

**Efficiency Maine Trust
Board Meeting Minutes
January 24, 2018**

Trust Board Members:

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

Efficiency Maine Trust (EMT) Staff:

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

Other Attendees:

- Sue Ely, NRCM
- Troy Fullmer, Maine State Housing Authority (MaineHousing)
- Dot Kelly, Phippsburg
- Michelle Marean, DNV-GL

1.0 Welcome and Introductions

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

2.0 Approve Agenda and Minutes

Section 5.a.iii of the draft December minutes stated: “The Maine DOT and the Governor’s Energy Office (GEO) have recommended that EMT administer [the Volkswagen settlement] funds...” Ms. Smith requested that EMT strike the reference to GEO in this sentence.

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

3.0 Public Comment on Agenda Items

None.

4.0 Executive Director’s Report

Mr. Stoddard summarized a portion of the Executive Director’s Report. He noted that Mr. Eglinton would cover program activity in a later agenda topic. Following are items highlighted during Mr. Stoddard’s presentation:

- The Legislature is engaged in a short session reserved for carry-over bills, emergency bills, Governor’s bills, and any bills responding to committee reports. At present, two bills are of particular interest to EMT: 1) LD 1487, which relates to the concept of a Non-Transmission Alternatives (NTA) Coordinator and promoting the “smart grid”, and 2) LD 1657, which codifies Maine’s decision to remain involved in the Regional Greenhouse Gas Initiative (RGGI) through 2030.
- Mr. Stoddard highlighted three recent activities at the Public Utilities Commission (PUC). First, the PUC closed the Triennial Plan follow-up docket relating to fairness for transmission and subtransmission (T&ST) customers. The proceeding found relative proportionality between what T&ST customers contribute to EMT (in the form of assessments) and what they receive in return (in the form of incentives). Second, EMT Staff attended a technical conference on wholesale energy price forecasts. Third, EMT Staff participated in ongoing stakeholder discussions regarding whether to extend the utilities’ Arrearage Management Program (AMP) beyond September 2018. Mr. Stoddard noted that AMP has shown a high rate of recidivism. Stakeholders are discussing whether EMT should move beyond the low-impact interventions (LED bulbs, low-flow devices) to more substantial projects. They point out that ratepayers ultimately pay for bad debt in the form of higher rates; intervening with cost-effective energy efficiency investments can help offset this burden. Mr. Stoddard expressed concern over the optics of EMT prioritizing low-income customers who are *not* paying their bills over those who are (and who may be equally deserving). Mr. Fletcher asked why usage is so high in these homes. Mr. Stoddard said that EMT is exploring the interval data to answer this question, but it is likely these customers are heating with electric ovens and space heaters and using resistance electric water heaters. Mr. Brennan said he hopes the Community Action Agencies (CAAs) might conduct site visits and take a more holistic look if AMP moves forward. Mr. Hodsdon pointed out that water utilities can take out liens on property in cases of non-payment, while electric utilities cannot.
- Mr. Stoddard highlighted one item under discussion at both the Legislature and the PUC: the NTA Coordinator issue. In October, the PUC Staff issued an Examiner’s Report recommending that the PUC conduct a competitive solicitation for the NTA Coordinator role. In December, the Commissioners issued an order rejecting their staff’s recommendation and decided there is no need for an NTA Coordinator. Instead, they ordered the utilities to come back in six months with recommendations on how they might adjust rates to put NTA resources on an equal footing with wires solutions. PUC Chairman Vannoy presented this outcome to the Energy, Utilities and Technology Committee last week and was met with extensive questions from Legislators.

5.0 Planned Business

(a) UPDATE on Finances

Mr. Leclair stated that revenues are generally coming in as expected. EMT Staff is proposing increases to the RGGI revenue budget based on rebounding auction proceeds. On the expenditure side, EMT has spent or encumbered 80% of the budget with 50% of

the year gone by. Mr. Hodsdon asked about the outcome of the Federal Energy Regulatory Commission (FERC) protest. Mr. Stoddard stated that it was rejected; FERC decided to defer to the regional (ISO-New England) decision.

(b) APPROVE FY2018 Budget Adjustment

Mr. Eglinton reviewed the six proposed budget adjustments detailed in his January 24, 2018 memo. The first adjustment accounts for the increasing trend in RGGI revenues; if proceeds for this year's remaining two auctions are equal to the lower of the first two, EMT now forecasts that RGGI revenues will come in at \$9.9 million, compared to the current budget of \$4.5 million. The remaining five adjustments reflect opportunities to shift other funding among programs to account for customer activity. Mr. Eglinton said that EMT also would notify the PUC of these budget adjustments.

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 and Mr. Eglinton's January 24, 2018 memo and its corresponding spreadsheet.

(c) APPROVE Sole Source Contract for Membership in DesignLights Consortium

Mr. Eglinton stated that the DesignLights Consortium (DLC) provides a credible, unbiased, third-party validation program, simplifying the product vetting process for lighting efficiency programs. Mr. Lewis asked if non-members can access the DLC list. Mr. Eglinton confirmed that the list is publicly available. DLC membership also provides EMT with access to valuable peer networks, helping staff with program design. Several Board members expressed the need for an assessment of the membership's usefulness before next year's renewal decision.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Brennan), the Board voted unanimously to authorize the Executive Director to enroll EMT as a 2018 member of the DLC at a cost of \$7,700 and to require that EMT report back on membership value in advance of the FY2019 renewal decision.

(d) UPDATE on Program Design Adjustments and Mid-Year Results

Mr. Eglinton provided an overview of program activity in the first six months of FY2018. For each of EMT's seven major programs, he reviewed the budget, expenditures, savings, and program design changes. Following are items highlighted during his presentation:

- The Commercial and Industrial (C&I) Prescriptive Program (CIP) is on track to fully invest its electric and RGGI budgets. The program's shift to midstream discounts at distributors has boosted participation in natural gas and other-fuels measures. Program staff conducted quarterly reviews of market prices and adjusted incentives accordingly.
- The C&I Custom Program recently reopened its thermal program for projects that reduce consumption of other fuels (e.g. biomass, oil, propane).
- The Small Business Initiative updated its lighting assessment tool to adjust assumptions regarding baseline and replacement measures and costs.
- The Commercial New Construction Program was suspended to new applications. New construction customers can access incentives through CIP.

- Activity in the Home Energy Savings Program (HESP) is slower than anticipated, most likely due to decreased incentive levels instituted in late FY2017. These incentives were recently restored. HESP has temporarily suspended its loan program to address an application backlog. Additionally, HESP staff is updating and improving the website, brochures, and rebate claim forms. Ms. Smith said she found the forms confusing. Mr. Eglinton said the HESP team would follow up with her to further understand her concerns.
- Last fall, the Consumer Products Program reduced instant rebates for heat pump water heaters (HPWHs) through distributors. It also ended on-shelf LED markdowns, focusing on off-shelf placement only. Mr. Lewis asked how EMT ensures HPWHs are being installed in appropriate locations. Mr. Eglinton said that EMT provides installation advice on its website and on the rebate claim form; for the water heaters installed through the Low-Income Initiatives, contractors must certify that units are installed according to EMT standards, and a portion are inspected.
- Within Low-Income Initiatives, EMT shifted from on-site inventory to business reply cards for the food pantry channel. EMT also suspended the low-income ductless heat pump (DHP) initiative due to funding constraints. Staff are working with the Department of Health and Human Services (DHHS) to reach more low-income households. Finally, EMT is reevaluating incentives and outreach strategies to attract more plumbers to the direct-install HPWH initiative.

(e) BRIEFING from MaineHousing on Weatherization/LIHEAP Plan

Mr. Fullmer, Manager of Energy and Housing Services at MaineHousing, provided an overview of his agency's Weatherization Assistance Program (WAP) draft Department of Energy (DOE) state plan. Every year, MaineHousing is required to provide this briefing to the EMT Board and hold a public hearing. The hearing is scheduled for February 10.

Mr. Fullmer explained that the WAP program is geared towards households with a high energy burden that are at or below 200% of the poverty level. This equates to an annual combined income of roughly \$35,000 for a family of four. The Low Income Home Energy Assistance Program (LIHEAP) application process helps MaineHousing identify potential participants. The agency then prioritizes households with an elderly resident, a young child, or a person with a disability. Mr. Brennan noted that there are an estimated 40,000 low-income homes in the state; between DOE and DHHS funding, MaineHousing is able to reach roughly 700 per year. Mr. Fullmer said the average cost per home is \$8,000, including all program costs. Each project must have a savings-to-investment ratio of at least one.

Mr. Fullmer noted that DOE conducted a site visit in the fall and that DOE reported Maine runs one of the best WAP programs in the country. He explained that the 2018 state plan does not contain any substantive changes.

(f) REPORT on Evaluation of Business Incentive Program (BIP) (FY2014-FY2015)

Mr. Burnes provided an overview of the BIP impact evaluation for FY2014 and FY2015. An impact evaluation quantifies and verifies energy and demand savings and compares this with claimed savings. As the independent evaluator, Nexant performed engineering analyses and on-site inspections. Mr. Burnes explained that the first round of sampling did

not meet ISO-New England's accuracy parameters, requiring Nexant to expand the sample size. In the end, Nexant sampled 98 sites within four different strata of project types: small custom projects, ductless heat pumps (DHPs), prescriptive lighting, and prescriptive non-lighting. The majority of projects fell in the Prescriptive Lighting category, representing 84% of the program savings. Nexant found that most strata had energy savings realization rates close to 100% (+/-15%), showing a weighted average of 90.4% for the whole program. DHPs were the exception, showing a realization rate of 42%. The evaluation found that BIP was reporting the DHP measures as retrofits and that the program's forecast of the hours of use was for DHPs exceeded the hours that customers actually used. Subsequent to the FY2014 and FY2015 program years, EMT shifted the decision type for commercial DHPs to a "lost opportunity" and adjusted the hours of use to reflect the observed value reported in this evaluation.

6.0 New Business

Mr. Stoddard reminded the Board to sign and return the EMT Confidential Information Management Systems (CIMS) policy.

7.0 Next Meeting Agenda and Scheduling

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

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to adjourn the Board meeting at 12:04 p.m.