



Memorandum

September 30, 2026

To: Board of Trustees

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

Re: Proposed FY2027 Budget Adjustments

Proposed Motion

Move to adjust the FY2027 source of funding and expenditure budgets as reflected in Tables 1, 2, 3, and 4, and described in this memorandum, resulting in a total FY2027 source of funding and expenditure budgets of \$262,039,836 and \$262,040,648, respectively.

Background and Recommendations

Now that the FY2026 financial audit is complete, Staff has precise final financials on FY2026 (last year). The Trust had a year-end fund balance of \$143.6 million net of revolving loan funds and the Administration fund balance. Of this amount, \$38.3 million was previously included in a Triennial Plan VI filing to the PUC to offset the need for new electric procurement for the current year (FY2027). In the final quarter of FY2026, the Board also added approximately \$100.7 million of anticipated fund balance to the FY2027 budget to cover committed projects and the rollover of uncommitted carryforward from federal grants and one-time state funding into programs based on where the funds were originally budgeted.

With that information in hand, Staff proposes the following approach to incorporating \$24.5 million of remaining unbudgeted fund balance revenue into the FY2027 revenue and expenditure budgets (see Tables 1 and 2); and reserving \$367,282 in natural gas fund balance and \$1,048,185 of EMT Admin fund balance for a future budget amendment. Finally, Staff proposes to add \$3 million from the Climate Pollution Reduction Grant (CPRG) funding for Innovation projects through the New England Heat Pump Accelerator (NEHPA) to support FY2027 activities (Tables 3 and 4).

Table 1**Proposed Amendment to the FY2027 Revenue/Source of Funding Budget**

Fund Source	RGGI Fund	Electric Procurement	FCM Heat Pump Fund	Renewables Fund	Agricultural Fairs	VW Settlement (LBE)	NECEC Heat Pump Initiative	NECEC HQEV Initiative	LD1995 FUND	Total
<i>Use of Fund Balance</i>	16,318,993	5,248,784	1,800,011	42,382	25,240	35,941	541,439	499,989	6,071	24,518,850
Totals	16,318,993	5,248,784	1,800,011	42,382	25,240	35,941	541,439	499,989	6,071	24,518,850

Table 2**Proposed Amendment to the FY2027 Expenditure Budget**

Program	RGGI Fund	Electric Procurement	FCM Fund	Renewables Fund	TEIP Fund	VW Settlement (LBE)	NECEC Heat Pump Initiative	NECEC HQEV Initiative	LD1995 FUND	Total
<i>Income-Eligible Home Programs</i>	1,927,113	3,361,000	121,411	-	-	-	360,959	-	-	5,770,484
<i>Retail and Distributor Initiatives</i>	2,205,130	500,000	485,645	-	-	-	-	-	-	3,190,775
<i>Home Energy Savings Program</i>	-	1,540,000	-	-	-	-	-	-	-	1,540,000
<i>C&I Prescriptive Program</i>	1,750,000	459,151	-	-	-	-	180,480	-	-	2,389,631
<i>C&I Custom Program</i>	(1,014,148)	(1,894,917)	-	-	-	-	-	-	-	(2,909,065)
<i>Industrial Climate Initiative</i>	500,000	-	-	-	-	-	-	-	-	500,000
<i>Demand Management</i>	10,000,000	452,836	-	-	-	-	-	-	-	10,452,836
<i>Thermal Energy Investment Program</i>	-	-	-	-	25,240	-	-	-	-	25,240
<i>EV Supply Equipment</i>	-	-	-	-	-	-	-	499,989	-	499,989
<i>EV Rebates</i>	-	320,000	1,030,240	-	-	-	-	-	6,071	1,356,311
<i>Lead by Example</i>	-	-	-	-	-	35,941	-	-	-	35,941
<i>Innovation</i>	420,213	82,139	48,326	42,382	-	-	-	-	-	593,060
<i>Evaluation, Measurement & Verification</i>	413,470	383,575	114,389	-	-	-	-	-	-	911,434
<i>Public Information</i>	117,215	5,000	-	-	-	-	-	-	-	122,215
<i>Administration</i>	-	40,000	-	-	-	-	-	-	-	40,000
Totals	16,318,993	5,248,784	1,800,011	42,382	25,240	35,941	541,439	499,989	6,071	24,518,850

Table 3

Proposed Amendment to the FY2027 Revenue/Source of Funding

	3038
	CPRG Innovation Hub Fund
Funding Source	
Federal Revenues - CPRG	3,000,000
Total - Funding Source	\$ 3,000,000

Table 4

Proposed Amendment to the FY2027 Expenditure Budget

	 3038
	CPRG Innovation Hub Fund
Program Budgets	
Innovation	3,000,000
Total- Program Budgets	\$ 3,000,000

Below is a narrative discussion of the changes shown in the tables.

Committed Carryforward from FY2026

The Board previously added anticipated committed carryforward from FY2026 to the FY2027 budget. In several cases, the amount ultimately encumbered for approved projects by June 30 was less than the forecast originally made in April, while other programs had more commitments than initially estimated. The changes shown in Table 2 reflect adjustments to align estimated project commitments with actuals. In the case of the C&I Custom Program, there is a net reduction in the budget.

Uncommitted FY2026 Fund Balance

- Allocate the following amounts for new initiatives:
 - \$2 million of Regional Greenhouse Gas Initiative (RGGI) funding for the Retail and Distributor Initiatives program to support a Do-It-Yourself (DIY) Winter Prep promotion, which will be launched in the coming weeks to support purchases of eligible winterization products.
 - \$10 million of RGGI funding for the Demand Management Program to support the installation of “extra-large” batteries at C&I facilities.
- Allocate \$1.0 million of Forward Capacity Market funding to the Electric Vehicle (EV) Rebates program, to reflect a significant increase in eligible purchases (particularly for commercial vans).
- Allocate \$500,000 of electric procurement to the Retail and Distributor Initiatives program to support anticipated incentives for heat pump water heaters through the mail-in rebate program and for commercial facilities
- Allocate \$40,000 of electric procurement for the Call Center, which is anticipating more outbound mailings and activities than anticipated in the base budget.
- Roll forward the remaining balance into the FY 2027 budget, keeping those funds in the same program line item and 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 and program.

Fund Balance to Reserve

- Reserve fund balances in the amounts of \$367,282 in natural gas fund balance and \$1,048,185 of EMT Admin fund balance, for consideration in a future budget amendment.

Other Adjustments

- Incorporate \$3 million in new funding for the CPRG innovation projects. The total grant is \$14 million, of which \$10 million was awarded to Ridgeline Analytics to implement the grant. Staff proposes to initially fund the Innovation program with the amount anticipated to cover FY 2027 activities. See Tables 3 and 4.