

## Efficiency Maine Trust

**Board Meeting  
January 20, 2010**

**Meeting Minutes  
Approved: February 3, 2010**

**Date:** Wednesday, January 20, 2010  
**Time:** 1:00 p.m. to 4:00 p.m.  
**Location:** Worster Room, PUC Offices, Hallowell, ME

**Attendance:**

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

**Other Attendees:**

- Bruce Harrington, ERS
- Linda Pistner, Chief Deputy Attorney General
- Eric Belliveau, Optimal Energy
- Philippe Dunsky, Dunsky Energy Consulting
- Bruno Gobeil, Dunsky Energy Consulting
- Stephen Ward
- Charlie Woodworth
- Judy Katzel, Burgess Advertising
- Kathy Mockler, Burgess Advertising
- Dirk Faegre
- Todd Griset, Preti Flaherty
- Steve Robinson, GDS Associates
- George Gantz, Unitil
- Thomas Palma, Unitil
- Cheryl Shattenberg, Community Concepts
- Michael Stoddard
- Dylan Voorhees

**1.0 Approve Draft Agenda and Minutes**

The meeting convened at 1:05 p.m.

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

**ACTION:** Upon a motion duly made (Mermin) and seconded (Atwell) the Board voted unanimously to approve the minutes of the January 6, 2010 meeting.

**2.0 Executive Session (Director Search update)**

**ACTION:** Upon a motion duly made (Atwell) and seconded (Tietenberg) the Board voted unanimously to enter Executive Session at 1:10 p.m.

**ACTION:** Upon a motion duly made (Lee) and seconded (Atherton) the Board voted unanimously to end the Executive Session at 1:30 p.m.

### **3.0 Other Business**

**ACTION:** Upon a motion duly made (Lee) and seconded (Atherton) the Board voted unanimously to modify the request to the PUC for the transfer of funds to the Trust account from \$550,000 that was approved at the December 21, 2009 Board Meeting to \$125,000.

### **4.0 Work Group Updates**

#### **3.1 IT Work Group**

Lee provided an update on the work of this committee. After informational calls with several IT professionals, McCormick is putting together a matrix on IT needs. The Work Group has additional information gathering calls scheduled for the week of January 25 and will report to the Board at the next meeting.

#### **3.2 Governance Work Group**

There was no new information to report from this Work Group.

### **5.0 Triennial Plan Development**

#### **5.1 General Update**

Mermin gave a status report of where the members are in the Triennial Plan development process. At the February 3 Board Meeting, the Board must be prepared to provide the consultants with final parameters to allow them to go forward with preparing the plan, including a range of funding levels. The schedule calls for delivery of a draft Plan on March 1.

#### **5.2 Commercial and Institutional Programs**

The Board continued the discussion of Commercial and Institutional (C&I) programs from the previous meeting. Board members asked questions of the Efficiency Maine staff present at the meeting on the existing C&I programs.

Given the Efficiency Maine Trust's legislative mandate for "cross fuel integration," Mermin asked whether Efficiency Maine has a plan to move direct install and custom programs to all fuels. Brautigam and Crabtree responded that \$2 million of the ARRA funding for commercial grants was allocated for renewable energy projects. Efficiency Maine is currently reviewing the 30 applications received in the first round, and should be making the awards soon. They will also likely request a second round of applications. Mermin asked about the screening criteria; Crabtree responded that the program is

ARRA-funded and, therefore, the awards are based on the project's economic impacts, jobs created or saved, and energy savings per grant award dollar. Efficiency Maine uses a conversion factor to estimate energy savings from different fuels to a common unit.

In response to a question from Atwell, Crabtree explained that she would have expected more than 30 applications, but that the Request for Applications (RFA) was issued at the same time as the Large Impact Grant RFA. She expects to see more applications in the second round.

Belliveau noted that you need to "hunt" for customers to get deep savings. Brautigam added that the 50/50 match may have been a barrier to applicants in this economy. He believes that the \$2 million allocated to this program will be awarded to good projects by the second round.

Mermin asked whether renewable fuels projects applied for grants. Crabtree indicated that the proposals covered a wide range of projects, including renewable fuels.

Tietenberg added that it matters whether the BTUs saved in these projects reduces the peak consumption or the overall carbon emissions. He also noted that this difference would be reflected in the societal benefit test. "All BTUs are not the same."

Harrington noted that the ERS team's program only covers electric efficiency because it is funded through the PUC, not the ARRA funding. The ERS "walk throughs" identify possible improvements, but do not constitute a full energy audit because the scope is limited to electricity. Assessment of potential savings for other fuels was not part of the original program design and delivery. Vrabel noted that the delivery team is measured based on electricity savings only, not all fuels. Commercial energy audits are available through a separate contract.

Ward asked about the [Avoided Energy Supply Component Study](#), conducted by Synapse Energy Economics Inc., and whether that data would be used to evaluate projects. Discussion by Harrington and Tietenberg followed.

Belliveau he believes that even if you include all fuels in a direct install program, non-electric efficiency is likely to represent a small portion of the total energy reduction. Lighting is going to be the largest portion of the savings. Small businesses face unique barriers to implementing efficiency measures. For example, many small businesses lease their space and landlords may not want to install improvements.

### **5.3 Residential Programs**

Philippe Dunskey and Bruno Gobeil of Dunskey Energy Consulting presented a summary of residential energy program design. Refer to the PowerPoint presentation linked to the Efficiency Maine Trust website. The presentation was divided into sections. These notes are organized to cover the questions and discussion on each section.

## **Part 1: Existing Program Coverage and Gap Analysis**

McCormick noted that some data shows that greater than nine-percent additional savings could be achieved with consumer education/behavioral programs, and that these should be coupled with incentives.

Lee noted that the presentation did not include much information on renewables. Dunsky said that they weren't sure where to 'house' it in the table, but that it is on their radar screen. Discussion followed on the cost effectiveness and pay-back periods for alternative energy sources.

Brautigam noted that a chart in the Dunsky presentation shows high potential savings opportunities for residential retrofits, but that it doesn't list many additional measures beyond existing programs. Dunsky explained that additional savings would be from increased volume.

Early Replacement and Retrofit can work together and be very cost effective. They are both under "discretionary opportunities" and would be identified by 'one touch' with the customer with an integrated program.

## **Part 2: Lessons Learned for Non-Low Income Retrofit Programs**

### **Lesson 1: Keep it Simple**

Atherton asked why there is so little experience with mid- to high-income households. Dunsky responded that this is partly because funding has been focused on electricity. He also explained the following reasons why people don't reach higher energy efficiency levels:

- Cost is taken care of in low-income programs but not for other residents.
- There is a certain level of "hassle" for the customer to determine the correct measures to implement, find a qualified contractor, and make the change.
- Energy efficiency is not valued in the marketplace.

Atherton believes that education is missing from A&E firms and that contractors aren't educating their clients.

### **Lesson 2: Be Comprehensive**

Dunsky noted that Maine is facing unprecedented goals and no one has the answer as to how to reach them. He provided information on limited experience from New York, Massachusetts, Connecticut, and Manitoba.

Atwell asked about the following new programs in California:

- efficiency standards for flat screen TVs; and
- a program to limit the draw from lights on the VCR box, etc. but no one was sure if this effort is going forward.

### **Lesson 3: Allies Matter**

Mermin is concerned with pre-selected auditors and contractors from previous programs; the training and certification is often good, but people with good reputations may not bother to take the training and so the best contractors are not eligible for the programs. Is there a serious attempt in the program to value the high quality contractors who are already working in the field? She urged them to include both experience and new training in selecting contractors. Dunsky emphasized the need for follow-up and spot checks, as well as continuing education to assure that the level of training is being reflected in their work.

McCormick is concerned with the high cost of BPI certification (\$600/certification). Maine State Housing Authority's program has been getting high savings without requiring BPI certification by following up with post-installation audits to keep quality high.

### **Lesson 4: Quality Matters**

Mermin's experience with lead poisoning prevention was that the high quality residential contractors were already working and could not justify the commitment to get the certification. Therefore the program may not have achieved the highest quality work that they could have.

Dunsky noted that the conflict of quality vs. volume would be a big challenge for Maine.

### **Lesson 3: No Silver Bullet**

Dunsky referred to a chart of other programs (New York, Massachusetts, Connecticut and Manitoba), their achieved savings, and incentive levels. New York is getting 35 percent savings per participant and is the only program offering incentives to contractors. Although their program costs are high, they provide lower incentives to customers and put money upstream to the contractors for incentives, tools, etc. New York addresses the barriers for contractors to get involved. Mermin noted that this data suggest that the barrier to the customer is the complexity, not the expense.

Participation in all four programs averages 0.2 percent, or 1 out of 500 customers. Maine will need to achieve 5 percent participation per year, or 25 times the participation rates of these programs, to meet their goals.

Mermin asked to what extent the lack of funding limits penetration in these programs. Gobeil said that funding is not a limitation in New York and Manitoba.

Harrington believes that incentive rates greatly effect participation. Other studies in Vermont have linked incentive rates to participation. Dunsky disagrees because in

Massachusetts they are covering 75 percent of the costs and not showing higher participation.

McCormick noted that in Maine the barrier may be the required involvement and time from the homeowner. She would like to see one stop shopping and providing financing so the customer doesn't have to provide up front financing.

New York has a one-stop approach and the auditor is the contractor.

### **Part 3: Conclusion: how to address volume problem?**

Suggestions:

- Build on one stop shopping strategies.
- Employ community-based strategies.
- Begin a direct install program for the residential sector.
- Provide do-it-yourself assistance.

Maine's solution is likely going to require a multi-track approach using all strategies to meet high targets.

Brautigam is concerned that people who receive the "quick fixes" (CFLs, duct sealing, etc.) will think that their house is done and will not install deeper measures. Dunsky agrees that this is a concern but hopes that contractors will be trained in sales and will be able to educate the consumer.

Ward was impressed that 75 percent of the savings in New York were from gas and oil. He asked whether the utility was involved. Dunsky explained that NYSERDA took the lead and was the main channel to get to the customers. Ward said that utilities have been resistant to efficiency programs in Maine.

Tietenberg made the following comments:

- He likes their notion of partnerships and doesn't think that Maine has done enough thinking on this. Where does financing fit into the partnerships? Dunsky agreed that financing is one tool in the toolbox and won't be ignored in the plan.
- He noted the large number of rental units in Maine and encouraged Dunsky to include advice for dealing with this sector in the Triennial Plan. Dunsky noted that larger rental properties are best dealt with as commercial properties. In smaller properties there are differences regarding whether the owner or the tenant pays.

Belliveau noted that the results in New York are clustered geographically. The clusters are generally centered on the location of a successful contractor who is able to explain, sell, and install the measures. Who you put in front of the customer is important.

## 5.4 Public Comment on the Triennial Plan Discussions

- **Cheryl Shattenberg**, Community Concepts. She is a certified auditor and has reviewed contracts from auditors across the state. Contractors may be certified, but do not have the knowledge to perform the work. She would like to see a resource for technical information that could provide assistance when unusual situations are encountered. BPI training is \$1700. It is difficult for companies to lose the time and spend the money for certification.
- **Todd Griset**, Preti Flaherty. He asked whether Dunsky had data on “bang for buck” of residential programs. Dunsky said that it is generally 2 for 1 benefit/cost ratio. He doesn’t have specific data.
- **Michael Stoddard** asked whether New York results were primarily from heating oil or natural gas. Gobeil believes that two-thirds is natural gas. Dunsky will get the specific data to the board.

## 6.0 New Business

### **Jim Brooks: Director of The Bureau of Air Quality, DEP**

Director Brooks would like the Board to support the existing 2 percent cap on the portion of Maine’s annual CO<sub>2</sub> budget being placed in a voluntary renewable energy set-aside for this year, established in accordance with Maine’s CO<sub>2</sub> Budget Trading Program (06-096 CMR 156). The DEP’s position is described in Brooks’ letter to the Committee on Utilities and Energy dated January 14, 2010, recommends.

Brooks needs the Board to authorize the Chair to support this position in writing; however, there was not a quorum present at this point in the meeting because Atwell, Atherton and Kerry had left the meeting for other Trust business. Because the Board can’t act without a quorum, Brooks will report to the Committee that there was not a quorum but that the five members present were in support of the position. The vote will be taken at the February 3 meeting.

## 7.0 Public Comment

- **George Gantz**, Unutil. Tom Palma, Manager of Utility Planning and Design, will be at the next Stakeholder meeting and will be making a presentation.

## 8.0 Next Meeting Agenda

Wednesday, February 3, 9:00 a.m. to noon  
Maine Public Utilities Commission Office, Hallowell

- Report on Stakeholder Process
- Budget direction and other emphasis on the Triennial Plan
- Budget update from Atherton
- Executive Search
- Vote on Brook’s DEP issue on Feb. 3 meeting.

- Alternative Energy
- Industrial Programs

## **9.0 Adjournment**

**ACTION:** Upon a motion duly made (Mermin) and seconded (McCormick), the Board voted unanimously to adjourn the meeting at 4:04 p.m.