



Memorandum

October 3, 2024

To: Board of Trustees

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

Re: Proposed FY2025 Budget Adjustments

Proposed Motion

Move to adjust the FY2025 source of funding (revenue) and expenditure budgets as described in this memorandum and in Attachment A, resulting in a total FY2025 source of funding (revenue) and expenditure budgets of \$249,599,471 and \$249,279,266, as shown in Attachments B and C, respectively.

Background and Recommendations

Now that the FY2024 financial audit is complete, Staff has precise final financials on FY2024 (last year). The Trust had a year-end fund balance of \$76,203,687 net of revolving loan funds and the Administration fund balance. Of this amount, \$13,600,000 was previously included in a Triennial Plan V filing to the PUC to offset the need for new electric procurement for the current year (FY2025). In addition, the Board previously added \$12,400,234 to the FY2025 budget to cover anticipated needs in several programs during the first quarter of the fiscal year, and \$5,000,000 is set aside for loans funded by the Regional Greenhouse Gas Initiative (RGGI).

With that information in hand, Staff proposes incorporating \$42,526,756 of remaining unbudgeted fund balance revenue into the FY2025 revenue and expenditure budgets for use across the programs. Staff's proposed budget amendments are as follows:

Committed Carry-Forward from FY2024

- Allocate \$21,610,462 from multiple fund sources to projects that were previously approved and committed to in FY2024 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, 2024, 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, 2024, 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, 2024, 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 \$21,610,462, \$27,200 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, \$478,347 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 \$162,858 in committed funds for an Innovation pilot project. The uncommitted fund balance for natural gas (\$1,165,602) will be returned to the utilities, given that the Trust does not have natural gas measures in FY2025.

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, “roll forward” \$3,161,317 to individual programs by allocating their individual, remaining balances at the end of FY2024 to the same programs in FY2025:
 - \$366,607 for Low Income Initiatives
 - \$1,277,361 for Retail Initiatives
 - \$15,393 for the Home Energy Savings Program (HESP)
 - \$253,276 for the Commercial and Industrial (C&I) Prescriptive Initiatives program
 - \$115,003 for the C&I Custom program
 - \$84,562 for the Demand Management program
 - \$372,701 for the Distributor Initiatives program
 - \$67,346 for Innovation
 - \$484,704 for Evaluation, Measurement, and Verification
 - \$124,363 for Public Information and Outreach
- For RGGI funds, allocate to individual programs/initiatives based on latest forecasted market demand and individual program needs in FY2025:
 - \$6,500,000 to support whole-home heat pump solutions and weatherization for low- and moderate-income households (Low Income Initiatives) and \$5,500,000 for any-income households (HESP)
 - \$1,500,000 to support thermal projects through the C&I Prescriptive Initiatives program
 - \$1,000,000 to support thermal and electric projects through the C&I Custom program, in particular for transmission and subtransmission customers
- Return all uncommitted natural gas procurement funds (\$1,165,602) to the utilities, given that the Trust does not have natural gas measures in FY2025.
- Return all uncommitted Renewables funds (\$169,825), given that the Legislature repealed section 10121 ((Energy Efficiency and Renewable Resource Fund) of the Efficiency Maine Trust Act.
- For all other funds, keep the uncommitted prior year fund balance in the same programs for which their use was originally designated:
 - \$425,982 for C&I Prescriptive Initiatives (New England Clean Energy Connect (NECEC) Heat Pump Fund)
 - \$28,875 for the Thermal Energy Investment Program (Thermal Energy Investment Fund)
 - \$196,603 for Lead by Example (VW Settlement)
 - \$241,883 for Electric Vehicle (EV) Rebates (NECEC Dirigo Fund)
 - \$149,093 for Electric Vehicle Supply Equipment (NECEC Hydro-Québec Initiative)
 - \$300,173 for the SEI/RGGI Loan Fund

Additional Funding Adjustments

- Incorporate awarded Inflation Reduction Act (IRA) funding for the level of forecasted program activity forecasted for FY2025 for the Home Efficiency Rebates (HER):
 - \$5,157,102 for C&I Prescriptive Initiatives
 - \$141,234 for Administration

- Incorporate awarded Inflation Reduction Act (IRA) funding for the level of program activity forecasted for FY2025 for the Home Electrification and Appliance Rebates (HEAR):
 - \$1,963,091 for Low Income Initiatives
 - \$6,180,027 for C&I Prescriptive Initiatives
 - \$177,426 for Administration
- Incorporate awarded and anticipated U.S. Department of Energy Office of Clean Energy Demonstrations (OCED) funding of \$2,222,223 for the level of forecasted program activity forecasted for FY2025 in the Manufactured (Mobile) Home Initiative
- Shift \$2.5 million from Distributor Initiatives to Retail Initiatives, to account for relative uptake between the two programs for heat pump water heaters.
- Incorporate \$996,755 in new alternative compliance payments for thermal renewable energy credits (TEIF).

Attachment A itemizes the specific adjustments that Staff proposes to the FY2025 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.

ATTACHMENT A

Proposed Amendment to the FY2025 Expenditure Budget

	2020	2030	2040, 2041, 2042, 2043	2050	2051	2052	2063	2070	2072	2073	3034	3035	3036	3040	3043	
	RGGI Fund	Electric Procurement Fund	Natural Gas Conservation Fund	Renewables Fund	Agricultural Fairs Fund	Thermal Energy Investment Fund	Volkswagen Lead By Example Fund	NECEC Heat Pump Fund	NECEC Dirigo Fund	NECEC HQEV Fund	IRA-HEAR Fund	IRA-HER Fund	OCED Fund	LD1995 Fund	SEI/RGGI RLF Fund	Total
Program Budgets																
Low Income Initiatives	8,149,000	1,150,907	-	-	-	-	-	-	-	-	1,963,091	-	2,222,223	-	-	13,485,221
Retail Initiatives	-	3,777,361	-	-	-	-	-	-	-	-	-	-	-	-	-	3,777,361
Home Energy Savings Program	5,500,000	15,393	-	-	-	-	-	-	-	-	-	-	-	-	-	5,515,393
C&I Prescriptive Program	8,376,775	2,957,500	-	-	-	-	-	425,982	-	-	6,180,027	5,157,102	-	-	-	23,097,386
C&I Custom Program	6,852,603	1,943,939	-	-	-	-	-	-	-	-	-	-	-	-	-	8,796,542
Distributor Program	-	(2,127,299)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,127,299)
Demand Management	-	482,837	-	-	-	-	-	-	-	-	-	-	-	-	-	482,837
Thermal Energy Investment Program	-	-	-	-	-	1,025,630	-	-	-	-	-	-	-	-	-	1,025,630
Efficiency Maine Green Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric Vehicle Rebates	-	-	-	-	-	-	-	-	241,883	-	-	-	-	(79,459)	-	162,424
Agricultural Fairs Initiative	-	-	-	-	27,200	-	-	-	-	-	-	-	-	-	-	27,200
Lead By Example	-	-	-	-	-	-	675,250	-	-	-	-	-	-	-	-	675,250
Renewables	-	-	-	162,858	-	-	-	-	-	-	-	-	-	-	-	162,858
Innovation	223,831	161,471	-	-	-	-	-	-	-	-	-	-	-	-	-	385,302
Evaluation, Measurement, & Verification	76,076	758,328	-	-	-	-	-	-	-	-	-	-	-	-	-	834,404
Public Information & Outreach	141,473	204,017	-	-	-	-	-	-	-	-	-	-	-	-	-	345,490
Administrative	-	-	-	-	-	-	-	-	-	-	177,426	141,234	-	-	-	318,660
Payments to Other State Agencies	-	-	-	169,825	-	-	-	-	-	-	-	-	-	-	-	169,825
Return to Utilities	-	-	1,742,885	-	-	-	-	-	-	-	-	-	-	-	-	1,742,885
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300,173	300,173
Total- Program Budgets	\$ 29,319,758	9,324,454.00	\$ 1,742,885	\$ 332,683	\$ 27,200	\$ 1,025,630	\$ 675,250	\$ 425,982	\$ 241,883	\$ 149,093	\$ 8,320,544	\$ 5,298,336	\$ 2,222,223	\$ (79,459)	\$ 300,173	\$ 59,326,634

Proposed Amendment to the FY2025 Revenue/Source of Funding

	2020	2030	2040, 2041, 2042, 2043	2050	2051	2052	2063	2070	2072	2073	3034	3035	3036	3040	3043	
	RGGI Fund	Electric Procurement Fund	Natural Gas Conservation Fund	Renewables Fund	Agricultural Fairs Fund	Thermal Energy Investment Fund	Volkswagen Lead By Example Fund	NECEC Heat Pump Fund	NECEC Dirigo Fund	NECEC HQEV Fund	IRA-HEAR Fund	IRA-HER Fund	OCED Fund	LD1995 Fund	SEI/RGGI RLF Fund	Total
Funding Source																
Alternative Compliance Mechanism	-	-	-	-	-	996,755	-	-	-	-	-	-	-	-	-	996,755
Federal Revenues - ARPA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenues - NEVI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenues - IRA	-	-	-	-	-	-	-	-	-	-	8,320,544	5,298,336	-	-	-	13,618,880
Federal Revenues - OCED	-	-	-	-	-	-	-	-	-	-	-	-	2,222,223	-	-	2,222,223
Federal Revenues - CFI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transfers - In	300,173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300,173
Use of Fund Balance	29,319,758	9,324,454	1,742,885	332,683	27,200	28,875	675,250	425,982	241,883	149,093	-	-	-	(79,459)	300,173	42,488,776
Total - Funding Source	\$ 29,619,931	\$ 9,324,454	\$ 1,742,885	\$ 332,683	\$ 27,200	\$ 1,025,630	\$ 675,250	\$ 425,982	\$ 241,883	\$ 149,093	\$ 8,320,544	\$ 5,298,336	\$ 2,222,223	\$ (79,459)	\$ 300,173	\$ 59,626,807

ATTACHMENT B

EFFICIENCY MAINE TRUST
SUMMARY OF REVENUES FROM ALL FUNDING SOURCES
PROPOSED FISCAL YEAR 2025 BUDGET
AS OF OCTOBER 3, 2024

	TOTAL	AMENDED	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	FCM HEAT PUMP INITIATIVE	CONSOLIDATED NATURAL GAS FUNDS	RENEWABLES FUND	AGRICULTURAL FAIRS	THERMAL ENERGY INVESTMENT FUND	CONSOLIDATED VW SETTLEMENT FUNDS	CONSOLIDATED NECEC FUNDS	CONSOLIDATED AMERICAN RESCUE PLAN FUNDS	INFLATION REDUCTION ACT FUNDS	OFFICE OF CLEAN ENERGY DEMONSTRATIONS FUNDS	INFRASTRUCTURE INVESTMENT & JOBS ACT FUNDS	CHARGING & FUELING INFRASTRUCTURE FUND	AMENDED LD 1955 FUNDS	AMENDED CONSOLIDATED REVOLVING LOAN FUNDS
MAINE & REGIONAL REVENUES	98,134,761	-	26,700,000	60,350,358	6,087,648	-	-	-	996,755	-	4,000,000	-	-	-	-	-	-	-
RGGI Auction Revenues	26,700,000	-	26,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric Procurement Revenues	60,350,358	-	-	60,350,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forward Capacity Market Revenues	6,087,648	-	-	-	6,087,648	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural Fair Electric Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural Gas Procurement Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State of Maine Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NECEC Proceeds	4,000,000	-	-	-	-	-	-	-	-	-	4,000,000	-	-	-	-	-	-	-
Alternative Compliance Mechanism Revenues	996,755	-	-	-	-	-	-	-	996,755.00	-	-	-	-	-	-	-	-	-
Voluntary Renewable Resource Fund Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER REVENUES	1,100,000	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,025,000
Revolving Loan Fund Interest	1,025,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,025,000
Deposit Interest	75,000	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FEDERAL REVENUES	75,841,103	-	-	-	-	-	-	-	-	-	-	33,000,000	13,618,880	2,222,223	15,000,000	12,000,000	-	-
American Rescue Plan Funds	33,000,000	-	-	-	-	-	-	-	-	-	-	33,000,000	-	-	-	-	-	-
NEVI Funds	15,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000,000	-	-	-
IRA Funds	13,618,880	-	-	-	-	-	-	-	-	-	-	-	13,618,880	-	-	-	-	-
OCED Funds	2,222,223	-	-	-	-	-	-	-	-	-	-	-	-	2,222,223	-	-	-	-
CFI Funds	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	-	-
INTERFUND TRANSFERS TO EMT ADMIN FUND	6,034,597	5,734,424	300,173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USE OF FUND BALANCE	68,489,010	-	32,719,758	22,924,454	-	1,742,885	332,683	27,200	2,029,109	1,175,250	4,816,958	-	-	-	-	-	2,420,541	300,173
Use of Fund Balance	68,489,010	-	32,719,758	22,924,454	-	1,742,885	332,683	27,200	2,029,109	1,175,250	4,816,958	-	-	-	-	-	2,420,541	-
TOTAL REVENUES & USE OF FUND BALANCE	249,599,471	5,809,424	59,719,931	83,274,812	6,087,648	1,742,885	332,683	27,200	3,025,864	1,175,250	8,816,958	33,000,000	13,618,880	2,222,223	15,000,000	12,000,000	2,420,541	1,325,173

ATTACHMENT C

**EFFICIENCY MAINE TRUST
SUMMARY OF EXPENDITURES FROM ALL FUNDING SOURCES
PROPOSED FISCAL YEAR 2025 BUDGET
AS OF OCTOBER 3, 2024**

[illegible]

EFFICIENCY MAINE TRUST
SUMMARY OF EXPENDITURES FROM ALL FUNDING SOURCES
PROPOSED FISCAL YEAR 2025 BUDGET
AS OF OCTOBER 3, 2024

	TOTAL	AMENDED	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	FCM HEAT PUMP INITIATIVE	CONSOLIDATED NATURAL GAS FUNDS	RENEWABLES FUND	AGRICULTURAL FAIRS	THERMAL ENERGY INVESTMENT PROGRAM	VW SETTLEMENT FUNDS	CONSOLIDATED NECEC FUNDS	AMERICAN RESCUE PLAN FUNDS	INFLATION REDUCTION ACT FUNDS	OFFICE OF CLEAN ENERGY DEMONSTRATIONS FUNDS	INFRASTRUCTURE INVESTEMENT & JOBS ACT FUNDS	CHARGING & FUELING INFRASTRUCTURE FUND	AMENDED LD 1955 FUNDS	CONSOLIDATED REVOLVING LOAN FUNDS
ADMINISTRATION	12,718,183	5,799,424	799,000	5,235,424	-	-	-	-	-	-	-	177,395	318,660	-	18,139	-	-	69,968
Personnel & staff support	4,610,172	4,069,214	-	-	-	-	-	-	-	-	-	168,530	318,660	-	17,248	-	-	36,520
Office Operations	1,313,564	1,272,110	-	-	-	-	-	-	-	-	-	8,865	-	-	891	-	-	31,698
Corp Dues	9,500	9,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sponsorship	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corp Advertising	3,000	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	22,500	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500
Meals	3,850	3,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Board Meeting Expenditures	6,000	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Call Center Services	300,000	300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EffRT Database	300,000			300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FCM Contractor Services	75,000	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transfers	6,034,597	-	799,000	4,935,424	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTER-AGENCY TRANSFERS	2,919,393	10,000	284,000	654,428	58,255	1,742,885	169,825	-	-	-	-	-					-	-
Public Utilities Commission	2,754,393	-	129,000	654,428	58,255	1,742,885	169,825	-	-	-	-	-			-	-	-	-
RGGI Inc Operating Costs	70,000	-	70,000	-	-	-	-	-	-	-	-	-			-	-	-	-
Department of Environmental Protection	85,000	-	85,000	-	-	-	-	-	-	-	-	-			-	-	-	-
Governor's Energy Office	10,000	10,000	-	-	-	-	-	-	-	-	-	-			-	-	-	-
TOTAL EXPENDITURES	249,279,266	5,809,424	59,419,758	83,274,812	6,087,648	1,742,885	332,683	27,200	3,025,864	1,175,250	8,816,958	33,000,000	13,618,880	2,222,223	15,000,000	12,000,000	2,420,541	1,004,968