Efficiency Maine Trust
Board Meeting Minutes
February 22, 2017

Trust Board Members:

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

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Dana Fischer
- Greg Leclair
- James Leyko
- Laura Martel
- Michael Stoddard

Other Attendees:

- Nick Collins, ERS
- Dot Kelly, Phippsburg Conservation Commission
- Jesse Remillard, ERS
- Dylan Voorhees, NRCM

1.0 Welcome and Introductions

Mr. Fletcher called the meeting to order at 9:32 a.m.

2.0 Approve Agenda and Minutes

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

3.0 Public Comment on Agenda Items

Ms. Kelly announced that four towns (Arrowsic, Georgetown, West Bath and Phippsburg) have put together a website with valuable energy efficiency information and resources. She also said that the Bath Climate Action Team is planning a community weatherization build-out event for window inserts.

4.0 Executive Director's Report

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

- Mr. Stoddard reported that the Annual Energy Symposium was a success, with over 170 people in attendance. The event included a celebration of Maine's top performers in delivering energy efficiency and a discussion of the role of energy efficiency and other distributed energy resources in modernizing the electric grid.
- 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, and the Non-Transmission Alternatives (NTA) Coordinator selection process.
- The Commercial and Industrial Prescriptive (CIP) Program "pipeline" for both electric and natural gas projects has doubled since December. The program is now on track to meet the originally anticipated activity level by the end of the year. CIP projects for measures that would save other fuels (non-electric or natural gas), , are still short of target. Staff expects that the program will see an uptick in activity in the spring, once the heating season comes to a close.
- Though the Small Business Initiative (SBI) has successfully signed up new customers, it appears that contractors are not reliably following through with project installation on the desired timeframe. Staff plans to stimulate action by instituting deadlines. Mr. Lewis noted that receiving payment *after* completing a project is atypical and could be a contributing factor to contractor reluctance. Mr. Stapp suggested putting a metric in place that would allow customers to compare the relative performance of various contractors (e.g., number of days elapsed since project award). Mr. Stapp requested a map showing all completed and ongoing SBI regions.
- The Home Energy Savings Program (HESP) is experiencing its typical activity slowdown during the late-winter months. Mr. Stoddard explained that this seasonal deceleration is largely due to dropping demand for heat pumps; all other measures remain relatively constant. He noted that HESP is particularly affected by the declining Regional Greenhouse Gas Initiative (RGGI) revenues. Ms. Monroe asked about low benefit-to-cost ratios for three HESP measures, suggesting that eliminating them might free up funding for more cost-effective measures. Mr. Stoddard explained that the Board discussed this issue last spring and ultimately decided to maintain the status quo, for an indeterminate time, on account of greenhouse gas savings and policy considerations. Mr. Fletcher added that the Board wanted to avoid reacting to the short-term impacts of oil price fluctuations; there was a desire to keep the full suite of HESP measures intact. Mr. Fletcher recommended continued monitoring of these measures. He also suggested that Staff inform the Legislature if it decides to discontinue certain project types.
- Monthly activity in the Consumer Products Program is falling short of the forecast. Mr. Hodsdon remarked that EMT seems to be incentivizing a wider selection of lights in retail outlets, and wondered if *all* LEDs are part of the program. Mr. Stoddard stated that the program is incentivizing a growing number of products, but not all. He noted that the administrative process to identify

specific models of lights that are eligible for incentives takes time, as it requires three-way negotiations between the retail store, the manufacturer and EMT.

5.0 Committee Report

(a) Finance Committee

i. UPDATE on Financial Reports

Mr. Leclair provided an overview of financial reports through January 31, 2017. He explained that revenues for FY2017 remain on track with one notable exception: Regional Greenhouse Gas Initiative (RGGI) proceeds are well below the forecast made last year at this time. EMT Staff will have a more accurate forecast after the next RGGI auction in three weeks.

ii. APPROVE Budget Adjustments

Mr. Eglinton described EMT Staff's three proposed budget adjustments, as detailed in his memo dated February 16, 2017:

1. *Forward Capacity Market (FCM) Financial Assurance Requirements* – EMT is required to set aside funds in case it fails to meet its FCM obligations. EMT Staff recommends setting aside $1 million for this purpose, and adjusting the budget to reflect the liability. This will correct an error made in the fall, when a portion ($510,000) of the unallocated fund balance set aside to meet financial assurance requirements was inadvertently shifted into programs.
2. *Adjusting FCM budgets* – To date, EMT's practice has been to channel FCM revenues back into the programs that generated those revenues. Upon closer examination of the statutory language, EMT Staff suggests allocating FCM revenues to the funds (not the programs) that were responsible for those revenues. The only modest change this would cause relates to the share of FCM revenues attributable to the RGGI fund, shifting some FCM revenues from the Consumer Products Program to HESP and Low Income Initiatives.
3. *Temporary Shift from Low-Income Initiatives to HESP* – The decline in RGGI revenue is having the most significant impact on HESP. To avoid disrupting the market, EMT Staff suggests a temporary transfer of $465,611 from Low-Income Initiatives to HESP. This will not affect activity in Low-Income Initiatives in FY2017. The Staff proposed to return the funds to the Low-Income budget in FY2018.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Stapp), the Board voted unanimously to authorize all three FY 2017 budget adjustments listed above.

(a) Program Committee

i. APPROVE Authorization for Continued Membership in Consortium for Energy Efficiency (CEE)

Mr. Eglinton provided an overview of CEE – a nonprofit trade association of energy efficiency program administrators like Efficiency Maine. He explained that EMT Staff finds significant value in CEE's workshops, policy collaborations, and networking opportunities.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Stapp), the Board voted unanimously to authorize the Executive Director to renew EMT as a 2017 CEE member for the cost of $20,723.

ii. APPROVE Motion Authorizing Executive Director to Accept Settlement Proposal for Triennial Plan III – Phase 2: Voltage Optimization

Mr. Leyko provided an overview of voltage optimization and the related proceedings at the PUC. Voltage optimization refers to a strategy to reduce energy use and electrical line losses by reducing voltages. Though diminished, voltage remains within an acceptable range so as not to degrade service.

A Voltage Optimization Working Group, made up of EMT, electric utilities, the Governor's Energy Office, the Office of the Public Advocate, and others, is proposing two pilot projects to better understand this strategy's potential – one in Central Maine Power service territory and one in Emera service territory.

Mr. Leyko explained that EMT's role in the future of voltage optimization efforts remains unclear. At this point, EMT Staff will continue to collaborate with the Working Group and play an advisory role in the research and analysis process. EMT Staff are seeking Board approval to support the Voltage Optimization Stipulation, which calls for the PUC to approve the pilot studies. Mr. Stapp encouraged EMT Staff to ensure that the studies use an appropriate baseline.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Stapp), the Board voted to authorize the Executive Director to Support the Voltage Optimization Stipulation.

iii. UPDATE on Impacts of Cannabis Legislation

Mr. Remillard and Mr. Collins presented the results of Energy & Resource Solutions (ERS) research on the energy implications of the recently passed referendum to legalize recreational cannabis use and cultivation.

They explained that cannabis cultivation facilities are energy-intensive. Though lighting represents the largest source of energy demand, air conditioning, ventilation, dehumidification, and other climate-control measures are also significant consumers. In some operations, the processing (e.g., drying, curing, extracting) stages present additional energy needs.

ERS's research shows that the typical cultivation facility uses high-intensity discharge (HID) lighting fixtures and piecemeal, off-the-shelf mechanical equipment for climate control. Energy-efficient alternatives such as LED lighting, customized HVAC systems, outdoor air economization, and heat recovery dehumidification are entirely appropriate, but rarely employed in these operations.

The impact of this new industry on Maine's energy demand and electricity ratepayers could be significant. Assuming the State licenses 800,000 square feet of canopy space, ERS forecasts a 50 MW increase in demand attributable to lighting alone. They estimate that this will require an additional 10 MW in cooling equipment to reject waste heat from the lighting fixtures. Energy efficiency could help to mitigate this impact. If these new facilities install LEDs, ERS's model shows a potential 36 MW increase in demand (30 MW in lighting, and 6 MW in corresponding cooling). In other words, this one energy efficiency measure could cut the projected demand growth from 50 MW down to 36 MW (a 24 MW difference), or 40%.

Mr. Stapp stated his view that EMT should not provide incentives to an industry that is considered illegal at the federal level. Ms. Monroe asked if the State law requires EMT to target this opportunity, consistent with its mandate to harvest all energy efficiency that is cost-effective, achievable and reliable. Mr. Brennan stated that, while operating costs are not a primary concern at this stage in market growth, eventually cannabis growers should want to turn to energy efficiency to stay competitive. Mr. Burnes noted that capturing energy efficiency in a new construction scenario is far more cost-effective than a retrofit scenario. Mr. Fletcher expressed concern over the general optics of EMT funding a cannabis growing program. Mr. Voorhees suggested that the optics of EMT choosing to *not* to pursue such a significant energy-efficiency opportunity for political reasons may be equally problematic. Mr. Fletcher encouraged Staff to share ERS's research with the Legislature.

6.0 New Business

Mr. Fletcher asked whether Staff had scheduled an in-person meeting to continue the discussion of cost-effectiveness calculations for combined heat and power projects. Mr. Stoddard confirmed that this would be the primary topic of the next Program Committee meeting, scheduled for March 8, 2017.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for March 22, 2017.

ACTION: Upon a motion duly made (Mr. Stapp) and seconded (Mr. Hodsdon), the Board voted unanimously to adjourn the meeting at 11:59 pm.