

**Efficiency Maine Trust
Board Meeting Minutes
June 5, 2019**

Trustees:

- James Boyle
- Dan Brennan, MaineHousing
- Dan Burgess, Governor's Energy Office (GEO)
- Ken Fletcher
- Al Hodsdon, Vice Chair
- Glenn Poole
- David Stapp, Chair
- Joan Welsh

Efficiency Maine Trust (EMT) Staff:

- Nat Blackford
- Ian Burnes
- Emily Cushman
- Peter Eglinton (on phone)
- Monte Haynes
- Greg Leclair
- Michael Stoddard

Other Attendees:

- Sue Ely, Natural Resources Council of Maine (NRCM)
- Suzanne MacDonald, Island Institute and Trustee Designee (on phone)

1. Welcome and Introductions

Mr. Stapp called the meeting to order at 9:33 a.m.

The new members of the Board introduced themselves:

- Joan Welsh, from Rockport, was a member of the Maine Legislature for 8 years and served as the Chair of the Environment and Natural Resources Committee. Before that, she was the Deputy Director at NRCM and the President of Hurricane Island Outward Bound.
- Jim Boyle, from Gorham, graduated from UMaine with a degree in Forestry. He worked as a forester and at Central Maine Power (CMP) before operating an environmental consulting firm for 21 years. He served in the Legislature on the Energy, Utilities and Technology Committee and also on the Agriculture, Conservation, and Forestry Committee.
- Glenn Poole graduated from UMaine with a degree in Electrical Engineering. He worked at Bangor Hydro Electric and was an energy manager for Verso. Mr. Poole served on EMT's inaugural board of trustees.
- Suzanne MacDonald, from Rockland, works at the Island Institute. She has spent the last ten years developing community energy programs to reduce the cost of energy on islands in Maine.

Mr. Stoddard noted that Ms. MacDonald had not yet been sworn in, and would be observing during the meeting, but not voting.

2. Approve Agenda and Minutes

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

3. Public Comment on Agenda Items

Ms. Ely expressed interest in getting to know all the new Board members.

4. Executive Director's Report

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

- EMT has seen significant press coverage focusing on the Triennial Plan, Electric Vehicle (EV) Initiatives, and the Legislature's energy debates generally.
- May has been a very busy month for EMT, wrapping up the Triennial Plan proceeding at the Public Utilities Commission (PUC), the end of the Legislative session, the end of FY2019, and preparations for FY2020.
- The PUC approved Triennial Plan IV on May 24 with changes to the approved methodology and assumptions (M&As) used to calculate the benefits (and costs) of energy efficiency. Based on advice from a third-party consultant contracted by the PUC, the PUC deemed many of the avoided cost components from the regional Avoided Energy Supply Cost (AESC) dataset (which is used by all the other New England states) too aggressive. It also replaced the discount rate in the EMT rule with a different, higher discount rate. These changes have the effect of significantly decreasing the calculated value of energy efficiency, rendering some measures non-cost-effective. The overall result for the electric budget was a decrease of approximately \$10 million dollars per year.
- Subsequent to the PUC's order, the Legislature's Energy, Utilities, and Technology (EUT) Committee unanimously passed a bill that would compel the PUC to grant more deference to the AESC study, EMT's rules, and the EMT Board when reviewing the Triennial Plan. The Committee added an emergency provision, causing the bill to take effect immediately upon passage, in order to help prevent market disruption. (Since the Board meeting, the bill has been enacted and passed into law.) Mr. Burgess added that the bill was a high priority for GEO. Mr. Stoddard explained that the lack of clarity on which rules to apply on July 1st makes planning a challenge. Staff is focused on developing an approach that minimizes disturbance in the marketplace. Mr. Hodsdon asked if the PUC had testified on the bill. Mr. Stoddard replied that they had submitted testimony suggesting that the PUC's oversight role be eliminated altogether. Mr. Stoddard stated that EMT sees this review and oversight as important and valuable.
- Mr. Stoddard also referenced LD 1766, which would set a goal of installing 100,000 additional high-performance heat pumps in Maine over the next 5 years. This bill, which was introduced by the Governor, would have EMT and MaineHousing cooperate to provide incentives on heat pumps installed through low-income,

moderate-income, and general market-based initiatives. This goal would dovetail with long-range climate change goals.

- Mr. Stapp asked about LD 912, which creates an incentive program for commercial biomass boilers. Mr. Stoddard explained that the bill directs the PUC to transfer unspent biomass generators payments to EMT, but also noted that there were other competing proposals for the use of those funds.
- The programs are running smoothly and efficiently, with closer attention to granular year-to-date investment leading to most of the budget being invested in FY2019. Staff expects that the uncommitted carryforward will be about \$10 million out of a budget of approximately \$70 million.
- Mr. Stoddard announced that EMT has hired Jennifer Brennan as a program manager for the EV Initiative. Ms. Brennan previously worked at GEO and the Greater Portland Council of Governments and has experience with alternative fuel vehicle programs.

5. **Planned Business**

(a) UPDATE on Monthly Financial Reports

This agenda item was initially tabled due to time constraints, and then was subsequently addressed when Mr. Leclair briefly reviewed the year-to-date revenues and expenditures.

(b) APPROVE Adjustment to FY2019 Budget

Mr. Stoddard explained that Staff proposes shifting funds from the Small Business Initiative and the C&I Custom Program to support the current rate of activity in the C&I Prescriptive Program.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Hodsdon), the Board voted unanimously to adjust the FY2019 expenditure budget to reallocate funds as detailed in Mr. Leclair's June 5 memo.

(c) APPROVE FY2020 Budget

Mr. Stoddard explained that Staff felt it would be prudent for the Board to approve the FY2020 budget as ordered by the PUC in the event LD 1757 is rejected or the issues covered by it are unresolved before July 1. This will allow EMT to have a base operating budget in place at the start of the new fiscal year.

ACTION: Upon a motion duly made (Mr. Burgess) and seconded (Mr. Fletcher), the Board voted to adopt the FY2020 Base Budget (attached to "Budget Memorandum #1") for Revenues and Expenditures in accordance with the first year of the fourth Triennial Plan as approved by the PUC, amended to include carryforward fund balance relating to the Volkswagen Settlement funds, and to include the EMT Admin Fund, and the Revolving Loan Funds operated by the Trust. Upon approval, the source of funding and expenditure budgets will total \$63,883,088 and \$63,861,235, respectively. Mr. Hodsdon

voted against the motion to register his opposition to the PUC's Order in the Triennial Plan IV proceeding.

(d) APPROVE Request for Change to Triennial Plan IV That was Approved by Maine PUC

Mr. Stoddard explained that Staff is asking the Board to approve several motions that would clarify budget authority and provide contingencies regarding the transition from FY2019 and FY2020 (and between Triennial Plan III and IV). First, with respect to the *uncommitted* carryforward category, Staff is seeking approval of a suite of options outlined in Motions #1-4 below. This action will provide Staff with flexibility during ongoing negotiations at the PUC amidst legal uncertainty and time constraints.

- #1 Move to adopt the FY2020 Contingent Budget for Revenues and Expenditures as indicated in the Table embedded in Budget Memorandum #2 and to add these amounts to the Base Budget, contingent upon PUC approval. Upon approval, the source of funding and expenditure budgets will total \$69,788,887 and \$69,767,034, respectively.
- #2 Move to authorize Staff to ask the PUC to make an exception to its order to “net out” Uncommitted Carryforward of the next year’s revenues as it pertains to approximately \$3.4 million of electricity funds earmarked for Low Income Initiatives in FY2019.
- #3 Move to carry forward the full amount of Uncommitted Natural Gas Conservation Funds from FY2019 into the FY2020 revenue and expenditure budgets, move any excess of the approved Base Budget into Fund Balance, and to report to the PUC that there will be no new revenues needed for the new year.
- #4 Move to authorize Staff to request of the PUC the following treatment regarding how measures will be screened for eligibility at the outset of Triennial Plan IV:
 - Expedited authorization to apply to all programs in FY2020 the Screening Methodology and Assumptions (M&As), used to establish a conservation measure’s eligibility, as initially filed by the Trust in Triennial Plan IV; or,
 - If the PUC declines to offer such expedited authorization, then request authorization to apply the M&As, as approved by the PUC in Triennial Plan III, to the electric and natural gas Uncommitted Carryforward balances being moved from Triennial Plan III into the FY2020 budget.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Poole), the Board voted unanimously to approve Motions #1 through #4 above.

The second category of funds is *committed* carryforward. Staff is seeking Board approval to allocate and spend in FY2020 funds that were committed (e.g., under contract,

preapproved, or awarded) in FY2019 but not expended. This general approach was approved by the PUC during the Triennial Plan III proceeding.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Hodsdon), the Board voted unanimously to move to allocate Committed funds from FY2019 into the FY2020 budgets, together with the FY2020 Base Budget and Uncommitted Carryforward, according to the funding sources and program/initiative allocations reflected in the table in the June 5 memo titled “Budget Memorandum #3.” Upon approval, when added to the Uncommitted Carryforward funds represented in the Contingent Budget, the total source of funding and expenditure budgets will increase to \$89,270,797 and \$89,248,944, respectively.

(e) APPROVE Authorization for Director to Use Sole-Source Contract to Lease Satellite Office Space in Westbrook

Mr. Stoddard explained that EMT has satellite office space in Westbrook that it uses for meetings, remote work, and disaster recovery. The lease for that site is coming up and Staff is interested in exploring other options in Westbrook.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Poole), the Board voted unanimously to waive the requirement for competitive procurement and authorize the Executive Director to identify and enter into a lease agreement of up to five years for office space in or around Westbrook with an annual rental for office space having a budget not to exceed \$35,000/year.

(f) APPROVE Northeast Energy Efficiency Partnerships (NEEP) Subscription

NEEP is a professional organization that promotes regional collaboration on energy efficiency issues. In the past, EMT had discontinued its membership when fees were deemed overly expensive. Since then, NEEP has changed from a membership funding approach to an “a la carte” menu of discrete subscription-based projects and initiatives.

ACTION: Upon a motion duly made (Ms. Welsh) and seconded (Mr. Hodsdon), the Board voted unanimously to authorize the Executive Director to pursue a sole source contract and subscription to the NEEP initiatives referenced in the June 5 memo at a cost of approximately \$6,000.

6. New Business

None.

7. Next Meeting Agenda and Scheduling

The next Board meeting will be held on June 26, 2019.

8. Adjourn

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Poole), the Board voted unanimously to adjourn the Board Meeting at 12.19 p.m.