

**Efficiency Maine Trust
Board Meeting Minutes
February 28, 2018**

Trust Board Members:

- David Barber
- Brent Boyles, Treasurer (via phone)
- Herbert Crosby, Secretary
- Ken Fletcher, Chair
- Al Hodsdon
- Don Lewis
- Steven McGrath

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Monté Haynes
- Greg Leclair
- Jack Riordan
- Michael Stoddard

Other Attendees:

- Tom Brown, Maine Auto Dealers Association (MADA)
- Sue Ely, NRCM
- Doug Finn, Tricklestar
- Olin Jenner, Sierra Club
- Dot Kelly, Phippsburg/Sierra Club
- Michelle Marean, DNV GL
- Matt Morrison, MEMA
- Dylan Voorhees, NRCM

1.0 Welcome and Introductions

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

2.0 Approve Agenda and Minutes

Mr. Fletcher proposed shifting the Executive Session (item 5.g.) to the end of the Agenda.

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

3.0 Public Comment on Agenda Items

Mr. Voorhees provided the Board with a summary of a recent NRCM-sponsored study that sought to investigate the costs and benefits of directing the equivalent volume and type of wood chips previously consumed by Maine's biomass power plants toward a more efficient application. The study determined that installing roughly 1,900 commercial-scale wood chip boilers at schools and other institutions represents a cost-effective alternative. Mr. Voorhees explained that the Legislature is considering a bill that would provide the Trust with a dedicated funding stream to promote these types of projects.

Mr. Brown expressed the MADA's support for the state's commitment to expanding electric vehicle (EV) charging station corridors using certain Volkswagen (VW) settlement funds. He suggested that the next, less restricted portion of the VW settlement funding be leveraged for more direct market transformation through customer rebates for EVs. He encouraged the Board to push for EMT involvement should such an opportunity arise. Ms. Kelly encouraged the Board to continue to advocate for EMT's involvement in identifying, procuring, and managing non-transmission alternatives (NTAs).

4.0 Executive Director's Report

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

- The Legislature's Energy, Utilities and Technology (EUT) Committee is reviewing a bill (LD 1745) that would provide incentives for biomass thermal projects in the event that there are unused funds left over from the subsidy approved last year for biomass generators. The debate centered around the question of who should administer the funds – EMT or the Maine Rural Development Authority (MRDA).
- A second active bill (LD 1487) relates to the non-transmission alternatives (NTA) coordinator issue. Mr. Stoddard said legislators are working on amendment language to reflect Legislative concerns with the Public Utilities Commission's (PUC's) 2017 ruling, which determined that an independent NTA coordinator is not in the public interest. The PUC's decision reversed the PUC Staff's recommendation. Also, the PUC's final order directed the utilities to identify and develop cost-effective NTA opportunities. Mr. Stoddard noted that the order appears to direct the utilities to engage in the same activities that are integral to EMT's mission, and expressed concern over duplicating efforts and costs. Mr. Stoddard indicated that he hoped the bill would clarify roles.
- Another bill would elevate the Governor's Energy Office (GEO) in terms of stature and funding. Legislators continue to debate whether additional funding should come from EMT, the General Fund, or somewhere else.
- Mr. Stoddard noted that EMT will likely meet or exceed its annual natural gas spending targets for the first time this year due to accelerating activity in the Commercial and Industrial (C&I) Prescriptive Program (CIP) and the Home Energy Savings Program (HESP). It took EMT longer than anticipated to arrive at the annual spending rate that was modeled in the Triennial Plan analysis, which has resulting in an accumulated surplus. One reason for the delay is that two utilities were delayed in remitting assessments in the first year they were instituted. EMT Staff were also introducing new programs in utility territories newly eligible for the programs, and it took time to build contractor relationships and grow customer awareness.
- Just as with natural gas measures, CIP all-fuels measures have seen an uptick in activity since the program's shift to a "midstream" delivery channel. Offering instant rebates at the distributor level is proving to have a strong influence on purchasing decisions.

- Staff is participating in ongoing discussions with ISO New England (ISO-NE) about how it counts EMT's capacity resource for the Forward Capacity Market (FCM). EMT filed a challenge at the end of February, arguing that ISO-NE's methodology unreasonable discounts EMT's delivered resource. This results in a \$1 million reduction in the EMT FCM revenues beginning in FY2020, and an overestimate of the capacity needs of ISO-NE's territory. The cost of these unnecessary capital forecasts will be transferred to ratepayers across the region.

5.0 Planned Business

(a) UPDATE on Finances

Mr. Leclair stated that revenues are coming in as forecasted. Mr. Eglinton noted that expenditures are also largely on track, with some exceptions. Though natural gas activity is finally hitting its annual target, we are forecasting a sizable uncommitted carryforward. Low-income sector spending remains slow, especially on natural gas measures. Staff is working with affordable housing authorities to identify potential projects in multifamily buildings. Activity could pick up once the Department of Health and Human Services (DHHS) begins sending EMT outreach materials to low-income households in DHHS's database. Finally, Staff plan to issue Requests For Proposals (RFPs) for the Innovation projects and Renewables demonstration projects in the next few months, in hopes of encumbering those budgets before the end of FY2018.

(b) APPROVE Adjustments to FY2018 Budget

Mr. Eglinton reminded the Board that, at the January Board meeting, Staff proposed holding in reserve \$2.1 million of the forecasted new Regional Greenhouse Gas Initiative (RGGI) revenues. With the benefit of a month to study market demand, Staff now proposes the following funding allocation to capture potential opportunities: 1) \$1 million for weatherization measures in HESP, 2) \$500,000 for midstream all-fuels incentives in CIP, and 3) \$300,000 to promote new thermal savings measures through the Consumer Products Program (CPP). Staff also proposes shifting \$50,000 in natural gas funds from HESP to CPP to support expanded thermal measure offerings in that program.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to adjust the FY2018 budget to reflect the changes described in Mr. Leclair's February 28, 2018 memo.

(c) APPROVE Annual Update to Public Utilities Commission

Mr. Burnes explained that EMT is required to provide an Annual Update to the PUC by March 1 of every year. EMT is seeking approval from the Board to propose two changes to the FY2019 budget allocations previously approved by the PUC pursuant to the settlement of the Third Triennial Plan (TPIII). The first is a shift of funds from HESP to CPP. When EMT drafted TPIII, it anticipated an accelerating adoption of ductless heat pumps (DHPs) through HESP. While market uptake for *space heating* heat pumps is less than projected, the demand and opportunity for *water heating* heat pumps is greater than anticipated. Staff therefore recommends shifting \$5.2 million in electric procurement funds from HESP to CPP to follow the opportunity. The second proposal is to alter the FY2019 budget to reflect the actual pace of natural gas expenditures in FY2018. Staff

recommends leveraging the accumulated carryforward surplus to reduce the size of the FY2019 assessment on gas utility ratepayers.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Lewis), the Board voted unanimously to accept the Staff recommendation to request approval from the PUC for significant changes in the 2018 Annual Update to TPIII as reflected in the budget allocation (Appendix A) attached to Mr. Stoddard's February 28, 2018 memo.

(d) APPROVE Membership Renewal for Consortium for Energy Efficiency (CEE)

Mr. Eglinton described CEE as a network of more than 80 energy efficiency program administrators from the U.S. and Canada. Through CEE's subcommittee meetings, workshops, and conferences, members share experiences, set standards, inform research, strategize, and network. EMT Staff typically participate by phone or webinar, occasionally attending the summer conference in Boston. Mr. Lewis suggested that EMT purchase access to the newly released ASHRAE portal for energy efficient building standards.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to authorize the Executive Director to enroll EMT as a 2018 member of CEE at a cost of \$21,409.

(e) UPDATE on Rulemaking Plans

Mr. Stoddard explained that EMT's core rules covering the electric/natural gas conservation programs and RGGI programs remain unchanged since they were originally established. EMT would like to update those rules in advance of Triennial Plan IV. Changes that are being contemplated include some housekeeping (e.g., re-assigning directives to the "Commission" and the "utilities" -- who originally administered the conservation programs -- to duties of "the Trust"), updating the definition of an eligible low-income customer, and reviewing the amount of the budget set aside for natural gas spending on low-income. Mr. Stoddard said that Staff plan to launch the rulemaking process over the next few months. It will require a series of prescribed steps, including giving public notice, publishing proposed amendments, holding a public hearing, and filing proposed rule changes with the Attorney General's office. Mr. Hodsdon asked who gets final acceptance of the rules, and wondered if the Governor can override that decision. Mr. Stoddard said that, subject to the Attorney General's sign-off, the Board gets final say. Mr. Fletcher, Mr. Hodsdon, and Mr. Barber volunteered to participate in the public meeting process.

(f) UPDATE on Electric Vehicle Initiatives

Mr. Stoddard provided an overview of recent discussions surrounding EV initiatives. In 2016, as part of a commitment to promoting more commerce and tourism between their respective jurisdictions, Maine's Governor and the Premier of Quebec planned to establish an EV charging station corridor. Since that time, \$3 million in VW settlement funds have become available for EV charging stations. EMT entered into a Memorandum of Agreement with the Maine Department of Transportation (MaineDOT) to administer these funds. EMT will use the funds to address the Maine-Quebec corridor and other priority routes and charging opportunities. Mr. Stoddard noted that these advancements would

position Maine to be in the running for other funding streams, including additional funds derived from VW's settlement of claims. Mr. Stoddard reported that there is the potential for other funding streams that could be employed for purposes other than EV charging stations, such as providing incentives for the purchase of EVs or for the installation of charging and other ancillary equipment related to EVs. Mr. Stoddard noted that EMT is well suited to manage any incentive program that is intended to drive market transformation. Mr. Fletcher stated that transportation remains Maine's number one driver of carbon emissions, noting that this type of activity would be a natural evolution of EMT's mission.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to encourage EMT Staff to explore all transportation options including, but not limited to, EV- and hybrid vehicle-related programs, and to develop plans to implement said programs where applicable.

6.0 New Business

Mr. Fletcher noted that the Board may be due for an election of officers. Mr. Stoddard said he would check and notify the Board.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for March 28, 2018.

8.0 Executive Session

(a) APPROVE Motion to Move into Executive Session to Discuss Proposed Updated Salary Schedules for EMT Staff Pursuant to 1 MRSA §405(6)(A)

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Fletcher), the Board voted unanimously to move into Executive Session.

(b) Discussion of Proposed Updated Salary Schedules for EMT Staff

(c) APPROVE Motion to Come Out of Executive Session

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to come out of Executive Session at 12:17 p.m.

9.0 APPROVE Updated Salary Schedules for EMT Staff

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to approve the revised Staff Salary Schedule presented in Mr. Stoddard's February 28, 2018 memo and the accompanying Confidential Appendix A.

10.0 ADJOURN

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to adjourn the Board meeting at 12:20 p.m.