



## Memorandum

April 22, 2026

To: Board of Trustees

From: Peter Eglinton, Deputy Director  
Ian Burnes, Director of Strategic Initiatives

Re: FY2027 Request for Electric Efficiency Procurement

---

### Proposed Motion

Move to find a good-faith forecast of \$38,260,000 in uncommitted carryforward of budget in the FY2026 Electric Efficiency Procurement fund and apply that amount to next year's budget, resulting in an adjusted request for FY 2027 Electric Efficiency Procurement of \$23,255,818.

### Background

Staff has reviewed the most recent accounting of expenditures and the available budget for the Electric Efficiency Procurement fund for the current fiscal year and prepared a good-faith forecast of the amount of this fund that will remain unspent and uncommitted by June 30. In conducting this forecast, Staff has taken into consideration this year's trends in program activity for programs funded by Electric Efficiency Procurement, seasonality of certain measures, recent program design changes, observable macro-economic factors, and performance of these programs in past years. Staff estimate the year-end carryforward of unspent, uncommitted Electric Efficiency Procurement funds for FY2026 of \$38,260,000.

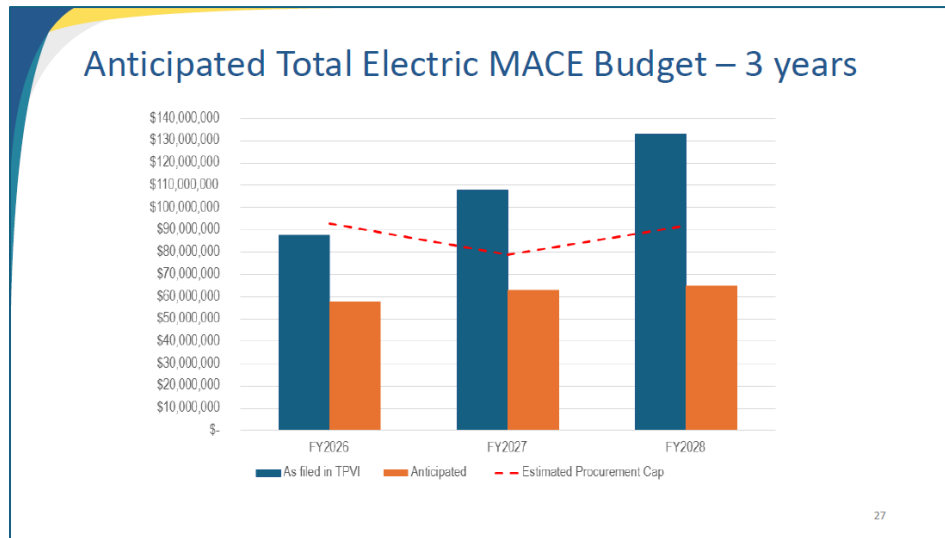
This estimate is slightly lower than the projection reviewed with the Board at the January 2026 meeting, which was \$39,222,000. At that meeting, Staff outlined key systemic challenges encountered in the current fiscal year that are contributing to the significantly lower growth in activity compared to the forecasts used in developing the Sixth Triennial Plan. Headwinds affecting the uptake of whole-home heat pump systems include (1) the unexpected termination of federal tax credits for heat pumps; (2) new tariffs, increasing the price of heat pump components; (3) increased electricity prices in Maine, which tend to reduce the spread between oil and electric heating costs; (4) rising labor costs impacting costs of installation; (5) disruptions in the supply chain and higher equipment costs due to the transition to new types of refrigerants; and (6) changes to program rebate design that went into effect in April 2025. In response to these headwinds, the Trust significantly increased marketing and launched a new rebate structure for ducted whole home heat pumps on January 1, 2026. The Trust also added a limited-time bonus for all whole home heat pump rebates, both ducted and non-ducted, that started on March 1, 2026.

Factors affecting other measures funded by the Electric Efficiency Procurement include:

- Electric vehicles – discontinuation of significant federal tax credits and launch of a new program design to address cost effectiveness and beneficial electrification considerations;
- Heat pump water heaters – tariffs, shortage of inventory coinciding with limited-time-offer promotions; competing prices for electric resistance water heaters;
- Commercial lighting and HVAC – economic uncertainty and most of the issues facing whole-home heat pump activity;
- Demand response – overestimate of achievable potential in Maine;

- Large commercial and industrial batteries – delays and cancellations due to market uncertainty; and
- Off-peak electric vehicle (EV) chargers – temporary lack of inventory and discontinuation of federal tax credits for electric vehicles.

As discussed with the Board at the March 2026 meeting, even with additional promotions, program-design changes, and increased marketing, Staff anticipates that the growth in program activity will continue to be slower through the end of the Triennial Plan period than originally forecasted and filed in Triennial Plan VI. To illustrate, following is the graphic presented at the January 2026 meeting:



At the February meeting, the Board approved reducing the electric procurement budget by \$46,311,087 and \$60,594,814 in FY2027 and FY2028, respectively, for purposes of filing the Annual Update (of the Triennial Plan) at the Maine Public Utilities Commission (PUC). In this memorandum, Staff is reflecting in the year-end forecasts for FY2026 the implications of the same headwinds, and the same market slow-down, that were previously discussed in the January and February Board meetings.

It is the Trust’s practice at this point in the fiscal year to inform the PUC of the estimated uncommitted carryforward that it is available to offset the following fiscal year’s Procurement assessment. The total Electric Efficiency Procurement budget currently pending PUC approval is \$61,515,818. The Staff estimates that the uncommitted Procurement funds from FY2026 will be approximately, but not less than, \$38,260,000.

**Recommendation**

Staff recommends making a finding that \$38,260,000 is a reasonable, good-faith forecast of the amount of Electric Efficiency Procurement that will be unspent and uncommitted by year-end, and that this amount be applied to offset the amount the Trust will request from this fund for the coming year. This would result in a request for the Electric Efficiency Procurement for FY2027 in the amount of \$23,255,818.