

Efficiency Maine Trust

**Board Meeting
February 24, 2010**

**Meeting Minutes
Approved March 3, 2010**

Date: Wednesday, February 24, 2010
Time: 9:30 a.m. to 12:30 p.m.
Location: Worcester Room, PUC Offices, Hallowell, ME

Attendance:

Trust Board Members				Efficiency Maine Staff	
✓	Adam Lee, Chair	✓	Dale McCormick	✓	John Brautigam
✓	Naomi Mermin, Vice Chair	✓	John Kerry	✓	Jean Guzzetti
✓	James Atwell, Secretary	✓	Glenn Poole	✓	Tim Vrabel
✓	Michelle Atherton, Treasurer	✓	John Rohman	✓	Elizabeth Crabtree
		✓	Tom Tietenberg		

Other Attendees:

- Jerry Pieh, Isaacson, Miller
- Linda Pistner, Attorney General's Office
- Sue Inches, State Planning Office
- Michael Stoddard, ENE
- Mark Murphy, Mark Murphy Solutions, LLC
- Bruce Harrington, ERS
- Jennifer Puser, OEIS
- Lucy Van Hook, Maine Housing
- Mike Burke, Community Concepts
- Betty Angell, Burgess Advertising
- Meredith Strang Burgess, Burgess Advertising
- Judy Katzel, Burgess Advertising
- Dan Routh, Burgess Advertising
- Kathy Mockler, Burgess Advertising
- Stephen Ward
- Charlie Woodworth
- Tom Palma, Unitol
- Deb Hart, Hart Public Policy
- Dylan Voorhees, NRCM

1.0 Approve Draft Agenda and Minutes

The meeting convened at 9:32 a.m.

ACTION: Upon a motion duly made (Atwell) and seconded (McCormick) the Board voted unanimously to approve the agenda for this meeting.

ACTION: Upon a motion duly made (Atwell) and seconded (Kerry) the Board voted unanimously to approve the minutes of the February 3, 2010 meeting.

2.0 Executive Session

ACTION: Upon a motion duly made (Rohman) and seconded (Kerry) the Board voted unanimously to enter Executive Session, for the purpose of discussing the Executive Director search, at 9:35 a.m.

ACTION: Upon a motion duly made (Mermin) and seconded (Tietenberg) the Board voted unanimously to end the Executive Session at 10:18 a.m.

3.0 Updates

3.1 Financial Report

Atherton reported that the Trust received the \$125,000 requested from the PUC.

3.2 IT and Transition Work Groups

Lee and McCormick reported that the Trust hired Lynn Kinney and Associates to provide IT guidance and planning. Kinney is sending weekly status reports to the Board.

McCormick also handed out information on space planning and initial work done by the Transition and IT Work Groups relative to infrastructure needs. Kinney recommends maintaining offices in Hallowell for the initial period of the Trust because it will require at least 3 months to plan and move the IT infrastructure.

McCormick has met with State of Maine officials regarding the transition. Having a combination of both state and non-state employees in one organization was anticipated to be a difficult situation. However, FAME went through a similar issue in the 1990s and they resolved it with a system where the state pays the state employees and then bills FAME for the salaries. FAME was essentially 'renting' these employees. The Trust could use this model for their payroll.

Pistner noted that the Trust needs to determine benefits so that state employees have the information needed to make a decision as to whether to become a Trust employee or remain a state employee.

McCormick suggested contracting with an HR firm who knows the state system. Board members should submit recommendations to McCormick.

4.0 Forward Capacity Markets

John Brautigam and Denis Bergeron, Efficiency Maine, provided an introduction to the Forward Capacity Market system. This activity is currently under the auspices of the PUC but the responsibility will be transferred to the Trust on July 1.

The Forward Capacity Market applies to electricity only. It is essentially a way of helping to assure that the regional electrical system has the capacity (i.e., the ability to deliver) to meet the electrical energy needed for projected peak demand periods. In Maine the peak demand periods are in the summer. There are four ways to manage peak demand capacity:

- bring in power from another source,
- build more generating power,
- implement system-wide energy efficiency measures, and
- manage demand response during peak periods.

Bergeron provided a handout including a timeline of the typical three-year ‘build’ period for each auction. The following events represent one of the “Options” currently in progress:

- July to September 2008: a Show of Interest (SOI) was submitted to the Independent System Operator (ISO) New England representing a forecast of what Maine’s energy efficiency programs could deliver in Demand Response for a period beginning in June 2012.
- September 2008 to February 2009: ISO verified the forecast and determined how much Maine could bid.
- May 2009: ISO notified Maine of the amount they are qualified to bid.
- October 5, 2009: Maine bid 29.4 MW at the auction.
- October 2009 through June 2012: Maine builds the energy efficiency programs to deliver the awarded savings.
- Beginning July 1, 2012: Maine is eligible for a stream of payments based on the auction bid.

The cycles overlap so there are multiple options in different stages of completion at any one time. The next SOI, for 2014, is due between March and May 2010. Under another Option, Maine forecasted 80 MW for savings beginning in 2013. Efficiency Maine is currently awaiting ISO notification of the qualified amount that they will be eligible to bid at the August 2, 2010 auction.

Lee suggested establishing a work group to further investigate this subject.

Follow-up: Poole, Tietenberg, Atherton, Kerry, and Steve Ward volunteered to participate and will provide updates at future Board meetings.

5.0 Triennial Plan Update

Mermin provided an update on development of the Triennial Plan. The stakeholder process concluded in January and Steve Ward provided a summary of stakeholder input at the February 3 Board Meeting. At that meeting, the Board also provided budget direction to the consultants. The first broad outline of the plan is due next week.

5.1 Technical Direction

Mermin provided the following summary of direction provided to the consultants to be incorporated into the plan:

- **Upstream Energy Use:** To compare options on an equal footing, fuel sources' *significant* upstream energy consumption should be considered, to the extent that not considering them could create a significant discrepancy in the fair treatment of energy sources.
- **Ground-source Heat Pumps (GSHP)/Wood vs. Wind/Solar:** GSHP and wood should be treated in the same way as any other energy efficiency measure, and not covered by the funding reserved for "alternative energy," which the Trust interprets to refer to wind and solar applications.
- **Biomass-to-Energy:** For purposes of the plan, the Trust should consider biomass-to-energy strategies to the extent they do not exceed the forest's renewable potential as determined by the Governor's Task Force on Wood to Energy (Should we provide a reference to their report??). The Trust should also ensure that forest sustainability concerns continue to be investigated.
- **CO2 Valuation:** For purposes of this first three-year plan, CO2 savings will be measured, but will not be recorded as having any economic value for the purpose of the modified societal cost-effectiveness test.

Mermin noted that there were many stakeholder concerns on wood/biomass heat sources. The Trust's direction to the consultant is that it is important to include the significant upstream energy costs in the comparison to other heat sources. The statute includes specific, limited funding for alternative energy and, in accordance with the law; there is no ability to apply a different cost benefit analysis to these options.

Discussion followed on why a value wasn't applied to CO2 emissions. The Triennial Plan Work Group discussed this issue at length. There are many opinions on what value for CO2 is appropriate, and there are arguments to applying any one of the options. Tietenberg explained that not placing a value on carbon makes for a workable plan and allows a firm cost/benefit analysis. Not including the carbon value will effectively make programs look less cost effective, which is safer than overestimating the value of these projects. Tietenberg explained that the consultant would keep track of any choices where the cost benefit ratio is not quite favorable, but where including the value of carbon would allow them to meet the threshold.

It was also noted that, given the time frame for development and approval of the Triennial Plan, it is important not to let this issue derail the overall plan.

5.2 Triennial Plan Organizational Principals

Mermin further provided a review of the following guiding principals that the Trust and their consultants are using to direct the plan organization:

- **Affordable:** The plan is ambitious but not unrealistic by requiring a budget estimated to achieve non-cost-effective energy efficiency.
- **Comprehensive:** The plan addresses energy efficiency opportunities across all fuel types, energy uses, and potential measures rather than focusing all resources on a couple of extremely cost-effective ones in the short-term, (e.g., CFLs).
- **Balanced:** The plan includes programs for all consumer groups so that everyone benefits, including low-income residents and small businesses.
- **Flexible:** The plan establishes a broad framework for moving forward while allowing the new organization and staff to take ownership and take advantage of changing technologies and market conditions to continually support the most cost-effective measures.
- **Enabling:** The plan supports some efforts that won't necessarily bear fruit in the short term, but will make it a lot easier to get more and cheaper savings in the mid- to long-terms. This is akin to the R&D spending any smart firm, with long-term objectives would set aside, and refers, in our case, to efforts like those focused on awareness, financing, labelling or other similar strategies.

The Board invited public comment on this subject. Dylan Voorhees, NRCM, noted the importance of performance metrics and urged that this be made front and center in the plan. Mermin assured him that this is a core part of the plan.

6.0 Marketing Programs for Efficiency Maine

Judy Katzel of Burgess Advertising gave a presentation on their work for Efficiency Maine in the last three years. Please refer to their presentation linked to the Trust's website.

7.0 New Business

7.1 Efficiency Maine Wind Working Group

Vrabel explained the group's purpose and the need for the Trust to provide guidance regarding whether the issue should continue to be managed within Efficiency Maine or by an independent stakeholder group.

There was discussion regarding how the grants to this group were awarded. Mermin asked for a report on this issue and information on whether there is dedicated funding for this work group.

Follow-up: Atwell, Mermin and Lee will gather information in preparation for next week's board meeting.

7.2 Hallowell Heat Pumps Tour

Lee and Tietenberg are touring Hallowell International in Bangor on March 4, 2010. Hallowell is a manufacturer of high efficiency air-source heat pumps. Other board members are invited to attend. Contact Lee if interested.

7.2 RGGI Trust Meeting

Tietenberg announced that the next RGGI Trust meeting would be held at 2:00 p.m. on Wednesday, March 3. This meeting will consist of a panel discussion on carbon accounting.

8.0 Public Comment

No public comment offered.

9.0 Next Meeting Agenda

Wednesday, March 3, 9:30 a.m. to 12:30 p.m.
Maine Public Utilities Commission Office, Hallowell

- Executive Director
- Triennial Plan
- Wind Working Group
- Updates: Transition, Forward Capacity Market, and IT Work Groups

10.0 Adjournment

ACTION: Upon a motion duly made (Mermin) and seconded (Atherton), the Board voted unanimously to adjourn the meeting at 12:30 p.m.