

Appendix F

**Commercial & Industrial Custom, Refrigeration, and
Compressed Air Measures**

F-1: Staff Testimony

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By Ian Burnes
10-12-2021

1. What is the purpose of this testimony?

This testimony describes the Efficiency Maine Trust's (the Trust's or EMT's) approach to setting Triennial Plan V budgets for the Commercial and Industrial (C&I) Custom Program and the C&I Prescriptive Initiatives' refrigeration and compressed air measures.

2. Who is introducing this testimony?

The testimony is provided by Ian Burnes, Director of Strategic Initiatives at the Trust.

3. Mr. Burnes, please state your name, title, and business addresses.

My name is Ian Burnes, and I am employed by EMT as the Director of Strategic Initiatives. My business address is 168 Capital Street, Suite 1, Augusta, ME 04330.

4. Please summarize your educational and professional experience.

I have a Bachelor of Arts degree in Economics from Wesleyan College. I have been working at EMT since 2009. My first assignment was the management of the Large Customer RFP that evolved to become the C&I Custom Program. My responsibilities have expanded to include the oversight of the strategic initiatives team that implements EMT's customer tracking database, maintains the Technical Reference Manuals, oversees the program evaluations, and manages the Trust's resource in the Independent System Operator for New England (ISO-NE) Forward Capacity Market. Before coming to EMT I worked at the Governor's Office of Energy Independence and Security.

5. How did the Trust quantify the opportunity for its C&I Custom Program and C&I Prescriptive Initiatives' compressed air and refrigeration offerings for Triennial Plan V?

The Trust hired Applied Energy Group, Inc. (AEG) to update its 2018 *Custom, Refrigeration, and Compressed Air Potential Study*, which had previously provided an assessment of the opportunity for custom, compressed air, and refrigeration measures in the Triennial Plan IV period. AEG presents an updated summary of the methodology, analysis, and results of cost-effective potential for these measures in the attached memo ([Appendix F-2](#)).

6. How does the 2021 AEG potential study differ from the 2018 AEG potential study?

AEG's 2021 potential study relies largely on the same methodological approach as the 2018 potential study, but expands the universe of potential program participation to account for market and policy changes in the intervening years. Unlike the 2018 potential study, the 2021 potential study includes the following:

a. The state's cannabis cultivation sector.

Though the medical cannabis market has been active in Maine since the late 1990s, the recreational cannabis market is relatively new. In November 2016, Maine voters approved the recreational use, retail sale, and taxation of cannabis. During the 128th Legislature, a 17-member legislative committee was convened to overhaul the Marijuana Legalization Act passed by voters. After a lengthy process, An Act To Implement a Regulatory Structure for Adult Use Marijuana became law on May 2, 2018. LD 719, An Act To Amend the Adult Use Marijuana Law, was enacted in June 2019; it authorized the newly formed Office of Marijuana Policy to proceed with final adoption of adult use rules. The first active establishment licenses for adult use—including the first cultivation licenses—were issued on September 8, 2020.

In addition to a significant expansion in the cannabis cultivation sector, there has been an important Trust policy change with respect to cannabis businesses since the 2018 potential study. In October 2020, the Efficiency Maine Board of Trustees voted to overturn a previous decision (instituted December 2017) that excluded from eligibility for Trust programs any project located at a cannabis-related business.¹ These businesses have been active in the Trust's programs since this time, and will continue to participate through Triennial Plan V.

b. Large electricity users taking service at the transmission and subtransmission (T&ST) level.

By statute, electricity customers receiving service at T&ST voltage levels are not eligible for incentives that leverage the Electric Efficiency Procurement funds and are not required to pay in rates any amount associated with any procurement of energy efficiency resources by electric transmission and distribution utilities.²

In 2018, the Trust decided to exclude this class of consumers from its potential study analysis of electric opportunity in preparation for Triennial Plan IV. However, in practice, the Trust has found itself using alternative funding mechanisms (e.g., Regional Greenhouse Gas Initiative revenues) to support electric projects with T&ST customers. The Trust decided to include an assessment of electric opportunity for this customer group in the 2021 analysis to better plan for budgeting these alternative funding streams.

7. Does Triennial Plan V incorporate all of the budgets recommended in AEG's 2021 potential study?

No. The Trust incorporated most, but not all, of AEG's recommended budgets in Triennial Plan V. The exceptions apply to those budgets relating to custom electric and unregulated fuels opportunity among the state's largest energy users (T&ST customers). While the opportunity analysis based on historical activity is a useful starting point for the C&I Custom Program, the reality is that program activity levels are varied and unpredictable from year to year. The Trust might see two extremely large, \$1 million-incentive projects in one year, and then experience none of that size in the next. Generally, these large projects take place at T&ST customer sites. To satisfy that varied need, the Plan expands the RGGI-funded portion of the custom electric and unregulated fuels budgets for T&ST customers. This reflects

¹ Efficiency Maine Trust, [Minutes](#), Board Meeting, October 7, 2020.

² 35-A MRSA §10110(6).

the Trust Board's priorities with respect to RGGI funding and the Staff's expectation that the C&I Custom Program will see renewed interest from this customer group (as described more below).

Specific to the budgeting of RGGI funds, the Trust Board has expressed a preference for allocating a larger portion of RGGI funds to T&ST customers in Triennial Plan V than in past years in order to provide sufficient and sustained funding for large, "lumpy" projects for which funding is otherwise relatively scarce at this time. This is also consistent with the Board's broader guidance for the Trust Staff to allocate RGGI funding in support of the Maine Climate Council's recently published climate action plan, in which part of the strategy for accelerating industrial emissions reductions calls for expanding programs like the industrial energy-efficiency program offerings through the Trust.³

The C&I Custom Program Staff expects that a combination of this larger budget and a new policy landscape will drive an increase in program activity in Triennial Plan V. Staff notes that the program witnessed a slight downturn in participation from T&ST customers over the past few years while the statutory set-aside of RGGI funds for "affected customers" was in place. This legislative mandate added complex program requirements for "affected customers" seeking to participate in Trust programs, and also reduced available funding to those programs, both of which discouraged participation by some of the state's largest consumers in RGGI-funded projects.⁴ Since the budget set-aside expired in FY2021, Staff has been working hard to rebuild connections and renew interest, and expects this effort to bear fruit in Triennial Plan V. With a budget allocation of this magnitude and a relatively simple pathway to get the incentive, facilities directors and plant managers will be more willing to invest the time to develop projects.

8. Does the C&I Custom Program budget reflect any additional funding for project types outside the scope of the AEG 2021 potential study?

Yes. The C&I Custom Program budget reflects additional funds from the American Rescue Plan Act (ARPA) to "develop and support climate change mitigation strategies designed to reduce greenhouse gas emissions at industrial facilities in the State," consistent with the spending plan set forth in LD 1733, An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds.⁵ These funds are incremental to what the AEG potential study recommended. The ARPA funds are not subject to the same cost-effectiveness requirements as the Trust's other funding streams. Therefore, the C&I Custom Program aims to prioritize use of the ARPA funds to support initiatives and projects that can significantly reduce greenhouse gases, such as through beneficial electrification or fuel switching, even if those measures might not be eligible for funding from the Trust's other funding streams.

The C&I Custom Program budget also reflects incremental Electric Efficiency Procurement funds to support custom thermal storage projects not captured in AEG's 2021 potential study. As described in the Demand Management Program chapter of Triennial Plan V, the new Load Shifting Initiative fill focus on

³ Maine Climate Council, [*Maine Won't Wait: A Four-Year Plan for Climate Action*](#), December 2020, p. 61.

⁴ Public Law, Chapter 498. 127th Maine Legislature, Second Regular Session. [LD 1398, An Act To Reduce Electric Rates for Maine Businesses](#), April 29, 2016.

⁵ Public Law, Chapter 483, 130th Maine Legislature, First Special Session, [LD 1733, An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds](#), July 19, 2021.

“off-the-shelf” measures with replicable applications and consistent installation criteria; more complex load-shifting projects involving site-specific engineering analyses will be offered through the C&I Custom Program.

9. The AEG 2021 potential study captures all cannabis project opportunity under the C&I Custom Program. Does the Trust plan to offer any cannabis project incentives through C&I Prescriptive Initiatives in Triennial Plan V?

Historically, all energy efficiency projects funded by the Trust at cannabis facilities have been administered through the C&I Custom Program. However, in FY2022, the Trust will transition the following subset of these projects to the C&I Prescriptive Initiatives: all horticultural lighting projects for indoor cannabis flower and vegetative rooms at facilities that do not have central plant systems (i.e., do not have a reheat penalty.) Staff has determined that this subset of projects yield consistent, predictable savings across different cannabis-growing facilities and involve relatively simple and easily accessible equipment. As such, these projects are more efficiently administered through the C&I Prescriptive Initiatives. Unless and until Staff identifies additional prescriptive opportunities, all other cannabis projects will continue to fall under the C&I Custom Program in FY 2022 and continuing throughout the Triennial Plan V period.

Despite the division of potential between the two programs, the Trust’s limited experience with the demand for cannabis measures through the prescriptive channel makes it difficult to predict what portion of the potential should be attributed to the C&I Prescriptive Initiatives. Therefore, the full budget for all cannabis projects will remain with the C&I Custom Program (as modeled in the AEG 2021 potential study). In FY2022 and throughout the Triennial Plan V period, the Trust will transfer funds to the C&I Prescriptive Program to cover cannabis project costs as needed.

10. Does this conclude your testimony?

Yes.