

**Efficiency Maine Trust
Board Meeting Minutes
May 23, 2018**

Trust Board Members:

- David Barber (via phone)
- Brent Boyles, Treasurer (via phone)
- Ken Fletcher
- Al Hodsdon, Vice-Chair
- Don Lewis
- Steven McGrath
- David Stapp, Chair

Efficiency Maine Trust (EMT) Staff:

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

Other Attendees:

- Sue Ely, NRCM
- Bill Bell, Maine Pellet Fuels Association
- Joshua Tuller, Maine Energy Pros
- Dot Kelly, Phippsburg
- Michelle Marean, DNV GL

1.0 Welcome and Introductions

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

2.0 Approve Agenda and Minutes

Mr. Stoddard suggested the Board move agenda items related to the FY2019 budget and funds to promote electric vehicles to the beginning of the “Planned Business” section to accommodate the schedules of two Board members.

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

3.0 Public Comment on Agenda Items

Mr. Bell reminded the Board of LD 1745, a bill that called for shifting new funds to EMT so that EMT could provide incentives and loans for wood-derived energy projects using a new Wood Energy Fund. He said he wanted to alert the Board that this issue is likely to return in future legislative sessions, as there is strong support from the forest industry and most legislators.

Ms. Kelly updated the Board on recent developments in the New England Clean Energy Connect case at the Public Utilities Commission (PUC).

4.0 Executive Director's Report

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

- The PUC approved EMT's electric procurement adjustment in the FY2018 Annual Update; the natural gas adjustment request is still under deliberation. The pending matters revolve around mechanics and timing of transferring and/or accounting for funds.
- EMT has filed multiple requests for Protective Orders from the PUC to direct the utilities to deliver confidential customer data, including contact information and energy usage, pursuant to authority given to EMT in Maine law. Though the PUC has issued the orders, significant elements of the data have not been delivered to EMT. This is leading to delays in program implementation and analysis for the next Triennial Plan. Staff has reached out to the utilities to discuss if there is any way it could help to expedite the transfer of the data or if it should seek more prescriptive orders from the PUC.
- Mr. Stapp asked for further detail on EMT's participation in the stakeholder meeting regarding northern Maine grid issues. Mr. Stoddard explained that northern Maine is facing certain challenges associated with the loss of load from large electricity users, the economics of one or more biomass generators, the need for significant grid maintenance, and the desire to maintain biomass-based generation to support the wood products industry. The PUC invited EMT to sit in on the discussion. Mr. Stoddard said EMT is making itself available to answer questions about its programs to the extent that is helpful. Mr. McGrath stated that the current discussion centers largely around ReEnergy's two biomass generators.
- Mr. Lewis suggested that EMT provide the Board with an overview of the C&I Custom Program's recent discussion and findings on the supermarket refrigeration issue. Mr. Stoddard said that if the Board ran out of time at the current meeting, staff could provide this update at a future Program Committee meeting.
- As of May 1, the C&I Prescriptive Program (CIP) discontinued a subset of lighting measure incentives. Mr. Stoddard praised the staff for the smooth transition. He noted that the Lighting Advisory Group has proved to be a helpful tool in brainstorming and planning with the help of the contractor community.
- Mr. Stoddard stated that the Home Energy Savings Program (HESP) simplified its eligibility requirements for wood stoves, boilers, furnaces, and geothermal heat pumps. He noted that HESP has been subject to numerous requests since 2013 to include wood and pellet stoves in its suite of measure offerings. For several years, EMT relied on a third-party standard for particulate emissions based on a program in Oregon. Recently, however, the federal government instituted a certification requirement for stove manufacturers, providing public, tested energy efficiency ratings. EMT chose to set the eligibility requirement at 75% efficiency.
- Mr. Stoddard notified the Board that EMT will need to upgrade its server to accommodate a planned upgrade to its financial management system software. This expense is reflected in the proposed FY2019 budget.

5.0 Planned Business

(a) APPROVE FY2019 Budget

Mr. Leclair presented an overview of EMT's proposed FY2019 budget, beginning with revenues. He noted a few small changes made since the May Finance Committee meeting, including a decrease in expected RGGI revenues and the corresponding program budget reductions. He explained that revenue in the EMT Admin Fund appears double-counted, because it reflects a series of transfers from the other funding sources for accounting purposes. The true revenue totals \$60.2 million. The \$2.4 million in natural gas use of fund balance reflects the Annual Update figure presented to the PUC. Mr. Leclair explained that, pending PUC approval, EMT will rely on the fund balance for its FY19 natural gas conservation budgets before requesting new natural gas procurement funds.

On the expenditures side, Mr. Leclair highlighted one new spending category: Electric Vehicle Supply Equipment. He explained that this reflects the budget associated with disbursing a specific portion of the Volkswagen (VW) Settlement Proceeds. Mr. Leclair also clarified that the budget reflects the transfer of electric procurement funds from HESP to the Consumer Products Program, as recently approved by the PUC in the Annual Update docket.

Mr. Stoddard offered some background on the budget context. He noted that FY2019 represents the third year of Triennial Plan III. Accordingly, the budget largely reflects the plan that was approved by the Board and the PUC two years ago; with respect to the natural gas and electric budgets, the amounts budgeted reflect costs that were determined through Triennial Plan III to be sufficient to meet statutory Maximum Achievable Cost Effective (MACE) potential requirements. As such, they remain largely unchanged.

Staff believe, due to the fact that their funds are received well in advance of disbursement, that no liquidity problems exist in FY2019.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. McGrath), the Board voted unanimously to adopt the FY2019 Budget (attached to Mr. Leclair's May 23 memo) in accordance with the third year of the updated Third Triennial Plan as submitted to the PUC, amended to revise RGGI revenues and expenditures and include the EMT Admin Fund, VW Settlement Fund, and the Revolving Loan Funds operated by the Trust.

(b) APPROVE Authorization to Receive Funds to Promote Electric Vehicles and Reduce Light Vehicle Emissions.

Mr. Stoddard reminded the Board that VW recently agreed to settle allegations that it violated the federal Clean Air Act by installing "defeat devices" in certain diesel vehicles. Under consent decrees reflecting the settlement agreement, Maine (through the Maine Department of Transportation [DOT]) will receive settlement funds of just over \$21 million. The Maine DOT reached out to EMT to administer 15% of the funds to promote electric vehicle (EV) charging infrastructure, and the Board voted unanimously on December 13, 2017 to accept the funds for this purpose. Later, at its February 28, 2018 meeting, the Board voted to encourage EMT Staff to explore further options for

developing and funding more efficient, lower emissions transportation options including, but not limited to, EV- and hybrid vehicle-related programs.

Separately from the settlement of the federal case, VW also agreed to settle allegations that it violated Maine law as a result of the same use of “defeat devices.” It entered multiple consent decrees in Maine Superior Court. One of these provides that VW will pay approximately \$5.1 million to be used by the Department of the Attorney General (AG) for environmentally beneficial purposes, such as reduction of nitrogen oxides (NOx) emissions. The Department of the AG inquired if EMT would administer a complementary program to promote EVs. Staff proposes that the Board move to authorize the Executive Director to accept and receive VW settlement funding from the Department of the AG for this purpose.

Mr. McGrath explained that the issue raises some political tension. The Governor sequestered a separate tranche of VW settlement funds destined for the Department of the AG on the theory that the AG did not have the unilateral authority to spend it without input from the Legislature. Mr. Stoddard reported that the AG did not share this view, and reminded the Board that the consent decree expressly names the Department of the AG as the receiving entity for these funds, much as the federal consent decree named Maine DOT for the other tranche of VW funds (which did not seek or receive legislative approval).

Mr. Fletcher asked if there is a process or plan in place to resolve this dispute. Mr. McGrath said he was not aware of one. Mr. Stapp asked if the Board’s approval is the only mechanism required to initiate the fund transfer. Mr. Stoddard confirmed that that is the view of the AG. Mr. Stapp remarked that, if the Board entertains a motion to accept the funds, it will be taking sides in a political battle. He suggested the Board delay the vote. Mr. Stoddard observed that the disagreement is not about the intended use of the funds, but rather the process. He remarked that the EMT Board provides a unique platform for the Governor to reflect his legacy on this issue. Mr. Lewis noted that the parties might resolve this dispute by simply agreeing to transfer the funds to EMT. Mr. Stapp suggested Mr. McGrath follow up with the Governor and mention the Board’s general support for the proposed use of the funds.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. McGrath), the Board voted unanimously to table the motion until the June Board Meeting.

(c) UPDATE on Monthly Financial Reports

Mr. Leclair provided an overview of EMT revenues. He noted that personnel transitions at CMP have resulted in payment delays.

(d) APPROVE Revision to the Budget Amendment Approved at the April 2018 Meeting

Mr. Eglinton explained that, at the April Board Meeting, the Board approved a Staff request to transfer \$499,000 of electric procurement funds from the C&I Custom Program to CIP. The request should have specified that the shifted funds were coming from the Forward Capacity Market (FCM) funds (i.e., not from electric procurement funds).

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to rescind the approval of a transfer of \$499,999 of electric

procurement funds from the C&I Custom Program to CIP made at the April 2018 meeting of the Board, and to approve the transfer of \$499,000 of FCM funds from the C&I Custom Program to CIP.

(e) PRESENTATION on FCM M&V Compliance Report and Certification

Ms. Martel explained that the Forward Capacity Market (FCM) ensures that the ISO-New England power grid will have sufficient capacity resources for the next three years. EMT bids in its resources (“negawatts” vs. megawatts) on an equal footing with power generators and is similarly compensated for those savings. In order to ensure that participants are delivering resources as predicted, FCM requires annual third-party certification of compliance with its Manual for Measurement and Verification of Demand Reduction Value from Demand Resources. Participants satisfy the criteria if the statistical uncertainty for values derived from sampling falls within +/-10% at the 80% confidence level.

EMT contracted with Demand-Side Analytics (DSA) to conduct the analysis for the current compliance period. DSA found that EMT is in compliance with the M&V requirements established by ISO-NE; the overall relative precision was +/-5.23%, which is well within the acceptable range. Practically speaking, this means EMT satisfies ISO’s pass/fail test and will be compensated for its bid the coming year.

(f) PRESENTATION on Triennial Plan IV (FY2020-22) Process and Approach

Mr. Stoddard explained that the Efficiency Maine Trust Act provides the legal framework for EMT’s triennial plan content and process. The plan governs EMT’s activity for a three-year period, and guides what staff report to the Board, the Legislature, and the PUC. It presents a modeled estimate of the appropriate funding level for electric and natural gas programs based on the statutory directive to identify “all cost-effective energy efficiency savings that is achievable and reliable (also referred to as maximum achievable cost-effective savings or “MACE”). The Board must approve the plan before EMT submits it to the PUC. Once EMT makes this filing, an extensive stakeholder review process begins.

Staff plans to have a draft ready for the Board by September. Staff is assuming the PUC process will be shorter than it was for Triennial Plan III, given that EMT is in more direct control of the analysis, both EMT and PUC staff are more experienced, and all parties have gained a mutual understanding of some of the more complex issues.

Mr. Stoddard explained that much of EMT’s program framework will remain the same. Nevertheless, there are some new variables and judgment calls that staff will bring before the Board over the next few months. As one example of a potential change, EMT will likely suggest that Triennial Plan IV include operations and maintenance costs in all cost-effectiveness calculations.

6.0 New Business

Mr. Stapp said he would be unavailable for the July 25 Board meeting and asked if it could be rescheduled. Mr. Stoddard said he would coordinate a solution via email.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for June 27, 2018.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Lewis), the Board voted unanimously to adjourn the Board meeting at 12:17 p.m.