

**Efficiency Maine Trust
Board Meeting Minutes
October 3, 2018**

Trust Board Members:

- David Barber
- Brent Boyles (via phone)
- Dan Brennan
- Herbert Crosby, Secretary
- Al Hodsdon
- Ken Fletcher
- Don Lewis
- Angela Monroe
- David Stapp, Chair

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Monte Haynes
- Greg Leclair
- Michael Stoddard

Other Attendees:

- Bill Bell, Maine Pellet Fuels Association
- Jennifer Connors, Runyon, Kersteen Ouellette (RKO)
- Sue Ely, Natural Resources Council of Maine (NRCM)
- Dylan Voorhees, NRCM

1.0 Welcome and Introductions

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

2.0 Approve Agenda and Minutes

Mr. Stoddard suggested that the Board reorder the meeting agenda, moving up items requiring Board action in order to accommodate several early departure requirements.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Barber), the Board voted unanimously to approve the amended agenda and the August Board Meeting Minutes.

3.0 Public Comment on Agenda Items

Mr. Voorhees shared a handout entitled “Energy Pathway for Maine,” detailing several high-level energy-related goals for the state. It was jointly prepared by NRCM and a group of stakeholder organizations and businesses. He also noted that NRCM and many others had provided significant comment on the Triennial Plan IV draft, and expressed frustration over EMT’s lack of response. Generally, NRCM characterizes the plan as adequate, but not ambitious.

4.0 Planned Business

(a) PRESENTATION of the 2018 Annual Audit Results by RKO

Ms. Connors provided an overview of the 2018 audit timeline and findings. She stated that RKO delivered an “unmodified opinion” and found “no material weaknesses” related to the Trust’s internal controls. She noted that RKO did not require any adjusting journal entries, nor did it have any recommendations. She thanked Mr. Leclair and the Staff for their preparedness and cooperation, noting that an audit this clean is rare.

(b) APPROVE FY2018 Audit

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Barber), the Board voted unanimously to accept the audited Financial Reports of EMT issued by RKO for the fiscal year ending June 30, 2018.

(c) PRESENTATION on Triennial Plan IV (FY2020-22) and Stakeholder Comments

Mr. Stoddard provided an overview of the Triennial Plan IV (TPIV/the Plan) communications to the Board over the past several months. He explained that once the Board approves the plan (2/3 vote required), Staff file it at the Public Utilities Commission (PUC), initiating an adjudicatory proceeding. He noted that Staff is expecting this process to move faster than last time. Review of avoided costs, which dominated the conversation in that proceeding, is already underway in a separate docket. Additionally, Staff plans to file the Plan several weeks earlier than it did previously.

Mr. Stoddard reviewed the Staff’s proposed adjustments to the Regional Greenhouse Gas Initiative (RGGI) budget allocations presented in the September 19 draft Plan. For context, he presented a graph showing actual expenditures in TPIII versus proposed budgets for TPIV. Ms. Monroe asked what accounted for the increase in “non-program expenditures” between the two periods. Mr. Stoddard noted two factors. First, EMT always budgets a 1% transfer to the PUC; as the actuals reflect, the PUC rarely collects these funds. Second, with the decline in RGGI revenues in the TPIII period, EMT prioritized funding programs over non-program expenditures. Now that these revenues have rebounded, Staff has restored the pro-rata share of RGGI funding in this category.

Mr. Stoddard then explained that the Staff’s priority with the proposed RGGI budget adjustments was to maintain levelized spending for HESP weatherization measures – an element of the program that relies heavily on market continuity. Staff therefore suggest holding the budget for this category steady at \$1.59 million. The original proposal for FY2020 had this figure at \$3.13 million. This reflected the baseline budget for all HESP measures; Staff failed to account for the fact that several HESP measures move to other program channels in the TPIV period. Staff therefore propose shifting the excess funds (\$1.54 million) to fund market-based low-income initiatives. In FY2021/22, the original proposal had \$1.10 million budgeted for HESP weatherization. To restore the \$1.59 million baseline, Staff propose shifting \$0.38 million and \$0.11 million from thermostats and wood/pellet stoves, respectively (both within Retail Initiatives). Staff also propose shifting \$2.48 million from the C&I Custom Program to a new SBI retrofit DHP initiative. Ms. Monroe asked if the current RGGI funding reserves might be applied to the TPIV budgets to maintain the original wood/pellet stove budgets. Mr. Stoddard said that EMT does not anticipate having unspent carryforward available for TPIV. Ms. Monroe

recommended that, if revenues do change, Staff reevaluate these allocations and prioritize replenishing original budgets to the extent practicable. Mr. Stapp noted that the \$2.48 million shift to a new SBI program is sizeable, asking if EMT would have the latitude to rethink that plan if it proved unsuccessful. Mr. Stoddard confirmed that Annual Update process allows for such mid-course corrections.

Mr. Stoddard then reviewed three key issues that arose out of the stakeholder comment process, each of which required a judgement call on the part of Staff. He presented the Staff's recommendation for each, inviting the Board to express any alternative suggestions.

The first issue is the rate of growth in DHP sales forecasts. Mr. Stoddard noted that Staff's projection is based on historical growth over the past four years. Staff feels this is a good reflection of what is achievable; it is mindful of the increasing popularity of this measure, as well as the current capacity shortage in the installer community. Mr. Stapp asked if growth would soon level off. Mr. Stoddard noted that there are 500,000 homes in Maine, and EMT has installed roughly 30,000 DHPs. Even though not every home is a good or willing candidate, this would suggest that there is a long way to go. Saturation in Norway is roughly 25%.

The second issue is that of eligibility parameters for the Small Business Initiative (SBI). Mr. Stoddard explained that SBI is designed to overcome the specific barriers to energy efficiency that small businesses experience, including the lack of time and in-house expertise to analyze energy options, and the relatively low priority contractors place on assessing their opportunities. SBI goes beyond CIP to offer enhanced incentives, more aggressive marketing, and increased technical support. EMT has been using (and proposed continuing) an eligibility cutoff of 25 kW for this initiative – a data point that is easy to identify, and a category that captures 75,000 users in Maine. Commenters noted that this is a crude cutoff point if EMT is trying to overcome the aforementioned barriers. They recommended several ways to relax that requirement and increase participation. Mr. Stoddard noted that, while EMT expanded the definition of a small business customer in its recent rulemakings to include both small and medium general service users, Staff recommends maintaining the original cutoff for SBI program implementation. He said that the program would continue to make exceptions for businesses with energy usage profiles similar to those of other program participants. Mr. Voorhees said he appreciated this response to stakeholder comments. He asked why EMT didn't simply raise the cutoff to 50 kW. Mr. Stoddard said the 25 kW cutoff is much easier to verify, making the program administratively simple.

The third issue relates to the timeline for capturing C&I lighting savings. EMT followed the industry standard of assuming that all potential cases are captured within a 10-year period, allocating 1/10 of the potential to each year of TPIV. Commenters suggested EMT accelerate this timeline. Staff's view is that the current proposal reflects steady growth in the sector at a level that the state's workforce has been able to accommodate in the past. Staff is wary of overheating the market. The Board could choose to accelerate the pace, but should know that this will require higher incentives and therefore a larger budget.

Mr. Stoddard briefly reviewed other stakeholder comments (as summarized in Ms. Stephenson and Ms. Cushman's October 3, 2018 memo), including the suggestion that EMT incorporate non-energy benefits (e.g., health benefits, reduced carbon emissions)

into its cost-effectiveness calculations and expand opportunities in workforce training. Mr. Stoddard said Staff proposed continuing limiting its inputs to quantifiable benefits, and that EMT fully anticipated focusing on workforce training in the TPIV period (particularly with respect to DHP user tips.)

Finally, Mr. Stoddard noted that the September 19, 2018 draft Plan failed to include a budget line item for the Electric Vehicle Supply Equipment Initiative.

Mr. Lewis wondered why Section 3.3.1 of TPIV refers to a desire for Maine to “remain competitive with neighboring states and *provinces*.” Mr. Stoddard said Staff would revisit the sentence.

(d) APPROVE Triennial Plan IV

ACTION: Upon a motion duly made (Mr. Stapp) and seconded (Mr. Barber), the Board voted unanimously that:

The Board finds that the plan is consistent with the statutory authority for each source of funds that will be used to implement the plan, with the state energy efficiency targets in paragraph F of section 10104(4) of the Efficiency Maine Trust Act, and with the best practices of program administration; and,

The Board approves the plan as presented to the Board on October 3, 2018, with any non-substantive typographical edits or computational corrections as may be required prior to submission to the Public Utilities Commission, and with the following amendments:

- a. Incorporating the revised RGGI budget allocations as reflected in the October 3, 2018 TPIV Board presentation; and
- b. Incorporating an additional budget line for the Electric Vehicle Supply Equipment Initiative (\$1 million in FY2020 and \$500,000 each in FY2021 and FY2022.)

(e) APPROVE Amendment to the FY2019 Budget to Include FY2018 Carryforward

Mr. Leclair summarized the proposed FY2019 budget adjustments set forth in his October 3, 2018 memo. Staff proposes to carry forward committed and available FY2018 funds and roll over the allocations of these funds directly into their original programs. Staff proposes moving the remaining unallocated fund balance into a combination of reserves and re-allocating into program budgets.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to adjust the FY2019 source of funding (revenue) and expenditure budgets by an increase of \$20,236,953 (as detailed in the budget spreadsheet attachments to Mr. Leclair’s October 3, 2018 memo) to result in a total FY2019 source of funding (revenue) and expenditure budgets of \$83,734,716 and \$83,708,935, respectively.

(f) UPDATE on Monthly Financial Reports

Mr. Leclair stated that revenues are generally where Staff expects them to be. He noted that the first RGGI auction fell slightly shy of forecast.

5.0 Executive Director's Report

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

- Staff exhibited at a number of fall fairs. With the exception of the Common Ground Fair, many of these events have not seen adequate participation to warrant the personnel expense.
- EMT held its Annual Symposium in August, offering continuing education credits for the first time.
- Staff attended an Arrearage Management (AMP) stakeholder meeting. Results show that the debt forgiveness aspect of the program has not been successful. Given that all ratepayers bear the burden of unpaid bills, stakeholders are interested in ways to mitigate electricity usage. AMP participants consume approximately twice as much electricity as the average household, with high incidences of electric water and space heating. EMT has been asked to pursue two activities: (1) where it finds that an AMP participant is using an electric resistance hot water heater, it will put that customer to the top of EMT's direct-install heat pump water (HPWH) initiative list, and (2) where it finds significant electric space heating in an AMP household, it will send a representative to investigate cost-effective weatherization and/or ductless heat pump (DHP) opportunities.
- Mr. Lewis stated that not all low-income homes are good candidates for HPWHs, given the high incidence of mobile homes and unconditioned basements. He noted that split HPWHs (with indoor and outdoor components) might work well.
- The Commercial and Industrial (C&I) Prescriptive Program (CIP) is experiencing a slowdown due to the recent elimination of lost-opportunity lighting measures. Contractors are also facing a learning curve with the new Cost-Effective Lighting Investment Calculator (CLIC) tool.
- In partnership with the City of Lewiston, EMT identified 34 low-income multifamily buildings with weatherization opportunities that will save natural gas.
- The Department of Health and Human Services (DHHS) has informed EMT that, contrary to earlier indications, it will not share with EMT any lists of means-tested Maine households that are eligible for state or federal low-income programs due to concerns of confidentiality. Mr. Barber asked if customers could opt in to receive notifications. Mr. Stoddard noted that DHHS has offered EMT its mail house services, but activity has been unpredictable. Mr. Hodsdon wondered if EMT might accept payments from Electronic Benefit Transfer (EBT) cards. Mr. Brennan noted that challenges arise from the fact that the forms low-income clients sign typically contain narrow terms. He stated that government agencies have to work together to streamline efforts to help people in need.
- Mr. Hodsdon asserted that DHPs turn off at very low temperatures. Mr. Burnes said that the newer models receiving EMT incentives do not. He reviewed EMT's recent analysis, noting that, while DHPs are less efficient at lower temperatures (and slightly more expensive than oil/propane heat below a certain threshold), EMT's advice to customers is to keep them running. Over the course of the year,

the overall DHP savings outweigh the occasional expense. Customers stand to lose more by forgetting to turn their DHPs back on when temperatures rise above the threshold. Mr. Lewis cautioned that running DHPs at low temperatures causes the compression ratio to fall, shortening the life of the equipment. Mr. Barber suggested EMT simply factor the appropriate measure life into its cost-effectiveness calculations. Mr. Hodsdon said EMT should focus on automatic controls that turn the units off below the appropriate threshold temperature. Mr. Burns said he would follow up on Mr. Lewis's comment.

6.0 New Business

None.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for November 14, 2018.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to adjourn the Board meeting at 12:08 p.m.