern Forest Center) comparing greenhouse gas emissions from pellet fuels versus fossil fuels. He circulated a summary handout.

4.0 Executive Director's Report

Mr. Stoddard summarized and distributed copies of the Executive Director's Report. Following are items highlighted during his presentation:

- Mr. Stoddard gave a summary of completed and upcoming outreach efforts, noting that Staff typically focuses on promoting home weatherization at this time of year. He thanked Staff and Board members for making the Combined Heat and Power (CHP) Forum a success.
- Mr. Stoddard provided an overview of current discussions and proceedings at the Public Utilities Commission (PUC), covering low-income programs, voltage optimization, and transmission and sub-transmission (T&ST) customers. He also noted that Staff filed two briefs addressing natural gas issues in the component of the original Triennial Plan docket that remains for litigation.
- Mr. Stoddard noted that the majority of programs have experienced a slow start to the year. He attributed this, in part, to the time lag associated with a late approval of the Triennial Plan on July 6, 2016. It took Staff some time to ensure that all EMT offerings comply with the new avoided cost assumptions. Additional time passed as changes were communicated to contractors and customers.
- Activity in the C&I Prescriptive Program (CIP) has been slow to ramp up after the suspension of many measures last year. Nevertheless, the Program is showing a healthy pipeline of planned projects. Staff is exploring expanding the measure list to include envelope measures for use of Regional Greenhouse Gas Initiative (RGGI) and natural gas funds. Staff is also developing a process to move heating system incentives to mid-stream (distributor point of sale) with a target rollout in November.
- Despite low energy prices, activity in the Home Energy Savings Program (HESP) remains steady. The property tax bill campaign season is wrapping up with more than 260,000 inserts placed in more than 120 town mailings.
- Retail LED sales in the Consumer Products Program are down significantly compared to last year. With the approval of Triennial Plan III, EMT discontinued incentives on CFLs and adjusted the incentive level for LEDs. These changes required new Memoranda of Understanding (MOUs) with distributers and stores. Mr. Stoddard reported that Staff continues to analyze the performance of the program and study whether any program design changes are warranted. Initial analysis suggests that the slow start to the program is attributable to a combination of factors, including: administrative delays associated with the transition to new LED measures, delays in finalizing MOUs between retailers, manufacturers and the Trust, reduced incentives as a share of incremental cost, and reduced co-marketing of the products by the retailers. Mr. Woodcock asked if customers are continuing to purchase competitively priced CFLs, which are no longer captured in our activity metrics. Mr. Stoddard reported that the Trust does not have access to that proprietary data, but noted that many stores (e.g., Walmart) are phasing out CFLs. He also stated that EMT launched a price elasticity study, which may help answer these types of questions.
- Mr. Woodcock expressed concern that transitions associated with the Triennial Plan disrupt the market. He wondered if EMT might extend a previous year's plan into a new year to make the changeover more fluid. Mr. Stoddard said a

"continuing resolution" approach could work, but expressed the opinion that it is unlikely that the regulatory approval of future Triennial Plans or updates will take as long as the novel case of the Triennial Plan III. He also suggested that EMT staff could have done more to prepare stores and distributors for the transition in advance of the final directives.

5.0 Committee Report

(a) Finance Committee

i. UPDATE on Financial Reports Year-to-Date

Mr. Stoddard provided an overview of revenues and expenses to date. He noted that, with the increased assessment under the Triennial Plan III, EMT is experiencing some minor revenue collection delays with some of Maine's smaller utilities.

ii. ACCEPT FY2017 Budget Adjustments

Mr. Leclair reviewed the methodology for allocating budget carryforward, as detailed in his memo dated October 19, 2016.

Mr. Woodcock asked if EMT has a threshold for returning funds to ratepayers in the event it cannot find cost-effective investments by the end of a fiscal year. Mr. Stoddard explained that if electricity procurement funds are not expended within two years, they may be returned to the ratepayers. Additionally, the recent settlement of the Triennial Plan requires that at the end of each fiscal year, the amount of uncommitted carryforward utility funds that exceeds $1/12^{th}$ of the annual budget is to be reported to the PUC for review. The PUC may decide to reduce the following year's utility assessments by the amount of uncommitted carryforward that exceeds $1/12^{th}$ of the annual budget.

Mr. Leclair also described the budget's proposed reserve fund, which sets aside a portion of the uncommitted carryforward funds to hedge against potential shortfalls in various revenue streams. Mr. Woodcock expressed concern about directing reserve RGGI funds toward electric programs. Mr. Stoddard clarified that allocating carryforward to reserves would not change applicable limitations on uses from the original funding source. Mr. Woodcock requested that the Board have the opportunity to propose additional policies and restrictions on these reserve funding sources at the next Board meeting.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Fletcher), the Board voted unanimously to adjust the FY2017 source of funding (revenue) and expenditure budgets by an increase of $20,553,003 as detailed in the spreadsheets submitted on October 19, 2016.

(b) Program Committee

i. UPDATE on Regional Greenhouse Gas Initiative – 2016 Program Review Process and Outlook

Mr. Burnes provided an overview of RGGI and the Program Review process. He reported that as part of the 2016 Program Review, representatives from participating states are preparing for the expiration of the current emissions cap in 2020. This decision comes at a time of significant uncertainty, largely regarding the fate of the federal Clean Power Plan (CCP). If the CPP moves forward, RGGI would serve as a simple compliance mechanism for participating states, requiring no further emissions reductions. Representatives are discussing whether RGGI should progress beyond the less-aggressive CPP goals and, if so, by how much. On the other hand, if CPP is abandoned, the question arises should participating states carry on with an amended emissions cap under RGGI? These discussions are further complicated by various regional developments that have implications for the emissions market. First, certain RGGI states (MA, CT, RI) are taking significant steps toward the purchase of renewable energy. Second, other RGGI states (MD and DE) are reported to have some reluctance to continue with RGGI absent a federal regulatory scheme.

Mr. Burnes stated that the uncertainty has resulted in current auction prices that are lower than previously anticipated. EMT Staff initially forecast RGGI revenues of $16.6 million for FY2017, and revised that forecast to $11.2 million in June (as reflected in the budget approved on June 22, 2016). Staff will continue to monitor upcoming quarterly auction results and track policy discussions regarding the emissions cap and federal carbon regulations. Staff will revisit forecasts after the December 2016 auction result.

ii. REPORT on Process Evaluation of the FY2014-2015 Business Incentive Program

Mr. Leyko reviewed the results of the Business Incentive Program (BIP) Process Evaluation for the FY2014-FY2015 period. The independent evaluation contractor, Nexant, used program materials, in-depth interviews with staff, participant surveys, and Qualified Partner (QP) surveys to get a sense of the customers' experience with the program and its energy saving benefits.

The evaluation found that the Program was relatively straightforward and simple for end-use customers to participate, and that participants and QPs were generally satisfied. Participants were most satisfied with equipment performance, and relatively less satisfied with the time it took to receive their incentives. QPs found the Delivery Team extremely helpful, and marketing material provided by EMT less helpful. Nexant recommended a series of updates to the effRT database to improve reporting. The evaluation also outlined the events leading up to the FY2015 suspension of electric incentive driven by significant demand for LEDs. Finally, the evaluation measured freeridership and spillover, arriving at an average Net-to-Gross ratio of 72% for the Program.

6.0 New Business

Mr. Stoddard advised the Board to be on alert for “spoofed” emails from EMT email addresses.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for November 16, 2016.

ACTION: Upon a motion duly made (Mr. Barber) and seconded (Mr. Lewis), the Board voted unanimously to adjourn the meeting at 12:00 pm.