

**Efficiency Maine Trust
Board Meeting Minutes
October 25, 2017**

Trust Board Members:

- David Barber
- Dan Brennan
- Herbert Crosby
- Ken Fletcher
- Al Hodsdon
- Don Lewis
- Stephen McGrath
- David Stapp

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Monte Haynes
- Greg Leclair
- Michael Stoddard

Other Attendees:

- James Katsiaficas, Perkins Thompson

1.0 Welcome and Introductions

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

2.0 Approve Agenda and Minutes

Mr. Hodsdon noted that the September minutes lacked some of the details of the discussion with Patricia Rosi of the Wellness Connection of Maine, but he did not suggest the need to make any revisions.

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

3.0 Public Comment on Agenda Items

Dan Brennan reported that, in a recent tour of businesses across the state, he heard consistently positive feedback about Efficiency Maine.

4.0 Executive Director's Report

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

- Mr. Stoddard reported that program activity in the first quarter of FY2018 is up significantly compared to the first quarter of FY2017. With the audit complete, EMT Staff is now finalizing calculations for the FY2017 Annual Report. Though

the Annual Report review and approval is on the agenda for the November Board Meeting, Mr. Stoddard said he would provide a preview of some of the preliminary program cost-effectiveness results in his presentation.

- Mr. Stoddard moderated a panel at a recent E2Tech forum on heating and transportation policy. The panelists included Jamie Py from the Maine Energy Marketers Association, Kurt Adams from Summit, Les Otten from Maine Energy Systems (pellet boiler company), Susanne MacDonald from the Island Institute, and Alan Richardson from Emera. Mr. Stoddard said that, with such close price parity between the various heating fuel types, each panelist took the opportunity to position his/her product. There was some criticism of heat pumps; various panelists suggested that they are not universally appropriate, and some asserted that they do not perform well in cold weather. Mr. Stoddard said he pushed back on several of these comments. He noted that EMT Staff is paying particular attention to dispelling the temperature functionality myth through customer education and outreach. On the transportation policy side, Mr. Stoddard said the discussion centered largely around electric vehicles (EVs). Panelists discussed plans for how to spend the \$22 million Volkswagen settlement funds, 15% of which are earmarked for EV charging infrastructure. Participants noted that EMT would be an appropriate administrator of those funds and any related grant program.
- Mr. Stoddard said that EMT is getting pushback from some distributors participating in the Commercial and Industrial (C&I) Prescriptive Program's midstream discount channel. They assert that EMT's requirement that they collect installation addresses for all sales is too onerous. EMT Staff communicated the importance of being able to track projects and verify savings.
- The C&I Custom Program awarded two new projects in September. Mr. Stapp asked if the program had reviewed any applications for infrared electric heating projects. Mr. Burnes said Staff had reviewed a gas-fired infrared heating project for an airplane hangar. Mr. Stapp said he had a project lead, and Mr. Burnes promised to put him in touch with the program's delivery team.
- Mr. Stoddard reported that the Small Business Initiative (SBI) fell slightly short of being cost-effective in FY2017, as the Board will see in the upcoming Annual Report. One reason for these results is the disjunction between when costs are incurred and savings are reported. The program spent the first half of the year laying groundwork, significantly increasing outreach efforts and contractor recruitment. These upfront delivery costs will generate energy savings dividends in FY2018 as the projects are completed.
- The Maine Advanced Building Program (MAB) also failed to pass the cost-effectiveness test in FY2017. The program involves significant time investment from its delivery team and the participants themselves. It is also based on the New Buildings Institute's whole-building savings model. EMT has suspended the program and Staff is reviewing other ways to provide offerings for commercial new construction. It could be that the C&I Prescriptive Program (CIP), which is currently available to new construction in this sector, is the best path forward. EMT Staff will revisit the issue with the Board in the coming months. Mr.

Fletcher suggested that EMT generate a plan by January in preparation for questions from legislators who have read the FY2017 Annual Report. Mr. Hodsdon expressed concern over abandoning the one EMT program that takes a whole-building approach to energy savings.

- Due in part to the reduction in incentive levels last spring, demand for weatherization measures through the Home Energy Savings Program (HESP) has slowed. However, heat-pump rebate activity remains steady. EMT Staff is considering ways to simplify the HESP rebate forms, creating a separate form specifically for heat pumps.
- Mr. Stoddard reminded the Board that EMT continues to grapple with ways to invest its low-income natural gas budget, which is disproportionately larger than the universe of low-income customers who pay their own natural gas utility bills. EMT Staff is looking to broaden this universe by targeting multifamily affordable housing. Mr. Stapp asked why Low-Income Initiatives saw a spike in program activity in September. Mr. Stoddard explained that EMT had been offering enhanced heat pump incentives to low-income customers (\$2,000 vs. \$500) using Regional Greenhouse Gas Initiative (RGGI) funds. This initiative also required that customers conduct a home assessment and pay \$50 for \$1,050 worth of basic weatherization. The heat pump portion of the initiative fully invested its budget, and EMT ended this offer in September. The spike in activity reflects the market rush before the cut-off date. Mr. Brennan said that U.S. Department of Energy staff are currently in Maine auditing MaineHousing's weatherization program and may want more information on this program approach.

5.0 Committee Report

(a) Finance Committee

i. UPDATE on Monthly Financial Reports

Mr. Leclair reiterated that revenues from the RGGI first quarter auction were higher than anticipated. Staff will wait for the results of the December auction before making any budget adjustment recommendations. Mr. Fletcher asked about the timing of interfund transfers. Mr. Leclair said that they would be made in real time (monthly) moving forward.

ii. APPROVE Loan Accounting Policy

Mr. Stoddard provided a brief overview of EMT's various loan programs and offerings. He noted that the overall default rate has, so far, been very low (0.5%). While bankruptcy represents a clear reason for writing off a loan, other circumstances are not as obvious. There are currently five loans for which EMT's loan servicer has exhausted the typical number of communications with delinquent borrowers. Meanwhile, EMT continues to carry the balance on its books. The proposed Loan Accounting Policy would establish a formal procedure for dealing with bad debt. After EMT has made a good-faith effort to collect or renegotiate, it will refer the matter to the Board for a decision. A decision to write off a loan would not preclude EMT from eventually collecting a payment. Mr. Brennan suggested that, because the universe of delinquencies is so small, EMT Staff could simply make the decision

itself and brief the Finance Committee. Mr. Stoddard said the decision is a judgement call related to whether the EMT staff should continue its pursuit of public dollars. Mr. Fletcher suggested that the Board err on the side of transparency.

ACTION: Upon a motion duly made (Mr. Hodson) and seconded (Mr. Lewis), the board voted unanimously to approve the Loan Accounting Policy.

iii. APPROVE Authorization to File Protest at the Federal Energy Regulatory Commission (FERC) and Secure Outside Counsel

Mr. Stoddard provided a brief overview of the rules and mechanics of the Forward Capacity Market (FCM). Each year, FCM participants present a “qualification package” containing their forecast of the capacity (winter and summer peak MW) they believe they can deliver three years in the future. The Independent System Operator for New England (ISO-NE) reviews the figure, suggests modifications, and approves a certain amount of qualified resource. Ultimately, ISO-NE will compensate a participant for delivery of a resource *up to* its qualified level. EMT is currently providing capacity above this threshold. Generally, each new year of EMT program activity results in an increase to its FCM resource size, however it also accounts for the fact that certain measures reach the end of their useful lives (“expire”).

The dispute between EMT and ISO-NE relates to how expired efficiency resources are reflected. ISO-NE has interpreted its rules in such a way that expired measures are deducted from EMT’s overall qualification level, while EMT argues that they should be reflected in the amount of capacity that is actually delivered. ISO-NE staff has indicated that it is open to follow EMT’s interpretation in future auctions, but not for the current year [Forward Capacity Auction (FCA) #12]. The foregone revenue for EMT that is forecasted to occur due to this interpretation is expected to be approximately \$1.2 million. In an attempt to recover these funds, EMT staff suggests that the Board authorize the Executive Director to file a protest at FERC and secure the services of an experienced attorney familiar with FERC. Mr. Hodson suggested the Board authorize the Executive Director to pursue the issue beyond the protest process. Mr. Stoddard said he would bring the issue before the Board again if it reaches that point.

ACTION: Upon a motion duly made (Mr. Barber) and seconded (Mr. Lewis), the board voted unanimously to authorize the executive Director to: (1) to file a protest at FERC challenging the accounting of the Trust’s FCM resource in FCA#12; and (2) to secure the services of a FERC attorney to make the protest filing and represent he Trust in this matter for an amount not to exceed \$20,000.

(b) Program Committee

i. BRIEFING on the Trust’s Obligations for Handling Confidential Information and Conflicts of Interest

Mr. Katsiaticas reviewed the main laws and policy documents regarding the roles and responsibilities of EMT trustees, the Executive Director, and employees in the handling of confidential information and managing conflicts of interest, as detailed in his handout dated October 25, 2017.

The Freedom of Access Act (FOAA) regulates public proceedings and public records. It requires the Board to meet and deliberate in public, and provide advanced announcement of public meetings. It has a broad definition of public records, capturing anything prepared in the course of doing business. As the Public Access Officer for EMT, Mr. Eglinton processes all requests for information from the public. FOAA and the EMT Act identify certain forms of confidential information, including tax information, Social Security Numbers, personal contact information, energy usage data, and anything that gives a party some competitive advantage. EMT's Confidential Information Management Systems (CIMS) Policy governs the use and handling of these confidential records by employees and contractors.

The EMT Act and common law also state that EMT employees and trustees must not have a direct or indirect financial interest in the matters before them. If a trustee thinks there could be an actual or perceived conflict of interest, he/she must disclose it to the Board and recuse him/herself from any related discussion or vote. Mr. McGrath asked if EMT employees could take advantage of EMT programs. Mr. Stoddard noted that the Maine Attorney General's office ruled that employees could participate in any program available to the public on a first-come, first-served basis. This includes all programs except those that involve a competitive bid review (e.g., C&I Custom Program and Innovation).

Mr. Hodsdon asked if the right to access public records extended beyond the boundaries of the United States. Mr. Katsiaficas said he would check and get back to the Board. Mr. Hodsdon and Mr. Fletcher also asked about informal gatherings of Board members. Mr. Katsiaficas stated that if five or more Board members gather for any purpose, they should give notice and call it a formal meeting. Mr. Fletcher noted that the Board's committee meetings are not public. Mr. Stoddard stated that, though these meetings usually involve fewer than five Board members, EMT may need to formalize committee membership to ensure it follows proper procedures. He said he would follow up on the matter with Mr. Katsiaficas and the Chair.

6.0 New Business

Mr. McGrath asked for additional background on the FCM. Mr. Fletcher suggested that EMT Staff prepare a two-page primer on the subject. Mr. Stoddard agreed, but said he would like to think about the appropriate format (written document vs. presentation).

Mr. Stapp said he would not be able to attend the November Board meeting. If the Board addresses the issue of whether or not EMT should offer incentives to medical cannabis operations, he would like his vote to be counted. Mr. Stoddard said the bylaws allow a trustee to participate by phone.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for November 15, 2017.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to adjourn the Board meeting at 12:22 p.m.