

Efficiency Maine Trust
Board Meeting Minutes
July 1, 2013

Trust Board Members

James Atwell, Chair	John Rohman
Al Hodsdon, Vice-Chair	Doug Smith
David Barber	Patrick Woodcock
Brent Boyles	

Efficiency Maine Trust (EMT) Staff:

- Paul Badeau
- Ian Burnes
- Elizabeth Crabtree
- Dana Fischer
- Constance Packard
- Anne Stephenson
- Michael Stoddard

Other Attendees:

- David Allen, CMP
- Andrew Barrowman, Bangor Gas
- Bill Bell, Maine Pellets Fuel Association
- Kathy Billings, Bangor Hydro
- Cindy Carroll, Unutil
- James Cote, Consultant
- Stacy Fitts, Summit Natural Gas
- Stacy Dimon
- Adam Gifford, CSG
- Ann Goggin, Goggin Energy
- John Hastings, CMP
- Bob Howe, Howe Cahill Associates
- Jim Labreque
- Jerry Livengood, Bangor Gas
- Mike Mayhew, Heliotropic Technologies
- Beth Nagusky, ENE
- Ben Roy, Governor's Energy Office
- Tim Schneider, Public Advocate
- Shireen Shahawy, Vreeland Marketing
- Lisa Smith, Governor's Energy Office
- Dick Spelman, GDS
- Mary Usovicz, Oscomp Systems
- Dylan Voorhees, NRCM
- Steve Ward

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. Hodsdon) and seconded (Mr. Rohman), the Board voted unanimously to approve the draft agenda. Upon a motion duly made (Mr. Barber) and seconded (Mr. Hodsdon) the minutes from the previous meeting were unanimously approved.

3.0 Public Comment

3.1 Ms. Goggin shared a letter from Suzan Elichaa, President of Solaris with the Board. She also shared her own letter and suggested that the Board consider directing RGGI funds towards renewing the solar rebate program. Ms. Goggin mentioned that the solar rebate changes the payback for the average installation from 12 to 10 years, making solar installations more affordable for the average middle-income Maine household. She added that solar rebates are particularly important through 2016 when the Federal Tax Credit for renewable systems is set to expire.

3.2 Mr. Bell shared a letter with the Board encouraging them to consider wood pellet systems as they direct RGGI funds to heating solutions. Mr. Bell mentioned that the legislature approved a bond issue to support wood pellet boiler installations but that it stalled on the Appropriations Table. The pellet industry has a model of a successful incentive program in New Hampshire. Mr. Bell suggested that Efficiency Maine consider supporting a program similar to that of New Hampshire and added that such a program would have a positive economic impact on the Maine economy since virtually all fuel dollars would be spent in the state.

3.3 Mr. Ward shared that he has attended many Efficiency Maine Trust meetings and that today's crowd was the biggest he had ever seen. He congratulated the Board and staff for getting to this point and for their work over the past Triennial period.

3.4 Ms. Usovicz from Oscomp Systems shared that many commercial and industrial customers in Maine are switching to compressed natural gas, at that the conversion costs from No. 6 oil to CNG remain a stumbling block. Ms. Usovicz encouraged the board to include conversion to distributed fuels in their program design.

4.0 Executive Director Report

Mr. Stoddard began his report by tabling the legislative update until later in the afternoon. He then mentioned that it was the first day of FY2014. And while the final program results are not yet in, the staff has pretty good picture of program results. The business program exceeded goals and the natural gas program will have a small carry forward due to a late start in FY 2013. The Department of Energy is considering an extension of the multifamily program's grant period but the program has already exceeded its goals for benchmarks completed. The small business direct install pilot has just begun in Machias and Presque Isle. Mr. Stoddard mentioned that the pilot program is based on a similar program in other Northeast states that brings efficiency incentives and projects directly to small businesses; the pilot is targeting some of the hardest-to-reach areas of the state.

Mr. Stoddard shared that the staff has been working with the University of Maine to pull together potential projects for a large, multi-campus, multi-fuel package of projects to be funded through a revolving fund through the Large Customer Program. The Residential Lighting Program continues to be the biggest saving program and as of the 3rd week of June, it was at 97% of goal for the year. Mr. Stoddard mentioned that the Low Income program has exceeded savings goals and over 2,000 units have been upgraded, many with ductless mini-split heat pumps. Mr. Woodcock asked Mr. Stoddard to clarify if the building owners contribute to the installation costs and who receives the benefit from the increased energy efficiency of the unit. Mr. Stoddard replied that the building owners have not contributed and that the primary beneficiaries of these projects are the grid and tax payers. Mr. Stoddard added that the staff is evaluating changes to this program that would include a customer copayment or greater refinement to the flow of benefits.

Mr. Stoddard completed his executive director's report by mentioning that the Renewable Rebate program funds were exhausted in the last week of June, and installations must be completed by November 30th. The Innovation Program funding round has been completed and three pilot projects will implement energy savings projects through incremental data. The winning teams for these pilot projects include FirstFuel, ecobee and Retroficiency. Evaluation, data analysis, and behind the scene reporting on our programs and the Forward Capacity Market are on-going efforts.

5.0 Committee Reports

a. Program Reports

i. Boothbay Harbor Non-Transmission Alternative Pilot

Mr. Burnes briefed the Board on Efficiency Maine's participation in a Non-Transmission Alternative Pilot that was designed to take peak demand off of the grid in the Boothbay Harbor. The pilot hopes to avoid construction of a costly transmission line. Efficiency Maine's participation in the pilot targeted businesses on the peninsula. After undertaking a survey of energy efficiency opportunities in the area, the pilot team worked with two large electric consumers in Boothbay – Hannaford Supermarkets and Hodgdon Yachts – as well as a number of small, seasonal businesses with efficiency opportunities. Many of these small businesses had energy-intensive halogen and incandescent lamps. These lamps were switched to LEDs, significantly reducing their electric load. The pilot reached these customers through the Qualified Partner network as well as a drop-off of LED fixtures that were installed by the business owners themselves. These LEDs were purchased by Efficiency Maine in bulk and were acquired at a discount price.

Mr. Burnes shared that 87 businesses participated in the program and were supported by 7 local contractors. In total, the pilot acquired 234.64 kW of efficiency resources for \$78.50 a kW year which compares favorably to the

projected cost of the transmission line construction at \$1,500 a kW year. The benefit to participating businesses is calculated at \$144,803 annually, and the lifetime benefit to all Maine electric ratepayers is \$1.08 million. Mr. Burnes concluded by sharing that the full results of the other projects installed as part of the NTA pilot (including renewable and non-renewable distributed generation and demand response) has not yet been shared by the Public Utilities Commission.

Mr. Hodsdon asked about the success of the load shedding for the entire project. Mr. Burnes replied that the full-report hasn't yet been shared. Mr. Barber asked if the LEDs were dropped-off to participating businesses free-of-charge. Mr. Burnes replied that they were dropped-off for free and the pilot team returned to the site to ensure that they were installed. Mr. Voorhees asked if Efficiency Maine was compensated for exceeding its delivery goals. Mr. Burnes replied that Efficiency Maine had been reimbursed for this additional efficiency resource and that the process was illuminating with the Trust. Because there was going to be a penalty for failing to deliver NTA resources, Efficiency Maine was conservative in its bid but was able to exceed the original goals. Ms. Goggin asked Mr. Burnes if LED exit lights were included in the pilot. Mr. Burnes replied that they may have been, but since they are on 24/7, it might not be as effective of a measure for reducing peak demand.

ii. BetterBuildings Revolving Loan Fund

Mr. Stoddard briefed the Board that the staff reported to the finance committee last week that negotiations with the University of Maine have been productive and that there's a strong likelihood that Efficiency Maine can fund energy reduction projects on multiple campuses. Those project costs would be repaid into the revolving loan fund. To date that fund has only been used for PACE/PowerSaver loans but for a variety of reasons, much of the capital remains available for additional loans. In addition to making that pool available for large customer projects, the staff is developing a new loan product that would be more targeted for individual energy projects that would be an easier loan to apply for than PACE and PowerSaver. The application would be less cumbersome and would be a better fit for heating conversion projects. Mr. Stoddard invited members of the board to join a working committee to develop this new loan product, set the term and interest rate. Mr. Boyles, Mr. Atwell, and Mr. Woodcock volunteered to serve on the committee.

b. Strategic Plan Committee

i. Approve Amendment to Contract with Heliotropic Technologies

Mr. Stoddard directed the Board's attention to a memo from Elizabeth Crabtree dated June 19th to amend Efficiency Maine's contract with Heliotropic Technologies. The project exceeded its target but the effort required on-the-ground to implement the program was greater than expected. The additional contract amount will cover additional implementation and reporting work.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the budget amendment and associated program delivery contract amendment.

ii. Legislative Update – Discussion: Pending Omnibus Energy Bill; Potential Impacts on Efficiency Maine Next 6 Months; Planning for Use of RGGI Revenues

Mr. Stoddard began his presentation with an overview of the Omnibus Energy Bill, "Act to Reduce Energy Costs, Increase Energy Efficiency, Promote Electric Systems Reliability and Protect the Environment." Mr. Stoddard outlined the 8 parts of the bill:

- Part A Efficiency Maine
- Part B Natural Gas Pipeline Capacity
- Part C Non-Transmission Alternatives
- Part D Maine's Participation in RGGI
- Part E Streetlights
- Part F PUC Authority, Purpose
- Part G Extension of Heat Pump Pilot
- Part H UMaine Offshore Wind

He then focused his presentation on Part A as it most directly impacts the Efficiency Maine Trust. Mr. Stoddard outlined the change to the energy corridor revenue, which will direct 80% of any revenues derived from the construction of energy infrastructure to the Trust. No revenues have yet been generated from the energy corridor program. The Omnibus bill also included changes to the Triennial Plan provisions in the statute. The Trust is now required to identify all achievable cost-effective energy efficiency savings and the PUC is required to conduct an adjudicatory proceeding to review and fund the cost-effective savings identified in the plan.

Mr. Stoddard also briefed the board on the changes to the targets outlined in the Efficiency Maine Trust Act. These include the following changes indicated in underline: The plan must set forth the costs and benefits of

energy efficiency programs that advance the following goals, and funding necessary to meet those goals: (1) Reducing energy costs, including residential heating costs; (2) Weatherizing substantially all homes whose owners or occupants are willing to participate in and share the costs of cost-effective home weatherization to a minimum standard of weatherization, as defined by the trust, by 2030; (3) Reducing peak-load demand for electricity through trust programs by 300 megawatts by 2020; (4) By 2020, achieving electricity and natural gas program savings of at least 20% and heating fuel savings of at least 20%, as defined in and determined pursuant to the measures of performance approved by the commission under section 10120.

Mr. Stoddard then shared that the statute directs how RGGI revenues are allocated in locates revenues for FY14, 15, and 16. This includes: 50% to “reduce electricity consumption or reduce greenhouse gas emissions and lower energy costs at commercial or industrial facilities”; 35% for “measures that lower residential heating energy demand and reduce greenhouse gas emissions”; and 15% to the PUC to be disbursed to ratepayers. Mr. Stoddard quoted the statute, which reads: “the measures that lower residential heating demand must be fuel-neutral and may include, but are not limited to, energy efficiency improvements to residential buildings and upgrades to efficient heating systems that will reduce residential energy costs and greenhouse gas emissions, as determined by the board.”

Mr. Stoddard also discussed the changes to the electric conservation fund. In July of 2015 the base SBC of .145 mils will be repealed; instead of assessing a base and an additional assessment, the PUC will be required to acquire all cost-effective energy efficiency resources. The Natural Gas Conservation Fund was also changed; the 5,000 customer threshold for participation in the conservation fund has been repealed. The funding level should be the amount necessary to capture all cost-effective energy efficiency. Mr. Stoddard shared that that amount will require analysis; the staff plans to work with the PUC about how to implement this change to conservation fund. Mr. Stoddard concluded by saying that there were a number of other aspects of the bill and that he would confine his remarks to Part A.

Mr. Boyles asked when the Base SBC would be repealed. Mr. Stoddard answered that it would be July 1, 2015. In the meantime, the Base SBC will be assessed and supplemented by Maine Yankee Funds.

Mr. Stoddard then transitioned to a presentation specifically on the RGGI funding directive. Mr. Stoddard began his presentation by saying that the Trust was beginning a process to engage with stakeholders and industry experts to design a residential home heating program. The Trust was looking for input about what should be considered in the program design and legislation. Mr. Stoddard then stated that the Trust staff was aware that there was a lot of interest in making some or all of the RGGI funds available in the

fall for winter heating-season projects and that the process would need to begin quickly in order to implement program design in time. He stated that the staff will create straw proposals of program options for stakeholders and Board members to react and respond to. Mr. Stoddard mentioned that the program could be added to existing contracts for implementation, or the Board and staff may decide to create a new program and create a competitive bid process for implementation.

Mr. Stoddard shared that the Triennial plan assumed there would be no additional funds for residential heating programs, so there is no formal guidance for program design. There is, however, a straw proposal in the Triennial Plan for air sealing and insulation retrofits. That proposal proposed to reach 25,000 and assumed that basic weatherization would cost \$3000/home on average. Mr. Stoddard also shared an alternative scenario where RGGI funds would be used to fill in gaps in Residential Programs including incentives for insulation and heating equipment. Mr. Stoddard then discussed how far the funds would go in different funding scenarios and encouraged the board to consider continuity of programming and fund availability in program design since there are negative consequences for the market when there are gaps in funding. Mr. Stoddard argued that one of the greatest challenges for this program design will be a steady glide of program incentives without gaps.

Mr. Boyles asked if the new funding allocations would apply to the carry over funds from the last fiscal year. Mr. Stoddard said that they did not but he believed the Board was on firm ground should they choose to spend those funds entirely on home heating solutions because of the clear directive of legislative intent of the Omnibus bill. Mr. Barber added that the increased funds in the electric conservation program make directing additional RGGI funds to home heating solutions more feasible. Mr. Stoddard concurred, adding that in past years RGGI dollars had been used to make up for short-falls in electric conservation funding.

Mr. Stoddard then continued by stating that the options outlined were just a way of kicking-off the conversation about the RGGI statute and would be continued in the stakeholder workshop process. He returned to the earlier discussion of a simpler loan product that might also support homeowners pursuing home heating conversions. He continued by sharing those issues that the staff felt must be addressed during the RGGI program design process. These include consistency with the Triennial plan, cost-effectiveness, free ridership, consumer needs, technology and fuel neutrality, and geographic equity. He invited the Board to add other considerations to this list. He also added that the Board will have to consider incentive amounts and how many options we will want to offer to homeowners. Will the program incentives be administered on a first-come first serve basis or will they be allocated for

specific technology solutions (such as 1/3 incentives for air sealing, 2/3 for heating equipment).

c. Finance Committee

i. Monthly Report

Mr. Stoddard shared that the electric and natural gas utilities have been selling more energy and the SBC revenues have increased slightly as a result. This past year saw the organization spending down most of the balances from previous years and ARRA funds, and that the budget is right on target with projections for most projects.

ii. APPROVE Delegation of Authority for Executive Director to Make Budget Transfers within Major Budget Categories

Mr. Boyles directed the Board to a memo dated June 26th from Constance Packard which recommends that the Executive Director to have the authority to make budget transfers up to five percent of the project's budget within the same budget category. Those transfers would take place with consultation with the Board Chair or Treasurer.

Mr. Woodcock asked Mr. Stoddard to clarify how this has been a problem in the past. Mr. Stoddard answered that it is a third quarter challenge. As the staff sees more uptake in some program areas than others, waiting until the next Board meeting to reallocate funds to faster moving programs is cumbersome with the upcoming close of the fiscal year. Mr. Woodcock asked if it would make sense if the authority was limited to the fourth quarter of the fiscal year. Mr. Barber answered that he thought that the authority was appropriate and suggested that 5% of the budget line was a small amount and he would consider it being a greater percentage. He added that it was an appropriate level of program management flexibility. Mr. Woodcock suggested that he would like to add the Director of the Governor's Energy Office to the list of board members consulted on the fund reallocation.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Barber), the Board voted to unanimously approve the delegation of authority with the amendment that the Director of the Governor's Energy Office be added to the list of Board members consulted by the Executive Director.

6.0 New Business

Mr. Woodcock thanked the board for rescheduling to ensure that the meeting took place after the conclusion of the Omnibus energy bill legislation. He suggested that the committees continue to work on RGGI program design to be ready to make some decisions at the next board meeting. Mr. Stoddard added that he and Mr. Fischer will also work with the board sub-committee on residential loan products. Mr. Atwell added that the allocation of the RGGI carry-over from FY 2013 can be a topic for the upcoming finance committee meeting.

Mr. Woodcock asked that the Board consider the design of the Natural Gas Conservation programs as the statute has now expanded the utilities that could participate in the program. He asked if heating equipment, including equipment for low-income households, could be added to the program in addition to the current air sealing incentive.

7.0 Next Meeting Agenda and Scheduling

ACTION: The Board set the date to meet on July 24th at 9:30 a.m. with committee meetings scheduled in the interim.

9.0 Adjournment

ACTION: Upon a motion duly made (Mr. Barber) and seconded (Mr. Hodsdon) the Board voted unanimously to adjourn at 3:44 p.m.