



Memorandum

October 4, 2023

To: Board of Trustees

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

Re: Proposed FY2024 Allocation of Unbudgeted FY2023 Fund Balance Revenue

Staff proposes adjusting the FY2024 budget to incorporate prior year fund balance. The added budget will support projects that were committed to in FY2023 and expanded opportunities now being forecasted for FY2024.

Background and Recommendations

Now that the FY2023 financial audit is complete, Staff has precise final financials on FY2023 (last year). The Trust had a year-end fund balance of \$73,543,692 net of revolving loan funds and the Administration fund balance. Of this amount, \$16,722,200 was previously included in a Triennial Plan V filing to the PUC to offset the need for new electric and natural gas procurements for the current year (FY2024). In addition, the Board has previously added \$16,131,515 to the FY2024 budget to cover anticipated needs in several programs during the first quarter of the fiscal year, and \$4 million is set aside for new loans funded by the Regional Greenhouse Gas Initiative (RGGI).

With that information in hand, Staff proposes incorporating \$36,689,977 of remaining unbudgeted fund balance revenue into the FY2024 revenue and expenditure budgets for use across the programs. Staff's proposed budget amendments are as follows:

Committed Carry-Forward from FY2023

- Allocate \$23,893,668 from multiple fund sources to projects that were previously approved and committed to in FY2023 but have not yet been expended. Committed funds¹ include:
 - All projected costs associated with individual projects that have been reviewed and awarded by the Trust, as of June 30, in the Commercial and Industrial (C&I) Custom program, regardless of whether they are under contract;
 - All projected costs associated with individual projects that, as of June 30, have been pre-approved under the C&I Prescriptive program, the C&I Small Business initiative, or the Low Income Initiatives;
 - Any amounts that have been put under contract or MOU by the Trust, by June 30 of a given year, for upstream distributors or retailers, evaluations, measurement and verification initiatives, innovation pilot projects, or public information initiatives, administration, or inter-agency transfers; and
 - Any amounts that are held in a loan fund, loan portfolio, or loan loss reserve.
- Note also that of the \$23,893,668, \$512,080 represents awarded projects under the Agricultural Fair Assistance Program, which was designated through statute and funded by the Maine Public Utilities Commission for that specific purpose. Regarding Volkswagen (VW) Settlement funds, \$772,339 is

¹ "Committed funds" is defined in "Attachment A: Annual Update and Significant Change Process for the Fifth Triennial Plan of the Efficiency Maine Trust," Maine Public Utilities Commission, Order Approving Stipulation and Delegating Authority, Efficiency Maine Trust Request for Approval of the Triennial Plan for Fiscal Years 2023-2025, Docket No. 2021-00380, May 17, 2022, at 11.

committed to approved projects. The Renewables budget line reflects \$399,969 in committed funds.

Uncommitted Prior Year Fund Balance

- Keep these funds within their original funding source (e.g., Regional Greenhouse Gas Initiative, Electric Procurement) so that the allocations retain their characteristics as to their original source.
- For Electric Procurement, allocate to individual programs based on forecasted market activity levels through the end of FY2024:
 - \$763,958 for the Commercial and Industrial (C&I) Prescriptive Initiatives program
 - \$121,657 for the Demand Management program
- For RGGI funds, allocate to individual programs/initiatives based on forecasted market activity and individual program needs:
 - \$7,355,900 to support new whole-home heat pump solutions prior to shift to electric procurement (anticipated in FY2025) and weatherization
 - \$1,000,000 to support additional projects through the C&I Custom Program, in particular for transmission and subtransmission customers
 - \$800,000 to expand opportunities for Innovation projects, including \$400,000 for Phase 4 of the Whole Home Heat Pump Solutions Pilot that build upon previous phases by expanding the study to a larger size of manufactured home, known as double-wide sized homes, as well as homes in colder climate zones in the state than previously reached
 - \$50,000 in Admin to address Call Center support needs given continued high activity
 - \$30,000 in Public Information and Outreach, to provide additional outreach support, including Green Bank and Demand Management communication efforts
- For Forward Capacity Market funds designated by Maine statute solely for high-performance heat pumps, allocate:
 - \$547,509 for Low Income Initiatives
 - \$1,142,708 for the Home Energy Savings Program
- Allocate all uncommitted natural gas procurement funds to the C&I Custom Program, which has the potential to fully invest these funds in FY2024
- For all other funds, keep the uncommitted prior year fund balance in the same programs for which their use was originally designated (e.g., Agricultural Fair Assistance Program, various settlements)

Attachment A itemizes the specific adjustments that Staff proposes to the FY2024 expenditure and revenue budgets. Attachment A does *not* show the proposed total budgets; it only shows the proposed changes to the existing budget. Attachments B and C show what the total budgets would be, reflecting the adjustments for the sources of funding (revenue) and expenditures, respectively.

Proposed Motion

Move to adjust the FY2024 source of funding (revenue) and expenditure budgets as described above and in Attachment A, resulting in a total FY2023 source of funding (revenue) and expenditure budgets of \$158,064,405 and \$157,974,584, as shown in Attachments B and C, respectively.

ATTACHMENT A

Proposed Amendment to the FY2024 Expenditure Budget

Program	RGGI Fund	Electric Procurement	MPRP Fund	FCM Fund	FCM Heat Pump Fund	Consolidated Natural Gas Procurement	Renewables Fund	Agricultural Fairs	TEIP Fund	VW Settlement (DOT)	VW Settlement (AG)	VW Settlement (LBE)	NECEC Heat Pump Initiative	NECEC Dirigo Fund	NECEC HQEV Initiative	Total
Low Income Initiatives	2,900,000	251,000	-	-	547,509	600	-	-	-	-	-	-	-	-	-	3,699,109
Retail Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HESP	7,355,900	-	-	-	1,142,708	-	-	-	-	-	-	-	-	-	-	8,498,608
C&I Prescriptive Program	763,370	8,447,565	-	-	-	310,761	-	-	-	-	-	-	73,889	-	-	9,595,585
C&I Custom Program	4,916,627	3,131,228	320,380	636,601	-	179,857	-	-	-	-	-	-	-	-	-	9,184,693
Industrial Climate Initiative	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500,000
Demand Management	-	479,157	-	-	-	-	-	-	-	-	-	-	-	-	-	479,157
Distributor Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewables	-	-	-	-	-	-	399,969	-	-	-	-	-	-	-	-	399,969
Agricultural Fairs Initiatives	-	-	-	-	-	-	-	514,560	-	-	-	-	-	-	-	514,560
Thermal Energy Investment Program	-	-	-	-	-	-	-	-	35,759	-	-	-	-	-	-	35,759
EV Supply Equipment	-	-	-	-	-	-	-	-	-	615,180	(3,773)	-	-	-	167,714	779,121
EV Rebates	-	-	-	-	-	-	-	-	-	-	-	-	-	20,055	-	20,055
Lead by Example	-	-	-	-	-	-	-	-	-	-	-	192,825	-	-	-	192,825
Innovation	800,000	417,614	-	-	57,292	-	-	-	-	-	-	-	-	-	-	1,274,906
Evaluation, Measurement & Verification	59,642	554,562	-	-	75,619	-	-	-	-	-	-	-	-	-	-	689,823
Public Information	149,344	26,564	-	-	-	1,969	-	-	-	-	-	-	-	-	-	177,877
Administration	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
Totals	17,494,883	13,307,690	320,380	636,601	1,823,128	493,187	399,969	514,560	35,759	615,180	(3,773)	192,825	73,889	20,055	167,714	36,092,047
Reserved Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Proposed Amendment to the FY2024 Revenue/Source of Funding Budget

Fund Source	RGGI Fund	Electric Procurement	MPRP Fund	FCM Fund	FCM Heat Pump Fund	Natural Gas Procurement	Renewables Fund	Agricultural Fairs	Agricultural Fairs	VW Settlement (DOT)	VW Settlement (AG)	VW Settlement (LBE)	NECEC Heat Pump Initiative	NECEC Dirigo Fund	NECEC HQEV Initiative	Total
Use of Fund Balance	17,494,883	13,307,690	320,380	636,601	1,823,128	493,187	399,969	514,560	35,759	615,180	(3,773)	192,825	73,889	20,055	167,714	36,092,047
Totals	17,494,883	13,307,690	320,380	636,601	1,823,128	493,187	399,969	514,560	35,759	615,180	(3,773)	192,825	73,889	20,055	167,714	36,092,047

ATTACHMENT B

EFFICIENCY MAINE TRUST
SUMMARY OF REVENUES FROM ALL FUNDING SOURCES
PROPOSED FISCAL YEAR 2024 BUDGET

	TOTAL	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED
	REVENUES (ALL FUNDING SOURCES)	EMT ADMIN FUND	RGGI FUND	ELECTRIC PROCUREMENT FUND	MPRP FUND	FCM FUND	FCM HEAT PUMP INITIATIVE	CONSOLIDATED NATURAL GAS FUNDS	RENEWABLES FUND	AG FAIR ASSISTANCE PROGRAM FUNDS	THERMAL ENERGY INVESTMENT FUND	CONSOLIDATED VW SETTLEMENT FUNDS	CONSOLIDATED NECEC FUNDS	CONSOLIDATED AMERICAN RESCUE PLAN FUNDS	INFRASTRUCTURE INVESTMENT & JOBS ACT FUNDS	AMENDED LD 1955 FUND	AMENDED CONSOLIDATED REVOLVING LOAN FUNDS
MAINE & REGIONAL REVENUES	56,036,906	-	15,200,000	34,197,965	-	-	5,209,430	855,031	50,000	524,480	-	-	-	-	-	-	-
RGGI Auction Revenues	15,200,000	-	15,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric Procurement Revenues	34,197,965	-	-	34,197,965	-	-	-	-	-	-	-	-	-	-	-	-	-
Forward Capacity Market Revenues	5,209,430	-	-	-	-	-	5,209,430	-	-	-	-	-	-	-	-	-	-
Agricultural Fair Electric Procurement	524,480	-	-	-	-	-	-	-	-	524,480	-	-	-	-	-	-	-
Natural Gas Procurement Revenues	855,031	-	-	-	-	-	-	855,031	-	-	-	-	-	-	-	-	-
State of Maine Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NECEC Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alternative Compliance Mechanism Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary Renewable Resource Fund Revenues	50,000	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	-	-
OTHER REVENUES	1,020,232	70,232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	950,000
Revolving Loan Fund Interest	950,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	950,000
Deposit Interest	70,232	70,232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FEDERAL REVENUES	27,466,201	-	-	-	-	-	-	-	-	-	-	-	-	20,500,000	6,966,201	-	-
American Rescue Plan Funds	20,500,000	-	-	-	-	-	-	-	-	-	-	-	-	20,500,000	-	-	-
NEVI Funds	6,966,201	-	-	-	-	-	-	-	-	-	-	-	-	-	6,966,201	-	-
Other Federal Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERFUND TRANSFERS TO EMT ADMIN FUND	4,595,304	4,595,304	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USE OF FUND BALANCE	68,945,762	-	26,094,883	29,138,690	320,380	636,601	1,823,128	1,384,387	399,969	514,560	685,759	3,335,747	4,611,658	-	-	-	-
Use of Fund Balance	68,945,762	-	26,094,883	29,138,690	320,380	636,601	1,823,128	1,384,387	399,969	514,560	685,759	3,335,747	4,611,658	-	-	-	-
TOTAL REVENUES & USE OF FUND BALANCE	158,064,405	4,665,536	41,294,883	63,336,655	320,380	636,601	7,032,558	2,239,418	449,969	1,039,040	-	3,335,747	4,611,658	20,500,000	6,966,201	-	950,000

ATTACHMENT C

EFFICIENCY MAINE TRUST
SUMMARY OF EXPENDITURES FROM ALL FUNDING SOURCES
PROPOSED AMENDED FISCAL YEAR 2024 BUDGET
AS OF OCTOBER 4, 2023

	TOTAL	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED	AMENDED
	AMENDED EXPENDITURE BUDGET	ADMIN FUND	RGGI FUND	ELECTRIC PROCUREMENT	MPRP FUND	FCM FUND	FCM HEAT PUMP INITIATIVE	CONSOLIDATED NATURAL GAS FUNDS	RENEWABLES FUND	AGRICULTURAL FAIRS	AMENDED THERMAL ENERGY INVESTMENT FUND	VW SETTLEMENT FUNDS	CONSOLIDATED NECEC FUNDS	AMERICAN RESCUE PLAN FUNDS	INFRASTRUCTURE INVESTEMENT & JOBS ACT FUNDS	LD 1955 FUNDS	CONSOLIDATED REVOLVING LOAN FUNDS
ADMINISTRATION	9,739,412	4,653,830	849,000	3,130,248	-	-	-	109,139	-	-	-	100,000	179,196	615,000	27,820	-	75,179
Personnel & staff support	3,879,008	3,488,395	-	-	-	-	-	-	-	-	-	-	171,448	150,903	26,546	-	41,716
Office Operations	773,750	725,835	-	-	-	-	-	-	-	-	-	-	7,748	7,180	1,274	-	31,713
Corp Dues	8,500	8,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sponsorship	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corp Advertising	1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	22,000	20,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500
Meals	4,350	4,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Board Meeting Expenditures	5,500	5,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Call Center Services	310,000	260,000	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FCM Contractor Services	100,000	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to EMT Admin Fund	4,595,304	-	799,000	3,130,248	-	-	-	109,139	-	-	-	100,000	-	456,917	-	-	-
INTER-AGENCY TRANSFERS	825,826	11,706	284,000	447,178	-	-	49,851	15,591	17,500	-	-	-	-	-	-	-	-
Public Utilities Commission	664,620	-	152,000	447,178	-	-	49,851	15,591	-	-	-	-	-	-	-	-	-
RGGI Rate Relief	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RGGI Inc Operating Costs	70,000	-	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Environmental Protection	62,000	-	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Governor's Energy Office	11,706	11,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DECD (Maine Technology Institute)	17,500	-	-	-	-	-	-	-	17,500	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	157,974,584	4,665,536	41,294,883	63,336,655	320,380	636,601	7,032,558	2,239,418	449,969	1,039,040	-	3,335,747	4,611,658	20,500,000	6,966,201	-	860,179