

Efficiency Maine Trust
Board Meeting Minutes
February 27, 2013

Trust Board Members

James Atwell, Chair	Patrick Woodcock
Al Hodsdon, Vice-Chair	John Gallagher
John Rohman	Glenn Poole
General Brent Boyles	Naomi Mermin

Efficiency Maine Trust (EMT) Staff:

- Michael Stoddard
- Connie Packard
- Anne Stephenson
- Elizabeth Crabtree
- Dana Fischer
- Andy Meyer
- Ian Burnes

Other Attendees:

- Beth Nagusky, ENE
- Kathy Billings, Bangor Hydro
- Adam Gifford, Conservation Services Group
- Dylan Voorhees, NRCM
- Lisa Smith, Governor's Energy Office
- Representative Roberta Beavers
- Representative Deane Rykerson
- Irene Scher, OPOWER
- Ann Goggin, Goggin Energy

1.0 Welcome and Introductions

Mr. Atwell called the meeting to order at 9:35 a.m. The Board and attendees introduced themselves.

2.0 Approve Draft Agenda and Minutes

ACTION: Upon a motion duly made (Mr. Rohman) and seconded (Mr. Poole), the Board voted to unanimously approve the draft agenda with minor revisions suggested. The minutes will be revised on page five to clarify that the action approved the recommendations of the Strategic Planning Committee. Page seven, section v. will be modified to reflect that the slate included the actions listed in sections ii, iii, and iv above.

The revised minutes were unanimously approved.

3.0 Public Comment

3.1 Ms. Nagusky congratulated the Trust on a job well-done with the PUC decisions on the long term contract and the Triennial Plan. The result was a favorable decision from the PUC although the written decision on the Triennial Plan has not yet been published. Ms. Nagusky shared that ENE will be advocating on behalf of the PUC recommendations when they move to the legislature.

4.0 Executive Director Report

Mr. Stoddard began his report by sharing that the PUC deliberated a week ago on the Triennial Plan. The PUC approved the Triennial Plan and suggested a funding level with more conservative assumptions on energy costs, discount rate, and energy savings. The suggested funding level is about three-quarters of the MACE funding documented in the Triennial Plan. The PUC approved the long term contract two weeks ago; the contract is now pending in front of the legislature. Mr. Stoddard commented that the two approvals were the culmination of a long process by the board and staff and Elizabeth Crabtree and Ian Burnes should be recognized for the effort they put into the PUC filings.

Mr. Stoddard then mentioned that he recently briefed the Energy, Utilities, and Technology committee about how EMT has deployed RGGI funds. The briefing was in response to proposed RGGI reforms. If those reforms are enacted as drafted there will be a forty-five percent reduction in the number of carbon allowances. Mr. Woodcock commented that RGGI reforms are projected to double RGGI revenues for the state and are projected to reach twenty million dollars by 2020.

Mr. Stoddard explained that there is currently a circuit breaker in place that would limit the RGGI revenues directed to EMT. EMT funds would likely total thirteen to fifteen million dollars annually and any additional proceeds would be rebated to customers. Mr. Atwell asked if the reforms change who pays in to the RGGI system. Mr. Stoddard clarified that the reforms are limited to the number of auction allowances.

Mr. Stoddard then shared that a revised copy of the FY 2012 Annual Report as well as the 2012 Year in Review.

Mr. Stoddard's briefing shifted from government affairs and communications to program highlights. He began by sharing that the Multifamily Program is going well and will be featured at the March board meeting. Mr. Atwell asked what company was acting as the program delivery partner. Mr. Stoddard answered that TRC and the Sparhawk Group were managing program delivery. Ms. Mermin added that she was pleased that the Multifamily Program was using so many home performance contractors as Qualified Partners.

Mr. Stoddard briefed the board on the lighting program which now includes LEDs. Currently Lowe's offers an omni-directional light bulb for just five dollars. Just six

months ago they were over twenty dollars. Mr. Stoddard mentioned that the remainder of the program updates will be delivered by the program officers later in agenda.

Mr. Stoddard shared that financial reports were delivered to the Finance Committee last week and that all activity is on track. The finance committee is working with the staff on a few mid-year adjustments. There will be about twelve RFPs issued over the next few weeks.

Mr. Stoddard closed his briefing by sharing that there are a number of EMT related topics upcoming at the legislature. One of them is a possible modification to the statutes regarding how RGGI funds are allocated. Mr. Stoddard then asked Mr. Woodcock to share the Governor Energy Office's proposed legislation to modify the RGGI funds. Mr. Woodcock shared that the Governor's Energy Office is drafting legislation to dedicate a portion of RGGI revenues for homeowner heating projects which could include everything from air sealing to upgrading fuel systems.

5.0 Committee Reports

a. Finance Committee

Mr. Boyles shared his report on the Finance Committee's meeting on February 21, 2013. Two motions require action from that meeting.

i. APPROVE budget transfers and budget adjustments

The following **budget amendments and transfers** are recommended for approval by the Finance Committee:

- That \$750,000 be transferred from the Conservation Fund Single family program to the Multi-family program and the CSG contract be modified accordingly.
- That \$478,000 be transferred from the ARRA SEP Workforce Development Program to Retro-commissioning.
- That \$60,000 be transferred from the Conservation Fund NEEP program to Independent Program Evaluation.
- That \$641,141 be transferred from the ARRA Better Building Grant BOC program to Residential Direct Install Program and the CSG contract be modified accordingly.
- That \$435,210 be transferred from the FCM Refrigerator Recycling Program to the Lighting/Appliance Program.

The following **budget additions** are recommended for approval by the Finance Committee:

- That \$500,000 be added to the FCM Interfund transfer line to be funded from fund balance.

- That \$475,000 be added to the RGGI Interfund transfer line to be funded from fund balance.
- That \$247,000 be added to the Natural Gas Business Program to be funded from fund balance.
- That \$30,000 be added to a new fund for the USDA RBEG grant to be funded from USDA revenues.
- That \$350,000 be added to the Renewable Resources Solar/Wind Program to be funded from fund balance and that an additional \$350,000 be added to the Conservation Services Group contract.
- That \$130,000 be added to the Renewable Resources Demonstration Program to be funded from fund balance.

Mr. Rohman asked if the budget additions were related to the budget transfers. Ms. Packard answered that they are two different proposals and separate transactions. Mr. Woodcock asked for a brief overview of the budget changes. Mr. Stoddard answered that most of the changes recommended by the Finance Committee are clerical modifications to reflect unspent funds by sub-grantees. EMT is redeploying unspent funds to programs that will spend them in full.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Rohman), the Board voted to unanimously approve the budget amendments and transfers and budget additions with the list or actions read in to the minutes of the meeting from the memos submitted by Ms. Packard.

ii. APPROVE Trust policy amendment on Travel and policy on Contributions

Mr. Boyles shared that the travel policy is a long document and that the changes to travel and contributions are highlighted on page ten. With the recent adoption of M.S.R.S. Title 5 §12022, the Trust needs to amend its policy to include language requiring that travel, meal and entertainment costs be budgeted and accounted for separately. In addition, the travel, meal and entertainment budgets must be approved separately by the board and staff is required to report to the board on those costs.

Ms. Packard clarified that the only reporting requirement is that staff reports to Board and annually to the legislature. Mr. Stoddard clarified that this rule applies only to sponsorships or memberships; for example, EMT is a member in a number of chambers of commerce. If EMT was to co-sponsor a conference and share costs it would fall in this category of reporting.

Ms. Mermin shared that EMT has been very conservative on sponsorships and travel and that energy efficiency is a fast-growing field. It would be unwise for the EMT staff to be penny-wise and pound-foolish and miss important opportunities to learn of innovations from other states. Ms. Mermin expressed that hope that this policy will not prevent EMT from participating in conferences or remain on the cutting edge.

Mr. Woodcock asked that the total amount of EMT spending on contributions and travel be submitted for the next board meeting.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Poole), the board unanimously approved the proposed changes to the travel policy.

b. Program Reports

i. Maine Housing LI Weatherization Assistance Program

Ms. Bean from Maine Housing briefed the board on the Low-Income Weatherization Assistance Program. Ms. Bean described that there were no substantive changes from the 2012 state plan and that Maine Housing has had a challenging time crafting the 2013 plan without firm funding numbers from the Department of Energy. Having a completed plan will enable Maine Housing to be eligible for Department of Energy funds that might not otherwise be available; Maine was one of twenty programs that received funding in 2012.

Ms. Bean indicated that the multifamily policy has been updated, as well as the cap for funding for renovations per unit. The program will be delivered in the same way via CAP agencies. The CAPs have now adopted the ECOS software.

Ms. Bean invited board members for their input either in a letter or at public hearings on the plan. Ms. Mermin asked Ms. Bean to clarify the multifamily policy as it has historically been a challenging aspect of program administration. Ms. Bean explained that the current policy allows for weatherization in multifamily buildings where there is a direct benefit to the tenant, and where the tenant does not receive a utility allowance. Two-thirds of building tenants must be low-income for the building to be eligible for weatherization measures. Funding for the project is proportional to the percentage of the building occupied by low-income households. Ms. Mermin asked if the policy was consistent with the changes proposed a year ago. Ms. Bean responded that she believes so.

Mr. Woodcock added that Maine has a terrific reputation in Washington for how WAP funding is spent. The Governor's Energy Office is planning to work with the congressional delegation to ensure that Maine is in a position to receive as much funding as possible.

Mr. Woodcock asked Ms. Bean about the metric used to measure the efficiency of homes weatherized as part of the program. Ms. Bean replied that all installed measures have an SIR greater-than or equal to one. Mr. Woodcock asked how homeowners are being educated about additional weatherization opportunities and if homes were being rated as part of the weatherization process. Ms. Mermin replied that the data collected through ECOS could fulfill the data points of any number of energy labeling or scoring systems but that no one energy label has been adopted by the majority of the market. Ms. Mermin added that EMT's air sealing direct install program demonstrates big savings for small investment and could be an opportunity to serve families who are at the bottom of the Maine Housing list. Mr. Hodsdon added that blower door testing before and after a weatherization project is a quick and useful reference point. Mr. Woodcock added that if the state weatherization policy is to weatherize all homes by 2030 we should define what the energy reduction per home with a rating system, whether HERS or DOE.

Mr. Woodcock then asked Ms. Bean if bids for weatherization work are submitted annually. Ms. Bean replied that most CAP agencies bid out the projects annually although two CAPs have installation crews in house. Those organizations go out to RFP for weatherization materials. Mr. Atwell asked the board how they would like to approach submitting comments. Ms. Mermin commented that the board has historically submitted a letter. Mr. Stoddard invited the board to share comments with the staff and a letter would be compiled in advance of the next board meeting.

ii. Air Source Heat Pump Pilot

Mr. Meyer presented on the pilot program with Bangor Hydro and Maine Public Service to offer a \$600 rebate on high-efficiency ductless heat pumps and offer on-bill financing for the remainder of the project costs. The pilot has been very successful and all rebates have been reserved.

Mr. Meyer shared with the board a presentation created for Bangor Hydro by their evaluation team, EMI. While the evaluation is not yet complete, the preliminary study has determined that many homeowners have a number of questions about the technology. Some are still unaware about the technology. If it the pilot were to be expanded, a statewide program would need to be paired with a significant informational campaign. Preliminary research by the evaluation team has revealed that most

homeowners discovered the pilot program through utility bill inserts. About eighteen percent of pilot program participants have taken advantage of on-bill financing.

Mr. Atwell asked how much heat pumps cost. Mr. Meyer answered that a supplemental heat system that would be installed in one room costs about \$3500. Mr. Woodcock asked which systems have been approved for the program. Mr. Meyer answered that approval is not by brand but rather the ENERGY STAR guidelines of HSPF greater-than or equal to ten based on AHRI testing. Mr. Hodsdon added that new heat pumps feature variable frequency drives which greatly increase operating efficiency. Mr. Meyer added that current models have more efficient compressors and use a refrigerant that operates more efficiently in the winter.

Mr. Poole asked if Bangor Hydro has a location where homeowners can look at an installation. Ms. Billings answered that there is a demonstration unit at the Micmac Farm in Presque Isle. Mr. Rohman asked if the program should be continued. Mr. Meyer replied that preliminary findings indicate that it should be part of our program mix but the evaluation team has not yet determined the cost effectiveness of the technology. Ms. Mermin asked if program participants are also receiving weatherization services at the same time. She also asked if the heat pumps installed in the low-income weatherization program are replacing air conditioning units. Mr. Meyer answered that homeowners get information about other Efficiency Maine programs when they receive their rebate check. And the low-income weatherization program is seeing a reduced summer peak load from replacing air conditioning units with air source heat pumps. Mr. Poole asked if ISO is recognizing these installations. Mr. Burnes answered that we are not reporting on this program but that heat pumps installed in commercial spaces are already reported to ISO.

Mr. Woodcock asked if there was a way to continue the program without a break in the funding. Mr. Stoddard answered that the pilot rebates are exhausted and that there is traditionally a lag between a successful pilot program and full program implementation. Evaluating the heat pump pilot will be part of the FY 2014 budget planning process. Mr. Atwell commented that some EMT funds can only be used for specific kinds of projects. Mr. Stoddard answered that because heat pumps are an electric appliance there is likely more flexibility in which funds might be directed to a program. Ms. Mermin suggested that the next Strategic Planning Committee meeting consider all of the innovation pilots to determine which pilots might be transitioned into EMT programs. Adding a heat pump program should be evaluated in the context of other programs and their cost effectiveness.

iii. Large Customer Program

Mr. Burnes briefed the board on the large customer program including brief examples of combined heat and power, variable frequency drive, lighting projects, and process enhancements funded by the program. Mr. Burnes shared that a review team is currently evaluating the five and a half million dollars worth of projects submitted as part of the last RFP for large customer projects; about ninety percent of the current funding for the program comes from RGGI revenues. Mr. Burnes shared that there are a number of eligible businesses that have not submitted projects that could be targeted if more funds were available.

Ms. Mermin asked about where the current projects will fall in EMT's bid into the Forward Capacity Market. Mr. Burnes answered that EMT has already bid for FY 2014 but the projects under review would be included in the FY 2015 bid. All projects generate roughly an additional two dollars per kW/month of FCM revenues. Ms. Mermin asked if the projects were evaluated not simply by \$/kWh but also their ability to reduce peak demand. Mr. Burnes answered that the lighting projects were especially effective at reducing winter peak demand. Mr. Woodcock mentioned that a number of other states use loans rather than direct grants for large customers and asked if EMT has explored loans. Mr. Burnes answered that loans have been more successfully offered by state energy programs and that most rate-payer funded programs use direct grants. Mr. Stoddard added that the long-term contract proposal included a financing option and will be used to determine how financing might be used to complement grant incentives.

iv. Air Sealing (Residential Direct Install)

Mr. Fischer presented the current status of the RDI program. Currently 2,300 households have participated in the program with fifty-two contractors and energy advisors supplying services. The incentive includes \$600 for a minimum of six hours of air sealing for homeowners after they've received an energy audit. The program has served all segments of the population and includes a greater diversity of housing types than the HESP program. EMT is gathering a lot of information about the housing stock as part of the program and we're learning that most homes participating in the program are under-insulated. Homeowners participating in the program are immediately eligible for PACE loans if they meet the borrower criteria.

Mr. Atwell asked that a copy of Mr. Fischer's presentation be shared with the board so that they could better study energy saving numbers. Mr. Stoddard added that the program has positively impacted home performance businesses and that most are using the program as a way of

selling additional energy services. Many have expanded their businesses. Mr. Stoddard shared that Dave Ireland Builders, LLC has expanded from eight full-time employees to twenty-seven as the business has transitioned away from new construction to weatherization services. Mr. Hodsdon asked if many new construction projects have come through the program and if they are meeting MUBEC requirements. Mr. Fischer answered that they are processing mostly pre-existing homes and that he has no data on MUBEC.

c. Legislature

Mr. Stoddard suggested that because the group was short on time that the legislative update should be limited to information from Mr. Woodcock on the proposed changes to RGGI. He suggested that other legislative issues be referred to the next Strategic Planning Committee meeting. Mr. Woodcock explained that the Governor's Energy Office hopes to direct forty percent of RGGI funds to mitigating residential heating costs by installing energy efficiency measures and upgrading heating systems. Mr. Woodcock also added that the office is exploring RGGI funds to offset the SBC levied on the business sector. Mr. Woodcock added that he would share the presentation he delivered to the Energy, Utility, and Technology Committee with the board and that the office plans to introduce the bill later this month. Mr. Woodcock invited the Board to offer feedback on the bill.

6.0 New Business

There was no new business presented to the Board.

7.0 Next Meeting Agenda

ACTION: The Board set the date to meet on March 27th at 9:30 a.m.

8.0 Adjournment

ACTION: Upon a motion duly made (Mermin) and seconded (Poole) the Board voted unanimously to adjourn at 12:00 p.m.