

**Efficiency Maine Trust
Board Meeting Minutes
September 27, 2017**

Trust Board Members:

- David Barber
- Brent Boyles (via phone)
- 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:

- Nick Collins, ERS
- Jennifer Conners, Runyon Kersteen Ouellette (RKO)
- Todd Grisct, Preti Flaherty
- Casey Leonard, RKO
- Dot Kelly, Phippsburg Energy Commission
- Patricia Rosi, Wellness Connection of Maine (WCM)
- Ed Toombs, Phippsburg
- Dylan Voorhees, NRCM

1.0 Welcome and Introductions

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

2.0 Approve Agenda and Minutes

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

3.0 Public Comment on Agenda Items

Ms. Kelly said that Central Maine Power's (CMP's) LED streetlight replacement initiative makes good economic and environmental sense for municipalities. She also highlighted community window-insert initiatives. She asked for EMT's cooperation in moving these efforts forward. Mr. Eglinton noted that staff has analyzed that the payback period on LED streetlights are generally attractive enough that municipalities are replacing streetlights without incentives.

Mr. Voorhees expressed his appreciation for EMT Staff representation at the Public Utilities Commission (PUC), noting that it is consistently well-informed and reasonable in the face of often complicated cases.

4.0 Executive Director's Report

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

- EMT Staff participated in an informational forum of the Casco Bay Heat Pump Challenge to provide Greater Portland residents with information about heat pump technology and EMT incentives. Participants also got the benefit of discounted collective-purchase pricing from local installers.
- EMT Staff was also invited to speak on two panels at the Maine Affordable Housing Coalition conference. Mr. Stoddard noted that this event helped EMT connect with an audience of people that work with low-income customers, increasing opportunities for collaboration in outreach efforts. Additionally, the event helped EMT connect with property managers of multifamily units interested in our incentive programs. Mr. Brennan said he was impressed with the Staff presentations and noted that EMT enjoys a strong reputation among the event organizers and participants.
- Mr. Stoddard pointed to recent press coverage surrounding the Regional Greenhouse Gas Initiative (RGGI). First, the nine participating states announced their proposal to extend the initiative through 2030 and recalibrate the emissions cap to reflect a more realistic baseline. Shortly thereafter, the quarterly auction results generated approximately double the revenue that had been anticipated. Mr. Stoddard noted that EMT Staff is not recommending any revenue forecast changes at this time; Staff will wait for the second quarterly auction to reassess if the trend continues. He also explained that the participating states' model rule is subject to a public comment period, after which each state must codify it individually.
- Mr. Stoddard noted that most of the Phase 2 proceedings the flowed out of the Triennial Plan III are wrapping up. The PUC approved the Low Income Stipulation and EMT's adjusted RGGI fund allocation. It held a technical conference on the LED pricing trial, and EMT Staff incorporated the results into its Technical Reference Manuals (TRMs). The PUC also closed the general inquiry EMT's TRMs.
- The Commercial and Industrial (C&I) Prescriptive Program has shifted several natural gas and all-fuels measures midstream, with instant discounts through distributors.
- Mr. Stoddard reminded the Board that the FY2018 budget for the Commercial New Construction Program was reduced to reflect reallocation of RGGI funds.
- Activity in the Home Energy Savings Program (HESP) is higher than at this time last year and is showing particularly strong adoption of heat pumps.

- Mr. Stoddard noted that the shift to a market-based approach for low-income home energy upgrades resulted in a number of positive outcomes. By leveraging RGGI funds, EMT was able to expand the program's eligibility criteria and stretch the funds farther to reach more customers. Additionally, the contractor community served as a helpful sales force. Requiring a small customer co-pay ensured that participants had a certain level of "skin in the game," thereby increasing the likelihood of commitment to optimize the use of the units installed. The program saw a significant increase in participation in recent months, resulting in full expenditure of available funding. EMT therefore suspended the initiative of enhanced rebates on heat pumps for low-income customers until RGGI revenues rise above forecasts. Other initiatives serving low-income customers, where not funded by RGGI, remain available.
- Mr. Stoddard welcomed Monte Haynes (Senior Accountant) and Michelle Fenlason (Administrative Assistant) to the EMT Staff.

5.0 Committee Report

(a) Finance Committee

i. APPROVE Acceptance of FY2017 Audit Report from RKO

Ms. Connors provided an overview of the FY2017 audit results. EMT received an unmodified opinion, and no material weakness or significant deficiencies were found. Mr. Lewis asked about the ratio between program overhead and incentives. Mr. Stoddard clarified that this is not reported in the audit, but will appear in EMT's Annual Report.

ACTION: Upon a motion duly made (Mr. Barber) and seconded (Mr. Lewis), the Board voted unanimously to accept the audited Financial Reports of EMT issued by RKO for the fiscal year ending June 30, 2017.

ii. APPROVE FY2018 Budget Adjustment

Mr. Leclair provided an overview of the proposed FY2018 budget adjustments detailed in his memo dated September 27, 2017. The Staff proposes disposing of FY2017's unallocated fund balances to a combination of reserves and re-allocations into program budgets. The Staff also proposes adjusting the FY2018 revenue budget for Long Term Contracts to account for uncompleted FY2017 projects.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Barber), the board voted unanimously to adjust the FY2018 source of funding (revenue) and expenditures budgets by an increase of \$23,185,088 as detailed in the budget spreadsheets to result in total FY2018 source of funding (revenue) and expenditure budgets of \$71,648,738 and \$71,633,438, respectively.

iii. UPDATE on Monthly Financial Reports

Mr. Leclair reiterated that RGGI first quarter auction revenues were higher than anticipated. He also noted that the PUC natural gas revenues are delayed; EMT Staff expects to receive them by October 1.

iv. APPROVE Sole Source Contract for TCR, Inc.

Mr. Eglinton explained that Tabors Caramanis Rudkevich (TCR) is a firm that won a regional competitive solicitation to author the original Avoided Energy Supply Costs (AESC) Study published in 2015 and its update. EMT will need to work with TCR to provide further information or analysis that may be required by the PUC in order to incorporate the updated values for use in cost-effectiveness calculations.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber), the Board voted unanimously to authorize the Executive Director to enter into a sole source contract with TCR for up to \$30,000, on a time and materials basis using existing rates that were the result of a prior competitive bid, to provide technical support related to the AESC update.

(b) Program Committee

i. DISCUSSION on Trust Policy Regarding Eligibility of Dispensaries and Persons Operating Under Authority of 22 MRS Chapter 558-C (Maine Medical Use of Marijuana Act) for EMT Efficiency Programs

Mr. Stoddard provided a brief summary of the Board's previous medical cannabis discussion and Maine law on this subject, as detailed in his memo dated September 21, 2017. He noted that EMT Staff has received numerous inquiries from customers in the medical cannabis industry regarding access to efficiency programs. Mr. Stoddard said that Staff recommends that the Board take no action at this time toward adopting a policy to deny program access on the basis of a customer being engaged in activities that are authorized under Maine's Medical Use of Marijuana Act. If circumstances change or new information comes to light that might significantly change our thinking about exposure to legal action or other concerns, Mr. Stoddard suggested the Trust could revisit the issue at that time.

Ms. Rosi, the CEO of the Wellness Connection of Maine (WCM), presented information on her company. WCM is an organization that operates four of Maine's eight registered medical cannabis dispensaries. She discussed some stereotypes and myths surrounding the industry. She said WCM operates much like any other legal business in the state. It is regulated by the Department of Health and Human Services (DHHS), is subject to annual licensing and inspections, and pays licensing fees. It does business with Maine banks, and has completed a Federal Deposit Insurance Corporation (FDIC) audit. WCM is not a cash business; it offers electronic payment options for its clients. The company pays federal tax. It also pays 5.5% state sales tax. It received a commercial/agricultural exemption after an audit by the Maine Revenue Service, and was advised that it is allowed to claim state tax deductions. It is regulated by the Occupational Safety and Health Administration (OSHA), and provides its employees with healthcare, short-term disability, and life insurance. Ms. Rosi stated that, like any other business operator, her goal is to maintain competitiveness and lower costs. Energy represents one of her highest expenses. She

explained that she is generally aware of energy efficiency opportunities (lighting, dehumidification, HVAC), but needs expert technical support in designing an integrated approach to achieve higher efficiency, and financial assistance to move the investments forward.

Ms. Rosi reported that she had had a meeting with the Governor on this issue. Mr. McGrath noted that the Governor has expressed a concern that federal law trumps state law. Mr. McGrath recommended that the Board provide a copy of Mr. Stoddard's memo to the Attorney General and seek a formal opinion on the matter before moving forward with incentive offers.

Mr. Stapp stated that cannabis is illegal at the federal level; it is a Schedule 1 substance. He stated that the U.S. Department of Justice could decide to enforce these federal laws in the future. He asked if WCM could make an insurance claim if the federal government seized its operations. Mr. Griset explained that there are number of cases showing insurance companies must honor their policies for medical cannabis operations. Mr. Griset also said that the EMT Board was created by an act of Maine law, which has sanctioned medical cannabis since 1999. According to the Medical Marijuana Act, dispensaries "may not be denied any right or privilege solely for acting in accordance with this section..." Mr. Stapp noted that the approval of EMT funding is not a right. Mr. Griset also added that EMT is required to pursue all cost-effective energy opportunities.

Mr. Fletcher asked about the state of research into the best available technology for cannabis grow operations. Mr. Stoddard noted that the industry is still in the initial stages of working through the integrated design approach. Mr. Hodsdon asked if WCM would be willing to do a pilot study to prove the validity and extent of the savings. Mr. Lewis said there is a significant amount of research occurring in other states. Mr. Stoddard recommended against a pilot project given that the relevant efficiency measures are being already reasonably well understood from studying projects deployed elsewhere in the country.

Mr. Lewis noted that EMT should have some assurance that participants will not sell inefficient lighting equipment to other growers upon replacing them with LEDs. He also suggested that EMT Staff prepare a program implementation plan for Board review.

Mr. Stoddard stressed the need for an expedited resolution to this matter. He said he is sensitive to the fact that EMT Staff first brought this issue to the Board in February, 2016; several customers have been waiting months for an official position.

Additionally, this industry is currently presenting a significant cost-effective energy savings opportunity; if EMT is going to forgo pursuing that opportunity on behalf of ratepayers, Mr. Stoddard suggested that it needs a solid reason for doing so.

The Trustees decided to take action on a motion made by Mr. Lewis.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to request a legal opinion from the Attorney General on the eligibility of licensed medical marijuana dispensaries in EMT's programs, request proposed program guidelines from EMT staff, and prohibit expenditures on

incentives, scoping audits, or technical assistance studies until Board action on a program.

6.0 New Business

None.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for October 25, 2017. The November meeting is planned for November 15.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Crosby), the Board voted unanimously to adjourn the Board meeting at 12:00 p.m.