

Triennial Plan II: Straw Proposal INNOVATION PROGRAM

**Stakeholder Input Meetings
July 2012**

07-26-2012



Opportunity

- **Piloting**

- New technologies are constantly emerging
- Program designs or strategies that may be novel to EMT

- **Prior to committing significant resources, pilots enable EMT to:**

- Assess technologies or initiatives
- Solidify projections of costs and benefits
- Facilitate mid-course corrections
- Generate data, lessons that can be used to promote subsequent full scale programs
- 2 — Improve program design and delivery strategies



Opportunity

■ What this is not for:

- Pre-commercial technology
- Well-established technology in well-established uses
- Technology or programs that do not pencil out to be cost-effective (or that do not have a strong likelihood of being cost-effective at scale)
- Technology or programs that have very limited potential:
 - To serve a significant market demand
 - To achieve energy savings
 - To be eligible for sustained funding in the future

Recent Experience

■ Rounds 1 and 2

- “Open Season” -- Wide range of proposals received
- Awarded:
 - Apartment building CHP system
 - 2 Smart Meter customer dashboard applications

■ Round 3 (May 2012)

- Targeted objective: emerging alternatives for space and water heating
- Allows “apples to apples” comparisons
- Awarded:
 - Supplemental Heat Pump pilot in BHE territory
 - Heat Pump Water Heater pilot



Challenges

- Funding is limited:
 - FY13 Budget is \$300,000 – limited to electrical efficiency
 - Lack of “fuel neutral” funding now restricts ability to be “ready” with innovative thermal initiatives if other funding is secured
 - Too much focus in an RFP may reduce exposure to innovation
- Risks
 - non-cost-effectiveness
 - implementation failures
 - insufficient focus on evaluation of lessons learned
- Predictability for vendor community to prepare bids



Budget / Revenue

- FY 13 Funding sources:
 - \$200,000 electric SBC
 - \$100,000 FCM
- Majority of initiatives will be electrical efficiency going forward
- Appears incompatible with RGGI Fund requirement to fund measures having the highest cost-effectiveness



Metrics

- **Evaluating Success**
 - Measurable energy savings?
 - Likely to be cost effective?
 - Scalable?
 - Market acceptability?
 - Others?

Staff Recommendation

- Continue to offer Innovation Program using competitive RFP process
- With the limited, “base” budget,
 - focus on electrical efficiency measures
 - prioritize technologies, measures, programs that are identified as likely “next steps” due to high need and high potential for EM / Maine energy markets
 - as budgets increase, program funding should increase proportionately, up to \$500,000 per year
- Tailor RFP to match funding sources

Questions for Stakeholder Input (1)

- Should EMT continue to offer the Innovation Program?
- Assuming we continue it:
 - What should be the objective(s)
 - Should there be a minimum budget amount/percentage?
 - Should there be a maximum budget amount/percentage?
 - Should EMT focus the RFPs or have open season? If targeted, should it focus on:
 - technologies?
 - program areas?
 - Customer segments?



Questions for Stakeholder Input (1)

- What topics/focus should Staff consider for future Innovation Program RFPs?
- Should there generally be just 1 round of RFP per year, or more than 1?

Please Share Your Ideas:

Send Written Comments to:

Email – efficiencymaine@efficiencymaine.com

Post – **Triennial Plan Comments**
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Latest that comments will be considered is August 15.