

**Efficiency Maine Trust
Board Meeting Minutes
September 4, 2019**

Trustees:

- James Boyle
- Dan Brennan
- Dan Burgess
- Ken Fletcher
- Al Hodsdon, Chair
- David Stapp
- Joan Welsh

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Monte Haynes
- Anastasia Hediger
- Greg Leclair
- Laura Martel
- Dan Mistro
- Michael Stoddard

Other Attendees:

- Adam Cote, Drummond Woodsum for the Maine Pellet Fuels Association
- Michelle Marean, DNV GL

1. Welcome and Introductions

Mr. Hodsdon called the meeting to order at 9:35 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 July 24 Board Meeting Minutes.

3. Public Comment on Agenda Items

None.

4. Executive Director's Report

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

- The "EV Accelerator" electric vehicle (EV) rebate program launched last week, marking EMT's expansion into a new market segment with new funding streams. EMT and the Governor's Office held a press event at Brunswick Landing, drawing auto dealers, members of the Press, and Governor Mills.
- Staff and customers are increasingly excited about Variable Refrigerant Flow (VRF) technology – a modulating heat pump system that is well suited to larger commercial buildings. VRF incentives are available through the Commercial & Industrial (C&I) Prescriptive Program (CIP) and the C&I Custom Program.
- The Small Business Initiative (SBI) completed activity in Old Town-Orono, and is working to launch Augusta and Calais this fall. Staff is making a concerted effort this year to assess regions serviced by electricity co-ops. Mr. Stoddard highlighted that, on average, SBI participants see roughly \$900 in annual energy savings.

- Mr. Hodson highlighted a program in Massachusetts that sends representatives out to homes to facilitate lighting retrofits. Mr. Stoddard noted that EMT does something similar when it replaces bulbs and other small devices as part of energy assessments in its Low-Income Initiatives.
- Mr. Stoddard explained that the Distributor Initiatives program targets contractors servicing both commercial properties and residential properties. He noted that Staff makes periodic adjustments to rebate levels in response to changes in market prices. Mr. Burgess asked about the reason for the spike in activity in early July. Mr. Stoddard explained that distributors and retailers tend to process a large batch of previously completed projects when they submit their final invoices at the end of the fiscal year.
- EMT recently conducted a survey of 60 single-family, owner-occupied homes participating in the Arrearage Management Program (AMP) to assess whether their high electricity usage may be attributable to electric home heating. Based on a site visit and utility data analysis, Staff identified 17 homes with significant electric thermal load. These homes were selected for a pilot program that involves heat pump installations and weatherization. Mr. Stoddard noted that Staff will work with the Western Maine CAP and Penquis CAP in this pilot effort.
- Mr. Stoddard provided a brief overview of the new EV Accelerator program. He explained that qualifying low-income customers, governmental entities and tribal governments are eligible for enhanced rebates. Ms. Welsh asked what the minimum threshold is for low-income. Mr. Stoddard noted the program is currently using the Low Income Home Energy Assistance Program (LIHEAP) list, but is working with the Department of Health and Human Services (DHHS) to gain access to their broader list of low-income residents.
- Mr. Stoddard also reported on the status of EMT's charging station initiatives. The West Gardiner EV charging stations should be done by the end of September and work in Kennebunk and Jackman is under way. Additionally, the review team for level II charger proposals awarded twenty-five projects.
- Mr. Stoddard reported that the financial auditors recently completed their field work. He expects a preliminary draft of their findings to be ready at the end of this month. Staff will present a final draft to the Board for approval at the next meeting.
- Mr. Stapp asked for more information about the Non-Wires Alternatives (NWA) Coordinator. Mr. Stoddard explained that LD 1181 establishes an independent, third-party entity (residing within the Office of the Public Advocate [OPA]) to review utility investment plans, compare them to NWAs, and identify the best deal for ratepayers. The law requires EMT to provide the assessment of potential behind-the-meter NWAs. Mr. Stoddard noted that EMT already has some of the data and algorithms to conduct this cost-effectiveness analysis. Where NWA resources appear to be the more cost-effective option, EMT is assigned the role of developing those resources under contract to the utility. Mr. Stoddard explained that the OPA has issued a request for proposal (RFP) for a firm or team to serve as the coordinator. Trust will also post an RFP for someone to conduct the analytics and help develop NWAs. Mr. Fletcher asked about funding for this additional activity. Mr. Stoddard explained that NWA project costs that are found to be cost-effective, considering case-by-case costs of avoided/deferred transmission or distribution projects, will be

considered to be new, additional resources that must be incorporated into the Maximum Achievable Cost-Effective (MACE) savings and the triennial plan. Mr. Stoddard noted that it is unclear at this time how much incremental workload there will be for Trust staff and consultants or how the costs of this will be recovered. He assured the Board that he will watch this issue closely as the process develops.

5. Planned Business

(a) UPDATE on Monthly Financial Reports

Mr. Stoddard explained that the financial reports shown are from the end of July, which paints an incomplete picture of the programs at the beginning of a fiscal year because several sizeable invoices were received after the month ended but arrived or were entered into the financial system after the time the reports were generated. Regarding revenues, Mr. Leclair also reported that the PUC recently changed how it notifies individual utilities about the amount they owe EMT, resulting in some initial delays in remitting payments for the electricity procurement. He confirmed that EMT has now received all electric procurement, but those numbers not reflected in July. August will also show the first Forward Capacity Market (FCM) payment of the fiscal year.

(b) REPORT on Heat Pump Water Heater (HPWH) Evaluation and Implications for Low-Income Allocation

Mr. Mistro provided an overview of a recent survey of customers who purchased heat pump water heaters (HPWHs) in retail locations. Results indicated that 7.5% of respondents were low-income customers. Survey work on distributor channel participants is ongoing. In the meantime, Staff is adjusting its low-income allocation for HPWHs in the Retail and Distributor Initiatives to 7.5%, down from 48%. The original allocation came from demographic data extrapolations and residential baseline studies. Mr. Stoddard said that staff suspects the true allocation is somewhere in between. EMT expects to have updated data that it can report out before the end of the year.

(c) APPROVE Significant Change II for Triennial Plan IV

Mr. Stoddard explained that EMT seeks Board approval of adjustments to the Triennial Plan IV narrative, and to budget lines of the Plan's Appendix B as originally filed, to reflect three major categories of changes: (1) new legislation; (2) new results from two independent program evaluations; and (3) new Staff analysis of ongoing programs. Approval of the recommended package will lead to the Staff filing a request for approval from the PUC. These adjustments are laid out in detail in Mr. Stoddard's September 9, 2019 memo. Following are highlights from the discussion:

- Mr. Fletcher asked for clarification about the new requirement to screen at gross vs. net that came out of LD 1757. Mr. Stoddard reported that new law requires EMT to screen measures at gross to reflect the entire savings of all measures that receive an EMT financial incentive (and not to discount the savings to reflect the portion of free-ridership applicable to that measure). Mr. Stoddard indicated that even though cost-effectiveness will be screened using gross savings, EMT will continue to analyze and report on the impacts of free-ridership in its programs.

- Mr. Stoddard commented on the challenge of meeting the statutory requirement that EMT invest 10% of funds to benefit of low-income Mainers. If evaluations can prove that the Retail and Distributor Initiatives are benefiting a larger share of these customers, EMT can satisfy the requirement at a lower cost than the direct-install channel.
- Mr. Stoddard suggested that the Board vote on the Significant Change II as presented, with the proviso that EMT will adjust the low-income allocation as soon as data from the distributor evaluation becomes available.
- Mr. Burgess asked about the impact of a potential rollback in federal lighting standards. Mr. Stoddard explained that any change would impact the lighting baseline. EMT decided to assume the status quo (that halogen and incandescent bulbs will be available for purchase). It would adjust the plan if the law changes.
- Mr. Hodsdon asked about smart pumps. Ms. Martel explained that they are hydronic pumps that improve boiler efficiency. There are 20,000 hot water boilers in the state that could benefit from these devices.
- Mr. Stoddard highlighted the fact that LD 1766 requires EMT to direct all FCM revenue to heat pump initiatives. These funds must be used to “supplement but not supplant” existing incentives. Because EMT usually uses FCM dollars to offset the electric procurement, it will need to “back fill” the budget with additional procurement dollars to meet the MACE requirement. This will amount to an additional \$28.7 million over three years.
- Mr. Boyle asked for an explanation of what fund allocations are expected to be made to meet the 100,000 heat pump goal. Mr. Stoddard noted that MaineHousing will capture a approximately two thousand units per year at low-income homes through its programs, and EMT will use RGGI funding for approximately another 1,400 units installed through the Small Business Initiative. He also explained that the FCM funding is for incremental projects beyond MACE. Small Business Initiative, low-income efforts, CIP, and existing HESP programs will contribute to achieving the goal. EMT will encourage retrofits in addition to existing lost opportunity efforts, while targeting middle-income Mainers and with a tier II rebate. EMT does not yet know what funding will exist in years 4 and 5, and Mr. Burnes noted that FCM revenues will likely decrease by then.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Burgess), the Board voted unanimously to approve the package of significant changes to Triennial Plan IV consistent with Mr. Stoddard’s September 9, 2019 memo and Appendix B – Revised as of September 4, 2019, with an amendment providing that EMT can adjust the low-income retail and distributor allocation of 7.5% as new information becomes available.

(d) PRESENTATION Heat Pump Water Heater Evaluation

Ms. Martel provided a summary of the results of the HPWH evaluation conducted by Michael’s Energy. After incorporating the various recommended adjustments and the Triennial Plan IV M&As, HPWHs in the Consumer Products program screen with a Benefit: Cost ratio (BCR) of 2.2. HPWHs in the Low-Income Direct Install program screen with a BCR of 0.87 alone, but 1.08 with the bundle of small energy-saving devices.

6. New Business

None.

7. **Next Meeting Agenda and Scheduling**

The next Board meeting will be scheduled via email.

8. **Adjourn**

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Ms. Welsh), the Board voted unanimously to adjourn the Board Meeting at 12:08 p.m.

DRAFT