



Memorandum

March 27, 2024

To: Board of Trustees

From: Peter Eglinton, Deputy Director
Greg Leclair, Director of Finance and Administration

Re: Proposed FY2024 Budget Adjustment

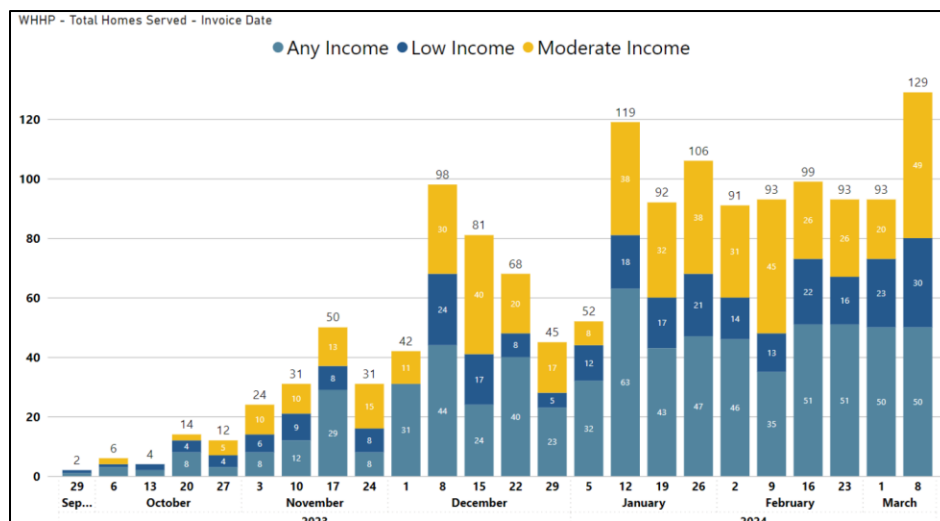
Staff proposes amending the FY2024 budget to:

1. incorporate Regional Greenhouse Gas Initiative (RGGI) revenues in excess of forecasted amounts from the March 2024 auction and allocate these amounts across the expenditure budgets to support whole-home heat pumps in low- and moderate-income households, and whole-building electrification through Commercial and Industrial (C&I) Prescriptive Initiatives;
2. shift \$60,000 of electric procurement from the C&I Custom program to the Demand Management Program to support the energy storage systems (ESS) initiative; and
3. correct an allocation of New England Clean Energy Connect (NECEC) funding, shifting from the Home Energy Savings Program (HESP) to Low Income Initiatives.

Background and Recommendations

Incorporate New RGGI Proceeds to Revenue and Expenditure Budgets

The March 2024 auction of the Regional Greenhouse Gas Initiative yielded approximately \$8.2 million more than what the Trust had forecasted in the budget for the third quarter of FY2024. Staff suggest allocating the funding as follows: \$2 million for C&I Prescriptive Initiatives to support a growing pipeline of anticipated whole-building electrification projects for both new construction and retrofits; and \$6.2 million for Low Income Initiatives to support continued strong activity in whole-home heat pump projects in low- and moderate-income households. Below is a chart to illustrate the level of high participation in the residential whole-home heat pump programs (not including those for manufactured homes).



Shift Electric Procurement from C&I Custom to Demand Management Program

At its April 2023 meeting, the Board approved funding the energy storage systems (ESS) initiative with electric procurement under the Demand Management Program, rather than with RGGI funds under the Innovation Program. As discussed at that time, to minimize the amount and time that the Trust holds ratepayer funds, we are employing a new approach to collecting the funds for this initiative. Specifically, Staff will award contracts to a battery developer with the expectation of making five annual payments based on the number of verified megawatts dispatched in the performance period. Although we are a few years away from paying an incentive, the initiative will incur delivery costs to set up, market, and support. This fiscal year, we anticipate needing \$60,000 for this purpose. Staff propose shifting the funds from the C&I Custom program to the Demand Management Program, given that the C&I Custom program team has available electric procurement funds that are not needed for activity this year.

Correct Allocation of NECEC Expenditure Budget

In December 2023, the Board approved adding expected NECEC settlement funds to the expenditure budget. The memorandum that supported this proposal included a table showing \$1.5 million of NECEC Heat Pump Fund on the HESP line, when it should have been on the Low Income Initiatives line. Staff proposes correcting this error in our records. No NECEC funds have been or will be spent under HESP.

See the tables below for details on the budget adjustments.

Proposed Amendment to the FY2024 Revenue/Source of Funding

	2020	2030	2070	
	RGGI	Electric	NECEC	
Funding Source	Fund	Procurement	Heat Pump	Total
	Fund	Fund	Fund	
RGGI Proceeds	8,223,920	-	-	8,223,920
Total - Funding Source	\$ 8,223,920	\$ -	\$ -	\$ 8,223,920

Proposed Amendment to the FY2024 Expenditure Budget

	2020	2030	2070	
	RGGI	Electric	NECEC	
Program Budgets	Fund	Procurement	Heat Pump	Total
	Fund	Fund	Fund	
Low Income Initiatives	6,200,000	-	1,500,000	7,700,000
Home Energy Savings Program	-	-	(1,500,000)	(1,500,000)
C&I Prescriptive	2,000,000	-	-	2,000,000
C&I Custom	-	(60,000)	-	(60,000)
Demand Management Program	-	60,000	-	60,000
Lead by Example	-	-	-	-
Electric Vehicle Rebates	-	-	-	-
Electric Vehicle Supply Equipment	-	-	-	-
Total- Program Budgets	\$ 8,200,000	\$ -	\$ -	\$ 8,200,000

Proposed Motion

Move to adjust the FY2024 source of funding (revenue) and expenditure budgets as described above, resulting in a total FY2024 source of funding (revenue) and expenditure budgets of \$199,392,802 and \$196,030,739, as shown in the tables above, respectively.