

Efficiency Maine Trust
Board Meeting Minutes
July 24, 2013

Trust Board Members

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

Efficiency Maine Trust (EMT) Staff:

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

Other Attendees:

- Kathy Billings, Bangor Hydro
- Gerry Chasse, Bangor Hydro/Maine Public Service
- Ben Roy, Governor's Energy Office
- Lisa Smith, Governor's Energy Office

1.0 Welcome and Introductions

Mr. Atwell called the meeting to order at 9:30 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. Smith), the Board voted unanimously to approve the draft agenda. Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber) the minutes from the previous meeting were unanimously approved.

3.0 Public Comment

3.1 Mr. Chasse shared that Bangor Hydro and Maine Public Service's heat pump pilot has been a big success. The program has been oversubscribed. Bangor Hydro hopes to extend the pilot program in close collaboration with EMT and explore what a permanent program would look like.

4.0 Executive Director Report

Mr. Stoddard began his report by sharing that the communications office has been busy and that the Board will hear about some of those projects later in the meeting. Mr. Stoddard then shared preliminary year-end information on Business Program results. The results indicate that there were fewer custom projects completed as part of the program in FY13 but this fiscal year EMT will dedicate more funds towards custom projects.

Mr. Stoddard continued by sharing that the small business pilot is now in Presque Isle and Machias but program participation is still lower than the staff would like. Part of the challenge is that the amount of opportunity per customer was less than what the contractor had anticipated and their business model, taken from other states, hasn't fit well in rural Maine. Mr. Atwell asked the name of the contract delivery team. Mr. Stoddard replied that the contract is currently delivered by Lime Energy, the national leader in direct install programs. Ms. Mermin mentioned that MassSaves had a similar problem delivering small business solutions in Western Massachusetts – the cost of efficiency acquisition is very high. Mr. Woodcock asked if this was a program designed specifically for Machias and Presque Isle. Mr. Stoddard answered that it wasn't but the staff wanted to target the pilot in a few regions and those cities had significant opportunity.

Mr. Stoddard shifted to the Low Income program to share that the year-end results surpassed program saving goals and that the program has been the largest driver of heat pump sales in the state. All of the units in the heat pump pilot have been reserved and the question is when the pilot ends and the program starts. Mr. Stoddard shared that there will be a lot of useful information coming out of the evaluation process in November that will help Efficiency Maine make that determination. Mr. Woodcock asked if Efficiency Maine was an intervener in BHE's pilot program proceeding at the PUC. Mr. Stoddard answered that Efficiency Maine was an original intervener in the case and has remained an intervener to be a part of those discussions. Mr. Woodcock suggested that the pilot cases – both BHE and CMP – should be a topic of a future board discussion to ensure that Efficiency Maine is engaged in a way that will make those programs successful.

Mr. Stoddard concluded his briefing by sharing that a continued conversation about the FY14 budget was next on the agenda.

5.0 Committee Reports

a. Finance Committee

i. APPROVE amended FY2014 Budget

Mr. Stoddard directed the Board to a memo dated July 17, 2013 that outlined FY2014 Budget Adjustments. Mr. Stoddard summarized the revenue adjustments including additional RGGI revenues, FCM revenues, and an increase in the conservation funds due to growing natural gas and electricity

consumption. Mr. Woodcock asked if the natural gas conservation fund was on the agenda for discussion at this meeting. Mr. Stoddard answered that it was not, and that the staff hopes to speak with the staff at the PUC soon to the next procedural steps required for the changes in the natural gas assessment. The staff anticipates that the changes to the natural gas conservation fund will result in a budget increase of \$100,000 to \$200,000 at some point during the fiscal year. Mr. Stoddard mentioned that Efficiency Maine has also been having conversations with Summit Natural Gas about how to deliver incentives to their customers so that they choose higher efficiency equipment at the time of conversion. Those conversations about how to deliver a joint program are on-going but have been extremely positive; they offer a model that could be replicated with other natural gas utilities. Mr. Atwell suggested that the Summit discussions and the natural gas program offerings be added to the next strategic planning meeting.

Mr. Stoddard then moved the conversation to FY14 budget allocations. These allocations reflect the RGGI allocation of 35% for residential programs, 50% for commercial and industrial programs and 15% to the public utilities commission. The program design of the residential programs has not been determined, but the budget line is a placeholder until those funds get further allocated. Mr. Hodsdon asked if the \$3.8 million in RGGI carry-over is affected by the Omnibus Bill's directive for RGGI budget allocations. Mr. Stoddard answered that it was not, but that the legislative intent for the use of the RGGI funds is now clear.

Mr. Stoddard directed the Board to a second memo dated July 16, 2013 on options for the RGGI carry-forward. The memo outlines that the allocation to program areas has not reflected the share of load between sectors; residential programs have received 29% of program funds but are about 40% of electric load. Mr. Stoddard continued the interest in residential heating solutions exceeds the current home heating solutions budget and there is a concern that those funds will be exhausted before the end of FY14. Adding the entire carry-forward to the residential budget for FY14, or Option 2, could help alleviate those concerns.

Mr. Atwell shared that the finance committee discussed options for the RGGI carry-forward and decided that adding them to the residential program was the most appropriate use of the funds. Mr. Barber asked Mr. Stoddard to share the staff's recommendation. Mr. Stoddard answered that the long-term contract mechanism that was part of the Omnibus bill gives Efficiency Maine another way to fund the Large Customer Program. Up until this point, RGGI funds were one of the only ways to fund that program. The staff recommends adding the \$3.8 million to the \$3.5 in the RGGI Fund for FY14 and returning to the board in August and September with a program design proposal at the conclusion of the stakeholder process.

Ms. Mermin mentioned that the \$3.8 million is a non-renewable fund and Efficiency Maine should be careful to not send signals to the residential market about program incentives that EMT will not be able to continue moving forward. Continuing existing programs, like the Air Sealing Program, might be more prudent if continuity of funding is the primary goal. Mr. Hodsdon replied that since air sealing was contemplated in Option 2, the funds should be placed in that budget line until the next meeting. Mr. Stoddard added that one way to address Ms. Mermin's concern would be to spread the budget allocation over the next two fiscal years. Mr. Hodsdon answered that he would prefer to not delay the energy savings and that there is significant demand at this time.

ACTION: Upon a motion duly made (Mr. Smith) and seconded (Mr. Barber), the Board voted unanimously to approve the fiscal year revenue and expenditure budget adjustments detailed in the July 17, 2013 memo as well as \$3.8 million RGGI carry-over Option Number 2 detailed in the July 16, 2013 memo to the Board.

ii. APPROVE authorization for Executive Director to amend AFC 1st Contract to service certain unsecured loans

Mr. Stoddard directed the board to a July 23, 2013 memo detailed an amendment to the AFC First contract. The amendment would add two new unsecured loan products that would have less stringent underwriting criteria than Efficiency Maine's current PACE and PowerSaver loan products. PACE and PowerSaver loan products are a good fit for customers with significant equity in their home, or for larger deep retrofit projects. These new loan products would be for smaller projects or equipment replacement projects. The two types of loans are detailed in a table, the Type 1 product is currently offered in Pennsylvania where they have seen about at 1% default rate. Type 2 is projected to have about a 5% default rate. Mr. Stoddard continued by sharing that a 4.99% interest rate would cover Efficiency Maine's administrative costs and the default rate for the Type 1 loans. An 8.99% interest rate would cover administrative costs and the default rate for Type 2 loans.

Ms. Mermin added that she felt that loan products were one of the most important things Efficiency Maine could offer as they support homeowners investing their own money, rather than offering only rebates. Mr. Hodsdon added that we should reward homeowners for making that investment by buying down the interest rate with a loan loss reserve. Ms. Mermin asked how much would be needed for a loan loss reserve. Mr. Fisher answered that \$300,000 would be adequate to cover \$3 million dollars in lending. Mr. Atwell added that buying down the interest rate was a good idea since offering financing is an integral part of the residential programs. Mr. Woodcock echoed his support for residential loan products.

ACTION: Upon a motion duly made (Ms. Mermin) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the contract amendment detailed in the memo from Michael Stoddard dated July 23, 2013 and that the staff should be further directed to set aside a loan loss reserve sufficient to buy-down the loan interest rates to between 4.99 and 5.99%.

b. Program Reports

i. Innovation Program Projects

Dr. Stephenson described the three innovation projects Efficiency Maine launched in July with FirstFuel, Retroficiency, and ecobee. The three pilot projects are designed to help Efficiency Maine learn how interval data can lead to energy measures, help building owners achieve deeper energy savings, expedite commercial building audits, link to smart devices and link to thermal energy saving measures. The ecobee pilot ties interval data to smart thermostats; 200 smart thermostats will be installed in small to medium commercial buildings. The FirstFuel project will measure the energy performance of school buildings, with 25 schools selected for “no-touch” energy audits. The Retroficiency pilot project will work with four building portfolio owners to select buildings for remote assessment and on-site follow-up from a larger building portfolio.

The Board will be updated on early pilot program results as the projects are implemented over the next year.

ii. New Look for the Efficiency Maine Website

Mr. Stoddard introduced the website project by stating that in the early years of Efficiency Maine, the website was managed by contractors. Recently, Efficiency Maine staff has been taking on more and more of the web content and updating tasks.. The move to the new web platform – WordPress – will simplify that updating and content development process. Dr. Stephenson gave a brief presentation outlining the new look and feel of the website and shared upcoming web updates including a revised Residential Registered Vendor locator tool, more resources for homeowners considering heating options, and sector-specific pages for commercial businesses.

iii. Energy Education – Dale Carnegie Training on Customer Service, Marketing, and Sales

Efficiency Maine is sponsoring a series of trainings this fall on customer service, marketing and sales. These workshops are open to Qualified Partners, Residential Registered Vendors, and Multifamily Program Partners. Dr. Stephenson gave a brief overview of the workshop content, including strategic

allocation of marketing budgets, effective use of social media, building customer rapport, gaining customer commitments, improving service quality and resolving conflict.

Ms. Mermin commented that most Mainers experience Efficiency Maine through trade allies and improving their customer service skills is an important way to impact public perception of programs. Mr. Barber asked if he might attend one of the trainings.

6.0 New Business

Mr. Woodcock asked if Efficiency Maine might participate in ongoing conversations about reliability issues in Northern Maine. He suggested that the recent NTA experience in Boothbay Harbor might be valuable for the large businesses struggling with a projected 15% rate increase in MPS territory. Mr. Boyles added that there are about 15 large customers that will be most impacted by the rate increase.

7.0 Next Meeting Agenda and Scheduling

ACTION: The Board set the date to meet on August 21st at 9:30 a.m. with committee meetings scheduled in the interim.

9.0 Adjournment

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Ms. Mermin) the Board voted unanimously to adjourn at 12:05 p.m.