

Efficiency Maine Trust
Board Meeting Minutes

June 1, 2011
Governor Hill Mansion
136 State Street, Augusta, ME

Trust Board Members

Adam Lee, Chair	✓ Dale McCormick
✓ Naomi Mermin, Vice Chair	✓ Ken Fletcher
✓ James Atwell, Secretary	✓ Glenn Poole
Michelle Atherton, Treasurer	✓ John Rohman
	✓ Tom Tietenberg

Efficiency Maine Trust Staff:

- Michael Stoddard
- Karen Bickerman
- Elizabeth Crabtree
- Peter Roehrig
- John Quartararo
- Dana Fischer

Partial List of Other Attendees:

- Steve Ward – Maine Community Action Association (MCAA)
- William Bell, - Executive Director, Maine Fuel Association
- Andy Burt – Maine Partners for Cool Communities and The Green Sneaker Project

1.0 Approve Draft Agenda and Minutes

Ms. Mermin called the meeting to order at 9:40a.m.

ACTION: Upon a motion duly made (Atwell) and seconded (Tietenberg) the Board voted unanimously to approve the minutes, with noted changes, from the April 6, 2011 meeting.

ACTION: The agenda was taken out of order to allow Trustee Fletcher to present the legislative update at the beginning of the agenda. The Board accepted the agenda with the changes to the order of the proposed agenda.

2.0 Executive Director Report

Michael Stoddard, Efficiency Maine's Executive Director recognized the work of Paul Badeau, the new Director of Communications Mr. Badeau has been instrumental in getting the word out about the PACE program to Maine homeowners. There was a positive news story on NBC's affiliate stations, as well as similar stories on MPBN and in the Bangor Daily News.

The Trust announced the selection of the new marketing team of Rinck Advertising (of Auburn), partnering with Cadmus Group, and Marketing Drive, to assist the Trust in its initiatives to raise awareness of Trust programs and the opportunity for Maine consumers to lower their energy costs through energy efficiency. Mr. Atwell asked that a copy of the Rinck proposal be mailed to EMT Board members.

ACTION ITEM: The Board requested Mr. Stoddard to send Trustees a copy of Rinck Advertising's proposal.

On the residential side, as of May 26, 2011, the Trust had committed 100% of its available Home Energy Savings Program funding. Participating Energy Advisors were given notice on May 27 that:

- The final rebate had been reserved
- All confirmed reservations will be honored
- \$15,000 PACE loans are available

Mr. Stoddard said HESP is now transitioning toward a program design limited to education/awareness and loans. We have already initiated a program evaluation of the past year's program activity and will closely track the progress of the new program design.

Mr. Poole noted a statement from the May 4 Board meeting indicating that the process for towns opting in to the PACE program was challenging. Mr. Fischer, PACE Program Manager, said there was a design change made to make the process easier for the towns. However, there is a question on how the LURC territories can opt into PACE. Mr. Fletcher asked that Mr. Fischer notify his office (OEIS) so he may look into the situation.

With five weeks remaining in the fiscal and program year, the Residential Lighting Program is projected to finish the fiscal year at 89,000 MWh of annual savings, or 109% of the 81 MWh goal, while spending only 86% of the budget. The program is on track to nearly double energy savings and sales of CFLs from the prior year.

3.0 Committee Reports

1. Legislation and Rule-making Updates and Discussion

Ken Fletcher, Board member, gave a legislative update. He stated there have been at least a dozen bills this session involving the Trust. One of the bills getting a lot of press attention is LD 1570, the Governor's Bill. Mr. Fletcher reported that one of the objectives of this bill is to lower electricity rates, which are viewed as an impediment to attracting business to, and keeping business in, the state.

Mr. Fletcher also stated that the intent of the bill is to reduce the cost of energy in Maine, which he said is a function of price times usage (quantity of consumption).

Regarding the provision of the Governor's bill focused on the Trust's option of getting Long Term Contracts (LTCs) with the utilities to deliver kWh savings, Mr. Fletcher said the goal is to not end up paying above market rates for electricity. He said that, reading the existing statute, the concept was for the Trust to enter into LTCs to help fund programs, a fine concept that nobody opposes. However, the new bill requires that, if such an LTC should result in an increased assessment on ratepayers, the legislature would have to approve it. Mr. Fletcher said that in return for a longer term commitment, hopefully the ratepayer will not pay above market price, but rather will get some kind of reward for the contract.

Ms. Mermin observed that the biggest increase in electricity prices is associated with the cost of the current and future increases in the utilities' transmission and distribution (T&D) systems, and asked if the Governor is opposed to such new system development. Mr. Fletcher commented that they will be taking a systematic approach to look at all ways to control rates for ratepayers, and noted that in the marketplace, electricity prices on supply side are actually going down and that, as Ms. Mermin observed, the T&D portion is going up. Therefore, this will be one of first steps, in many steps, to look at those things we can control in Maine to make sure we are getting prices moving in right direction. Mr. Fletcher indicated that T&D is on the table, everything is on the table.

Mr. Atwell expressed some concern about comparing Maine prices to other parts of the country where they have cheap coal or federally subsidized power, neither of which is true in Maine or the rest of the Northeast. Mr. Atwell also pointed out that Maine's largest businesses do not pay the same retail rates as other customers in Maine, which should reduce their exposure to price differences with states outside of the Northeast. This is also partly due to the fact that Maine's largest businesses are exempt from the energy efficiency assessments (SBC).

Mr. Fletcher observed that current prices for electricity are 9.88 cents/kWh for the national average and 12.8 cents/kWh on average in Maine. Mr. Stoddard noted that Efficiency Maine has 8 years of data demonstrating that its programs deliver energy savings at an effective price of between 3.5-4.5 cents/kWh. Ms. Mermin asked if there is a desire among policymakers to change the state policy favoring procurement of the lowest cost electricity resource (energy efficiency) for Mainers. She also asked if utilities have to go through a process requiring legislative approval when they seek rates to pay for T&D or other system costs, to which Mr. Fletcher said they do not need legislative approval. Mr. Fletcher offered that nobody is questioning the value of energy efficiency, but the bill reflects questions about the process, and would only require legislative approval for a contract that would call for an increase in the SBC.

It was observed that the proposed bill would have the effect of increasing the costs of procuring the lowest cost electric resource. Mr. Stoddard observed that by changing the process to require review and approval by the full legislature, the LTC process becomes significantly more labor intensive and introduces significant risk. This will raise a question for the Trust as to whether it is worth the expenditure of Trust resources to go through the whole docketed process at the PUC, and then wait 3-12 months for a legislative decision. As a business decision, this may not be worth the resources and risk.

The Board agreed to continue this discussion in the future and to have Mr. Fletcher keep them informed.

2. Finance Committee

a. Committee Report

Mr. Atwell stated that the Finance Committee met on May 24, and discussed the items in Mr. Quartararo's Board memo and the committee agreed to bring these items to Board for its approval.

b. Approve amendment to CSG contract to include additional funding for HESP.

Mr. Quartararo presented this item to the Board and stated that, at its May 4th meeting the Board approved the acceptance of \$162,000 of reprogrammed funds from the Office of Energy Independence and Security (OEIS) or DOE – State Energy Program (SEP) funds. The amendment of the CSG contract for the Home Energy Savings Program (HESP) and reprogramming of the funds was contingent upon approval from DOE. Since that action, staff has been advised, through OEIS, that only \$80,000 is likely to be approved by DOE and the remaining balance will likely not be approved by DOE. Staff requests authority to amend the CSG contract in the amount of \$160,000, and to take the funds from an internal transfer of \$160,000 of administrative funds in the ARRA-SEP grant so that HESP rebates may continue a while longer.

ACTION: Upon a motion duly made (Mermin) and seconded (Atwell) the Board voted unanimously to authorize the Executive Director to execute an amendment to the CSG contract of \$160,000 with the funding to come from the use of ARRA-SEP administrative funds, unless and until DOE acts upon a request from OEIS to use SEP funding, as included in this Board's action of May 4, 2011. Passed

c. Action Item – Approve contract with GDS

Ms. Crabtree, Program Director, presented this item to the Board and stated that GDS Associates Inc. (GDS) currently provides a range of program support functions to Efficiency Maine as a subcontractor to ERS. These functions include ISO-NE Forward Capacity Market support, annual report data analysis, program and measure benefit cost modeling, Technical Resource Manual updates, Qualified Partner website support, and effRT database support and enhancements.

These support functions will be incorporated into a Database and Technical Analysis Support RFP that the Trust will issue this summer. Vermont Energy Investment Corporation (VEIC) is assisting the Trust in the development of the RFP.

These support functions are critical to the operation of the Trust and GDS has agreed to provide the services on a time and material basis until a vendor is selected through

the RFP process. GDS has provided a budget for each of the support functions based upon historical usage, and its current fee structure.

ACTION: Upon a motion duly made (Rohman) and seconded (Tietenberg) the Board voted unanimously to authorize the Executive Director to enter into a time and materials contract with GDS Associates Inc., in the amount not to exceed \$211,500, to provide support services in the areas of ISO-NE Forward Capacity Market support, annual report data analysis, program and efficiency measure benefit cost modeling, Technical Resource Manual updates, Qualified Partner website support, and effRT database support and enhancements. Passed.

d. Action Item – Review of FY12 budget

Mr. Quartararo presented this item to the Board and stated that given that EMT's FY 2012 budget is dependent upon actions to be taken by the Legislature and Governor in crafting and approving the State budget, and given that the State budget has not yet been approved, staff is requesting that the Board defer action on the review and approval of the proposed budget for FY 2012 until after the State budget has been adopted. Staff is requesting that the Board authorize staff to continue to managing the finances of the Trust and spending on authorized programs, under the terms of the current budget, until a final budget for FY 2012 is adopted. The Board could also consider meeting as a Committee of the Whole to review the proposed budget sometime after the State budget is adopted, and approve the final budget after July 1, the beginning of the Trust's fiscal year.

The Board discussed at length the timing of when it should approve the FY2012 budget – before or after the Governor signs the state budget. Mr. Stoddard asked that the Board give staff approval to continue functioning under the FY2011 budget with authority in case the Board does not have another meeting before July 1. The Board agreed to review the proposed budget by a joint meeting of the Finance Committee and the Strategic Planning Committee.

ACTION ITEM: Upon a motion duly made (Mermin) and seconded (Rohman) the Board voted unanimously to defer the review and adoption of the proposed FY 2012 Efficiency Maine Trust budget until after the State Legislature and Governor have adopted a State budget, and to authorize staff to continue managing and spending funds under the terms of the current budget until a final budget for FY 2012 is adopted and to continue spending federal funds consistent with existing grant budgets. Passed.

3. Strategic Plan Committee
a. Committee Report

There was no report from the Strategic Plan Committee.

4. Governance Committee
a. Committee Report

There was no report from the Governance Committee

5.0 New Business

Mr. Stoddard reminded the Board that the Trust staff would be moving the physical office space from 101 Second Street in Hallowell, to 151 Capital Street in Augusta. The move would be on June 18.

Mr. Rohman recalled that at the May 4 Board meeting there was discussion of arranging issue briefings for the Board. Mr. Stoddard indicated that staff was in the process of trying to identify topics and speakers, and is considering a symposium on the economics of energy efficiency.

Mr. Rohman noted that the terms of several of the Board member (Michelle Atherton and Tom Tietenberg) would expire this year and suggested a letter of support for their reappointment. There was a brief discussion to decide whether to gather letters of support for the current members or to have staff draft a letter for the Board to sign.

ACTION ITEM: Upon a motion duly made (Mermin) and seconded (Poole) with an amendment (Atwell), the Board voted to authorize staff to draft a letter to support Board continuity with the Chair signing on behalf of the Board. Ms. McCormick voted no and Mr. Tietenberg abstained. Passed 4:1:1

In other discussion, Ms. McCormick complimented staff on the new PACE brochure.

7.0 Next Meeting Agenda

Staff will decide the next Board meeting date and let the Board know as soon as possible.

8.0 Public Comment

Steve Ward, of the Maine Community Action Program, spoke in support of Mr. Stoddard's suggestion to educate policy makers on the economics of electric power in the state. Mr. Ward believes it is not realistic to bring electric rates down to the national average and that it would be a mistake to have long-term contracting authority subject to after-the-fact legislative authority. The process, which the Public Utilities Commission has, to authorize the Trust to execute a long-term contract is fine, and the process does not need to be redundant.

Andy Burt of the Maine Partners for Cool Communities and the Green Sneakers Project stated she was working in the Camden area with the Trust certified contractors, volunteers, and local energy committees. She was very appreciative of the PACE work done by EMT, and praised Dana Fischer for his work. She also appreciated the effort being shown to bring the LURC unorganized territories into the program.

Bill Bell, Executive Director of Maine Pellet Fuels Association, stated that those folks who opted for pellet fuels and invested in such are doing well. He said that the industry model being

followed is from Austria, where the industry has succeeded in having virtually all new homes being pellet fueled. He discussed the need for Maine to be less dependent on fossil fuels.

To advance that objective, Mr. Bell expressed his hope that the PACE program can assist those who wish to replace existing heating sources with pellet fuels.

9.0 Adjourn

Motion to adjourn (McCormick), seconded (Tietenberg), approved unanimously at 12:10 p.m.