



Memorandum

December 20, 2023

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 December 2023 auction and allocate these amounts across the expenditure budgets to support weatherization, whole-home heat pumps, and commercial and industrial (C&I) custom projects;
2. add funds from previously authorized allocations of the Maine Jobs and Recovery Plan (MJRP)/American Rescue Plan Act (ARPA) in the current fiscal year's revenue and expenditure budget to continue supporting commercial and industrial initiatives;
3. add in the current fiscal year's expenditure budget for electric vehicle (EV) rebates funds previously received pursuant to, and consistent with, the Maine Legislature's appropriation (LD 1995) ;
4. incorporate new New England Clean Energy Connect (NECEC) funding;
5. add Maine Jobs and Recovery Plan (MJRP)/American Rescue Plan Act (ARPA) funds to the expenditure budgets for C&I Prescriptive Initiatives and C&I Custom Program;
6. adjust Volkswagen (VW) Settlement funding from the Attorney General Memorandum of Understanding (MOU) to promote EV rebates; and
7. shift a portion of the VW Settlement funding for the initiative to upgrade buildings occupied by Maine state government (the "Lead By Example" initiative) to the Maine Department of Administrative and Financial Services (DAFS), as previously agreed to by the Board.

Background and Recommendations

Incorporate New RGGI Proceeds to Revenue and Expenditure Budgets

The December 2023 auction of the Regional Greenhouse Gas Initiative yielded approximately \$7.2 million more than what the Trust had forecasted in the budget for the second quarter of FY2024. Staff suggest allocating the funding as follows: \$1 million for C&I Custom Program to support thermal projects and electric projects conducted by customers taking service at the transmission and sub-transmission voltage levels; \$1 million for Low Income Initiatives to support whole-home heat pumps; and \$5,245,707 to support weatherization and whole-home heat pumps through the Home Energy Savings Program (HESP). Staff do not expect that future auctions will yield the same revenue levels but see this as an opportunity to ensure that these measures are sufficiently funded to achieve our uptake goals and to contribute toward the common objectives of the Inflation Reduction Act (IRA) resources and/or Electric Procurement funds as they pertain to HESP measures.

Add MJRP/ARPA Funds to the Expenditure Budget

Staff propose to add MJRP/ARPA funding from fund balance to the C&I Prescriptive Initiatives (\$1,664,513) and C&I Custom Program (\$2,831,258). These resources will support projects that have been pre-approved but not yet completed as well as anticipated projects through the end of the fiscal year.

Add LD 1995 Funding to the Expenditure Budget for EV Rebates

In 2022, the Legislature enacted LD 1995, which allocated \$3.5 million to the Trust for EV rebates. Staff propose to add \$1.5 million of the amount (which is in fund balance) to the current fiscal year’s expenditure budget to support anticipated activity through the end of the fiscal year.

Incorporate New NECEC Revenue

Now that the NECEC transmission line project has restarted, the Trust is beginning to receive settlement funding for EV chargers (EVSE) and heat pump rebates. Staff proposes to incorporate the full amount of revenues expected in FY2023 into the FY2023 revenue budget and allocate three-quarters of that revenue into the FY2023 expenditure budget (given that the fourth payment occurs in June and is not likely to be expended before June 30).

Adjust VW Settlement Budgets

Staff propose to adjust the VW Settlement funding from the Attorney General MOU (to promote EV initiatives) to shift funds from EV Supply Equipment (EVSE) to EV Rebates in order to fully expend these funds and allow the Trust to close out this fund. In addition, consistent with the Board’s approval in August 2023 to authorize the executive director to amend the Memorandum of Agreement (MOA) with DAFS to enable them to directly develop and fund clean energy projects, Staff proposes to shift \$1.8 million of the VW Settlement funding from the Lead By Example initiative to DAFS.

See the tables below for details on the budget adjustments.

Proposed Amendment to the FY2024 Expenditure Budget

	2020	2062	2063	2070	2073	3031	3033	3040	
	RGGI	Volkswagen	Volkswagen	NECEC	NECEC	ARPA	ARPA	LD 1995	Total
Program Budgets	Fund	Settlement Fund (AG)	Settlement Fund (LBE)	Heat Pump Fund	HQEV Fund	Tourism & Hospitality Fund	Manufacturing Fund	Fund	
Low Income Initiatives	1,000,000	-	-	-	-	-	-	-	1,000,000
Home Energy Savings Program	5,245,707	-	-	1,500,000	-	-	-	-	6,745,707
C&I Prescriptive	-	-	-	-	-	1,664,513	-	-	1,664,513
C&I Custom	1,000,000	-	-	-	-	-	2,831,258	-	3,831,258
Transfers to State Agencies	-	-	1,800,000	-	-	-	-	-	1,800,000
Lead by Example	-	-	(1,800,000)	-	-	-	-	-	(1,800,000)
Electric Vehicle Rebates	-	27,742	-	-	-	-	-	1,500,000	1,527,742
Electric Vehicle Supply Equipment	-	(27,742)	-	-	1,500,000	-	-	-	1,472,258
Total - Program Budgets	\$ 7,245,707	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,664,513	\$ 2,831,258	\$ 1,500,000	\$ 16,241,478

Proposed Amendment to the FY2024 Revenue/Source of Funding

	2020	2062	2063	2070	2073	3031	3033	3040	
	RGGI	Volkswagen	Volkswagen	NECEC	NECEC	ARPA	ARPA	LD 1995	Total
Funding Source	Fund	Settlement Fund (AG)	Settlement Fund (LBE)	Heat Pump Fund	HQEV Fund	Tourism & Hospitality Fund	Manufacturing Fund	Fund	
RGGI Proceeds	7,245,707	-	-	-	-	-	-	-	7,245,707
Federal Revenues - ARPA	-	-	-	-	-	1,664,513	2,831,258	-	4,495,771
NECEC Settlement Proceeds	-	-	-	2,000,000	2,000,000	-	-	-	4,000,000
Use of Fund Balance	-	-	-	-	-	-	-	1,500,000	1,500,000
Total - Funding Source	\$ 7,245,707	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 1,664,513	\$ 2,831,258	\$ 1,500,000	\$ 17,241,478

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 \$181,104,299 and \$177,766,156, as shown in the tables above, respectively.