

Efficiency Maine Trust
Board Meeting Minutes
January 23, 2013

Trust Board Members

James Atwell, Chair	Patrick Woodcock
Al Hodsdon, Vice-Chair	Margaret Bean for John Gallagher
John Rohman	Glenn Poole

Efficiency Maine Trust (EMT) Staff:

- Michael Stoddard
- Connie Packard
- Anne Stephenson
- Paul Badeau
- Elizabeth Crabtree

Other Attendees:

- Beth Nagusky, ENE
- Tom Rooney, TRC
- Dylan Voorhees, NRCM
- Lisa Smith, Governor's Energy Office

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. Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Rohman), the Board voted to approve the board minutes from November 28, 2012, with Ms. Bean abstaining because she had not attended the November 28 meeting.

3.0 Public Comment

- 3.1** Ms. Nagusky shared that ENE submitted public testimony to the PUC on EMT's Triennial Plan in support of the MACE funding level. ENE also submitted a brief to the PUC with economic analysis on MACE funding levels. Ms. Nagusky also commented that she has been meeting with members of the EUT committee. Ms. Nagusky shared that ENE submitted a bill on transmission and escalating transmission rates.

3.2 Mr. Voorhees commented that the process is going well at the PUC but that it has been rushed. He added that the PUC Staff recommendations for a long-term energy efficiency contract were disappointing. He shared that the commissioners will make a decision on the long-term contract next week. Mr. Voorhees informed the board that NRCM submitted legislation on a comprehensive energy efficiency bill.

4.0 Executive Director Report

Mr. Stoddard began his report by sharing that EMT is coming to a close on the triennial plan and that he is gratified to see the nature of the relationship between the Trust and the PUC. Mr. Rohman commented that Mr. Stoddard has done an admirable job of creating an environment of open dialogue about the strength and weakness of programs and program evaluation. Mr. Stoddard attributed the credit to EMT Staff and consultants for providing careful analysis and conservative assumptions on energy savings.

Mr. Stoddard thanked ENE and NRCM for providing additional studies and testimony on MACE before the PUC. He shared that ENE's expert testimony on how this issue was being handled by other New England states was particularly timely.

Mr. Atwell asked Mr. Stoddard about the PUC's time frame as all interested parties had agreed to an extension. Mr. Stoddard answered that they had added three weeks onto the process and that deliberations should conclude by mid-February.

Mr. Stoddard shared that the EMT has filed an exception to the PUC's staff draft opinion on EMT's request for a contract with utilities for the delivery of energy savings. The contract would allow EMT to fund initiatives in the Large Customer Program, and is the only means of capturing the full cost-effective potential in this sector since the largest customers (taking power at the Transmission and Sub-Transmission level) are both exempt from paying and ineligible to receive funding from the System Benefit Charge (SBC). Mr. Hodsdon asked Mr. Stoddard for an example of the cost per kWh to deliver efficiency projects to this sector. Mr. Stoddard said that the program would cost 3c per kWh which would cover financial incentives to large customers and administrative costs; that price was based on the historical average for the program over the past 3 years. The cut off for the program is 400 kW and above. These customers are paper mills, hospitals, colleges and universities, ski resorts, manufacturing concerns, and other large entities.

Mr. Stoddard shared with the board that half-way through the fiscal year we are on track to hit our program delivery goals.

Mr. Stoddard then shared that the price of natural gas is a hot topic. The low price of natural gas means that the value of the energy savings from efficiency measures involving natural gas is lower than it once was. He shared that the marketplace is already moving to the high efficiency gas fired appliances and that EMT could not claim significant energy savings from fuel switching, for example. EMT is reviewing numbers and the evaluation reports out of Massachusetts and New Hampshire on natural gas efficiency programs; in the meantime, the program is focusing on air sealing as the most cost effective energy saving measure.

Mr. Hodsdon mentioned that we don't want to be in a position to discourage fuel switching and that the many are already switching. Mr. Stoddard wondered if Mr. Woodcock would share his perspective on gas fuel conversion conversations at the state level. Mr. Woodcock shared that the Henry Hub price is significantly different from the actual Maine delivery price, in part because of constraints on the pipeline.

Mr. Woodcock asked if EMT could target natural gas projects during key winter months when the price spikes and there would be greater cost-effectiveness of energy saving measures. Mr. Stoddard replied that they have not looked into doing that for natural gas but are familiar with that kind of tracking for electricity demand projects. With the small size of the natural gas incentive budget, Mr. Stoddard said that it is likely not viable to get more sophisticated with targeted peak use.

Mr. Stoddard then shared results from the air sealing promotion. He argued that \$600 was the price point at which the program was able to get customers interested in energy audits and that customers are then creating a plan to install additional energy saving measures. As the state contemplates weatherizing more houses, the air sealing promotion will have important data on cost-effectiveness and the extent of energy saving measures leveraged through the promotion. Mr. Stoddard added that we have significant evidence that the residential home performance market has grown as a part of this promotion, and that a number of small businesses have been adding additional air sealing professionals as a result of the promotion.

Mr. Woodcock then asked Mr. Stoddard if this project was a result of a competitive grant from the Department of Energy. Mr. Stoddard replied that it is an initiative within Efficiency Maine's Better Buildings Grant which was a competitive grant from the Department of Energy.

Mr. Rohman asked Mr. Stoddard if Bangor Gas had reached the 5,000 residential customer threshold. Ms. Crabtree answered that they are currently around 2,500. Mr. Stoddard added that according to Summit Gas's forecasts it will be three to five years before they hit the 5,000 residential customers.

Ms. Nagusky asked Mr. Stoddard for the preliminary results for energy savings from the air sealing promotion. Mr. Stoddard answered that results are tracked by blower door tests before and after air sealing and that the results are around a 15% reduction in air leakage or 500 CFM₅₀. Dylan Voorhees asked how many of the air sealing projects have are being converted to PACE loans to date. Mr. Stoddard answered that we anticipate knowing more about those numbers over the next 6 to 12 months as homeowners progress to the next project. In the meantime, he added, the air sealing promotion is giving EMT a great deal of additional data on Maine's housing stock and its energy performance. For example, 50% of the homes participating in the air sealing promotion have insulation levels of an effective R-12 or lower.

Mr. Stoddard then briefed the board on the heat pump pilot with Bangor Hydro and Maine Public Service. He shared that participant numbers were down over the holidays but that Bangor Hydro will be making a significant marketing push over the coming weeks. Mr. Hodsdon asked Mr. Stoddard if Efficiency Maine had approached CMP about reconsidering the pilot. Mr. Stoddard answered that CMP pursued a pilot on electric thermal storage units rather than heat pumps.

Mr. Stoddard described the progress to date on the low-income multifamily building. More than 1,200 units have been weatherized to date and the program has installed 300 heat pumps in participating buildings where it has been cost-effective to do so. Mr. Stoddard added that between the multifamily program and the Bangor Hydro pilot, EMT will have significant heat pump performance data to use in future program design.

Mr. Woodcock asked what we know about the air sealing and heat pump installation workforce and how it has grown over the past year. Mr. Stoddard shared that it is a challenge to track because a significant portion of industry activity happens outside of EMT programs and the staff isn't able to track that work. He did add that program managers and their advisory groups are a source of a lot of anecdotal information about the workforce. Mr. Atwell suggested that the energy efficiency workforce may be a topic to add to the agenda for future meetings.

Mr. Stoddard concluded his executive report by welcoming Anne Stephenson to the Efficiency Maine Trust staff as well as sharing his thanks to the board for their condolences and comments about Tim Vrabel's passing.

5.0 Committee Reports

a. Strategic Planning Committee

Mr. Atwell shared that there is not a current chair of the Strategic Planning Committee and suggested that committee assignments be discussed over email.

Mr. Stoddard shared that the motions before the board from the Strategic Planning Committee are all clerical issues.

i. **APPROVE contract amendments for Conservation Services Group re: delivery of Low Income, Electrically Heated Multi-Family Program**

Mr. Stoddard clarified that this is not a new allocation of funds but rather a switch of funds from one contract to another. This switch will enable the program to be implemented like the electric multifamily weatherization program. Both program delivery contracts are with CSG.

ACTION: Upon a motion duly made (Mr. Woodcock) and seconded (Mr. Poole), the board voted to unanimously approve the amendment.

ii. **APPROVE staff recommendation on participation in NEEP EM&V Forum Initiative**

Mr. Stoddard described that the staff has recommended that we do not participate in the NEEP EM&V forum this year. He mentioned that the Trust will continue to participate in NEEP's new technology screening program, but that the staff found less value in the EM&V Forum this year.

He argued that EM&V funds will be better spent on targeted evaluations specific to Maine's programs; to date NEEP's Southern New England-focused data hasn't been particularly useful to EMT's program officers.

Mr. Poole asked if there would be any negative repercussions in our participation with ISO NE. Mr. Stoddard replied that there would be none; EMT is already reporting measurement and verification data in two different forms that are more stringent.

ACTION: Upon a motion duly made (Mr. Rohman) and seconded (Mr. Hodsdon), the board voted to unanimously approve the recommendations of the Strategic Planning Committee.

iii. Staff discussion on RFP schedule for FY14 Programs

Mr. Stoddard explained that EMT is seeking contract services for individual program delivery and program evaluation. There will be twelve RFPs issued in late January or early February. The staff will need board support for bid review in April. Mr. Atwell suggested to Mr. Stoddard that as the RFPs are issued that he email the board to block out program review time. He added that he has participated in some past bid reviews and has found it an enlightening process.

Mr. Woodcock asked about the RFP timeline and if EMT could issue RFPs while the PUC was still deliberating on the Triennial Plan. Mr. Stoddard shared that the PUC deliberations will likely not affect program delivery and design but rather budget amounts and that all RFPs have been crafted to accommodate changes in revenue.

Mr. Atwell added that after the RFPs were issued, EMT could issue an addendum if there were substantive changes based on the PUC's deliberations.

Mr. Stoddard shared that one RFP is closing sooner for the large customer program and that the staff will be soliciting board member support in review of those bids at the end of February.

Mr. Hodsdon commented that issuing RFPs leaves much up to the contractor and that the Trust is sophisticated enough to describe contracts in greater detail, simply soliciting bids. Mr. Stoddard agreed and added that the staff has been having a similar conversation with the legal team. The staff is currently working to evaluate which contracts could be issued as something more closely resembling bids than requests for proposals.

b. Finance Committee

i. APPROVE budget transfers

Mr. Stoddard explained that this motion reflects the decision made above and that future motions will include the approval and the budget transfer.

ACTION: Upon a motion duly made (Mr. Rohman) and seconded (Mr. Hodsdon), the board voted to unanimously approve the transfer.

ii. APPROVE 1-year extension and budget amendment of Macdonald Page contract for audit services

Mr. Atwell suggested that we discuss this and the next three motions and vote on them as a slate. He added that the Finance Committee recommends that the board approve the motions as described.

Mr. Stoddard explained that the Trust had significant personnel changes during the audit season and we subsequently went over budget by \$10,000 as it was necessary to contract for additional audit services. This motion is to add \$10,000 to last year's contract and add 3% to this year's extension.

iii. APPROVE sole source contract for procurement of radio advertising

Mr. Stoddard shared that the air sealing initiative has shown good responsiveness to advertising. In the past, the promotion has been shared on radio stations across the state. It's been a year since EMT has advertised on WBLM. This request is to spend up to \$25,000 on WBLM. He shared that because this amount was greater than \$10,000 it requires board approval. The staff found that this kind of advertising purchase was less expensive if handled internally rather than using an advertising company to execute the purchase.

Mr. Woodcock mentioned that Bangor Hydro is handling advertising for the heat pump pilot and asked why this campaign was being handled differently. Mr. Stoddard answered that because this is a state-wide program, there is no one contractor or program partner. EMT could in the future consider supporting Residential Energy Advisors in their own advertising. Mr. Woodcock asked if EMT works with contractors on messaging. Mr. Stoddard shared that Program Managers speak with contractors about what's working for their peers, in particular through the monthly webinars. In the past, EMT has sponsored sales and marketing training.

iv. APPROVE amendment of ERS contract for delivery of Non-Transmission Alternative Pilot

Mr. Stoddard shared with the board that bids for the NTA pilot project in Boothbay Harbor will be awarded soon. This budget amendment will allow ERS to deliver these program incentives to Boothbay Harbor-area businesses,

piggy-backing on EMT's current contract with ERS for business program delivery.

Mr. Atwell asked for clarification of how EMT will be reimbursed for these projects. Ms. Crabtree answered that it will be over the next two- or three-years.

- v. **ACTION:** Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Poole), the board voted to approve the slate (the group of actions described in sections ii, iii and iv above) with Mr. Woodcock abstaining from the motion on the Non-Transmission Pilot because he felt he did not know enough about the project since it had been developed and discussed prior to his joining the board.

c. Executive Committee

i. RATIFY Committee approval of staff salary schedule

Mr. Stoddard shared that the Executive Committee approved the salary schedule.

ii. RATIFY Committee approval of amendment to GDS Associates contract for technical support for questions and data requests about Triennial Plan

The PUC had 55 data requests about the assumptions in the triennial plan. Efficiency Maine asked the Executive Committee to add \$25,000 to the contract with GDS for technical support to address these data requests. Mr. Rohman asked where the requests generated. Mr. Stoddard answered that the majority of the questions were from PUC commissioners and staff but some were from other entities including NRCM and ENE.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Poole), the board unanimously approved the two executive committee motions.

6.0 New Business

Mr. Atwell put forward that populating board committees should be addressed. Mr. Hodsdon shared that typically the vice chair has staffed the Strategic Committee and that he would be happy to do so. Mr. Atwell shared that Mr. Boyles will remain the Chair of the Finance Committee.

Mr. Stoddard added that there is a governance committee on the books but it has been moribund of late. More critical has been the ability to establish work groups from time to time. There is currently a Forward Capacity Market Working Group and that it may be

useful to convene a working group on Efficiency Maine's revolving loan fund and whether the Trust might expand its reach beyond residential loans.

Mr. Hodsdon suggested that that conversation might be handled by the Strategic Planning Committee. Mr. Atwell asked about the make-up of the executive committee. Mr. Stoddard shared that it is all four of the board officers and one ex-officio member. Mr. Hodsdon asked if there is currently a board secretary. Mr. Atwell suggested that the board members consider that assignment and circulate committee assignments via email.

Mr. Woodcock volunteered to serve on the Better Buildings/Revolving Loan Fund working group. Mr. Rohman added that he was happy to continue to serve on the strategic committee.

7.0 Next Meeting Agenda

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

Mr. Rohman requested that the staff issue board meeting reminders for the meeting dates for the rest of 2013.

Mr. Hodsdon proposed that the next board meeting address heat pumps and electric thermal storage. He argued that electric thermal storage is not saving energy, merely shifting it, and that the time might be right to share electric heat pump data with CMP. Mr. Stoddard added that Efficiency Maine will be delivering a report on electric thermal storage and electric heat pumps to the EUT Committee and that that initial findings of that report could be included in next month's board meeting. Ms. Nagusky added that ENE recently filed comments on electric thermal storage and that if enough capacity came on-line, their use would no longer qualify for off-peak rates and that Maine could become a winter-peaking load.

8.0 Adjournment

ACTION: Upon a motion duly made (Poole) and seconded (Rohman) the Board voted unanimously to adjourn at 11:36 a.m.