

**Efficiency Maine Trust
Board Meeting Minutes
June 26, 2019**

Trustees:

- Jim Boyle
- Dan Burgess, Governor's Energy Office (GEO)
- Dan Drost, MaineHousing
- Ken Fletcher
- Al Hodsdon, Vice Chair
- Suzanne MacDonald
- David Stapp, Chair
- Joan Welsh

Efficiency Maine Trust (EMT) Staff:

- Nat Blackford
- Ian Burnes
- Peter Eglinton
- Monte Haynes
- Anastasia Hediger
- Greg Leclair
- Rick Meinking
- Michael Stoddard

Other Attendees:

- Bill Bell, Maine Pellet Fuels Association
- Steve Ward, Maine Climate Table

1. Welcome and Introductions

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

2. Approve Agenda and Minutes

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the agenda and the June 6 Board Meeting Minutes.

3. Public Comment on Agenda Items

Mr. Bell expressed interest in the legislative update.

4. Executive Director's Report

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

- LD 1757 was enacted to clarify the standards that the Public Utilities Commission (PUC) uses when reviewing EMT's Triennial Plan. Mr. Stoddard explained that on May 24, the PUC issued an order approving the PUC Staff's recommendations regarding the methodologies, assumptions, and budget for Triennial Plan IV (TPIV). Following the legislation's clarification of the review standards, the PUC issued a new order on June 25 approving and instituting new methodologies and assumptions consistent with the legislation. The new order covers the period spanning Fiscal Years 2020 – 2022 and will be used to establish the cost-effectiveness of measures

- during the Triennial Plan IV. The final budget associated with the change in the law will be determined through a separate filing at the PUC.
- Ms. MacDonald asked if there were trends that seem to drive program activity in the Commercial and Industrial Prescriptive Program (CIP). Mr. Stoddard explained that the main drivers are program rules and customer-facing prices, which are affected by incentive levels. There are some seasonal trends in HVAC. Mr. Hodsdon added that oil and electric prices can also drive activity.
 - Regarding the Small Business Initiative (SBI), Mr. Hodsdon asked if the same team worked in each SBI region. Mr. Eglinton responded that a different group of installation contractors works in each region, but that all the regions are overseen by a single delivery team for this program.
 - The Innovation Program has been working on several pilots related to load management. These pilots will help familiarize the Trust with some of the technologies that could be deployed as part of a non-wires alternative (NWA).
 - On the administrative side, Mr. Stoddard mentioned that EMT has posted a job opening for a program assistant, selected a new health insurance plan, launched its annual financial audit, and updated its information technology hardware and software.
 - Over the next couple of weeks, Staff will work on getting all the paperwork from vendors to close the books for FY2019. The auditors will review the books and present the audit to the Board. Once the audit is closed, Staff return to the Board to approval for carryforward.
 - Mr. Burgess congratulated EMT on the performance of the call center and expressed interest in a presentation or additional graphs of some of the metrics. Ms. Welsh asked how many people work in the call center. Mr. Stoddard replied that there generally are three call center representatives assigned to handle EMT calls and emails, but an additional represented is on stand-by in case of increased volume.
 - Mr. Hodsdon suggested that new Board members receive a table with the breakdown between funding sources and programs.

5. Planned Business

(a) UPDATE on Monthly Financial Reports

Mr. Stoddard informed the Board that the Trust took in \$60 million in new revenues in FY2019, with about \$5 million still on the way. Revenues from the Regional Greenhouse Gas Initiative (RGGI) and the Forward Capacity Market (FCM) have been slightly above forecasts. On the expenditures side, he noted that the budgets included carryforward from the prior year as well as RGGI funding that the Board set aside for use in FY2020 for the Home Energy Savings Program.

(b) UPDATE on Legislation from the 129th Maine State Legislature

Mr. Stoddard reviewed the active legislative session, which included many energy-related bills that were signed into law. He focused on the following four bills:

LD 1757

As noted above, this bill clarified certain standards of review and assumptions to be used for EMT's Triennial Plan. In the past, dueling interpretations of what the law meant led to

uncertainty in planning and implementation of programs and protracted litigation. The new law gives deference to EMT calculations of energy savings and prescribes that the PUC apply the discount rate from the Trust's rule. The law requires the PUC to include several elements of avoided costs had previously been excluded. In addition, it gives deference to avoided costs data sets that are regional and used by other New England states, with the provision that the assumptions could be reconsidered if energy costs had changed more than 25% since the last analysis. The bill states that energy efficiency measures should be screened using "gross" savings instead of "net" savings. Another key provision requires that MaineHousing and the Department of Health and Human Services (DHHS) share with EMT data identifying low income customers unless prohibited by federal law. Access to such lists will help the Trust improve access to energy efficiency by low-income Mainers.

LD 1766 – Heat Pumps Goal

This bill sets a statewide goal of installing 100,000 high-performance air source heat pumps in Maine over the next five fiscal years. Special consideration will be given to ensuring geographic and income equity. The bill earmarks new FCM revenues for the initiative, requiring that these revenues be used to supplement but not supplant current incentives. Because the PUC has previously netted FCM revenues out of the electric procurement, this will cause the procurement to rise.

To reach the goal, the Trust will have to ramp up the adoption rate to an average of 20,000 units/year. Staff envisions a tiered incentive system in which: MaineHousing will help by using a direct-install approach to deliver heat pump to low-income customers; Efficiency Maine will run a market-based program with enhanced incentives for low- and moderate-income Mainers; and finally, EMT will continue to run its existing market-based programs for both commercial and residential customers, with expanded coverage for small businesses.

Mr. Hodsdon asked about free ridership. Mr. Stoddard noted that while the program cannot exclude free riders entirely, higher incentives generally lead to higher sales, diluting the impact of free riders.

LD 1181 – Non-Wires Alternatives Coordinator

Mr. Stoddard explained that the law established the Non-Wires Alternatives (NWA) Coordinator to be housed within the Office of the Public Advocate (OPA). OPA has indicated it plans to hire the services of a third-party to perform the role of coordinator. An important innovation of the law the requirement that investor-owned utilities file annual reports on their distributions system status and planned improvements.

LD 1464 – Beneficial Electrification

Mr. Stoddard reviewed the provisions of this bill which requires EMT to conduct a study on beneficial electrification and requires the PUC to conduct a solicitation for proposals to pilot concepts related to electrification of transportation.

(c) OVERVIEW and UPDATES on EMT Programs

Commercial and Industrial Custom Program (Custom Program)

Mr. Burnes provided an overview of the Commercial and Industrial Custom Program (Custom Program), which offers incentives for customized energy projects that do not fit into the prescriptive program. The projects involve complex machinery and the savings are highly dependent on the specific hours of use and patterns of operation at the facility where the project is being proposed. Because of this, projects receive a case-by-case analysis and are approved by a review team. The program has three tracks: electric (including compressed air, variable frequency drives or VFDs, etc.), thermal (including pipe insulation, controls, heat exchangers, etc.), and distributed generation (behind-the-meter projects such as combined heat and power (CHP) and backpressure steam turbines). Incentives range between \$10,000 and \$1 million. In addition to financial incentives, the program offers scoping audits to help with customer acquisition, and subsidizes technical assistance studies to help companies develop applications.

Ms. MacDonald asked why the Trust had decided to exclude cannabis growers from the program. Mr. Burnes explained that there was concern with the longevity of energy projects at such facilities in the event of federal enforcement of laws governing scheduled drugs.

Small Business Initiative (SBI)

Mr. Meinking explained that the Small Business Initiative (SBI) offers elevated incentives on lighting to small businesses in targeted regions of the state. Many small businesses often do not have the time, expertise, and/or financial capital to access EMT's other commercial programs. SBI works with local distributors to get discounted volume pricing on equipment, and arranges for local commercial contractors to do the installation. One key aspect of SBI is that it works in defined geographic regions for limited periods of time. This approach helps create a sense of urgency in both the customers and the contractors.

Mr. Stapp asked how many new regions are scheduled. Mr. Meinking replied that regions will be selected once staff have a chance to review utility data for each region. Ms. Welsh asked how long the initiative spent in each region. Mr. Meinking said that it depended on the size of the region, but that it usually took between six and 10 months to complete a region. Mr. Burgess asked how staff talked to customers who are excluded from the program because they are not in an SBI region. Mr. Meinking replied that they are referred to the Commercial and Industrial Prescriptive Program, which is offered statewide. Ms. Welsh asked how the programs recruited contractors. Mr. Meinking explained that staff recruits local Qualified Partners -- the commercial contractors that

have signed up for and been trained on EMT programs. Staff also work to sign up local contractors who have relationships with small businesses in the targeted regions.

Ms. MacDonald noted that SBI was a great example of EMT's reaching small commercial customers in a widely rural state. She wondered whether the program tracked if SBI participants went on to participate in other EMT programs. Mr. Meinking responded that the program did not track that information, but noted that they do send a letter to participants notifying them of other relevant EMT programs. Ms. MacDonald expressed interest in exploring whether the SBI model of coordinating contractors in a targeted region could be applied to the residential sector.

6. New Business

Mr. Stoddard reminded the Board that they should elect officers at the next Board meeting.

7. Next Meeting Agenda and Scheduling

The next Board meeting will be held on July 24, 2019.

8. Adjourn

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Hodsdon), the Board voted unanimously to adjourn the Board Meeting at 12:11 p.m.