

**Efficiency Maine Trust
Board Meeting Minutes**

June 23, 2010

Worster Room, PUC Offices, Hallowell, ME

Finalized July 20, 2010

Trust Board Members

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

Efficiency Maine Trust Staff/Consultants:

- Michael Stoddard
- John Quartararo
- Jean Guzzetti
- Elizabeth Crabtree
- Linda Pistner
- Cindy Talbot

Other Attendees:

- Aaron Cummings, Irving Forest Products
- Jennifer Puser, OEIS
- Tom Federle, Maine Green Energy Alliance
- Kathy Mockler, Burgess Advertising
- Kendall Kurz, Burgess Advertising
- Judy Katzel, Burgess Advertising
- Stephen Ward
- John Davulis, GDS
- Dylan Voorhees, NRCM
- Sam Nutter, CSG
- Fenwick Fowler, Western Maine Community Action
- Alex Brown, Next Century Energy
- Barbara DiBiase, Next Century Energy and Maine Partners for Cool Communities

1.0 Approve Draft Agenda and Minutes

Vice Chair Mermin called the meeting to order at 9:32 a.m.

ACTION: Upon a motion duly made (Kerry) and seconded (Atwell) the Board voted unanimously to approve the meeting agenda and the minutes of the May 26 meeting. Rohman and Atwell abstained because they were not present at the May meeting.

2.0 Executive Director Report – Michael Stoddard

- **Chief Financial Officer (CFO)**

Stoddard introduced John Quartararo as the new CFO of the Efficiency Maine Trust.

- **Human Resources and Information Technology**

The following Trust employees began work officially on June 14, 2010:

- Jean Guzzetti – Administration and Communications Manager
- Elizabeth Crabtree – Director of Programs
- Tim Vrabel – Strategic Initiatives Specialist
- Andy Meyer – Residential Programs Specialist
- Rick Meinking – Business Programs Specialist
- Ian Burns – Alternative Energy Specialist
- Michael Barden – Grants Administrator
- Joy Adamson – Grants Administrator
- Razelle Carsley – Senior Accountant
- Jackie Archer – Administrative Assistant
- Karen Bickerman – Administrative Secretary
- Lucia Nixon – Analysis and Evaluation Specialist (beginning July 1)

Two additional positions may be added in the near future to support the Retrofit Ramp-up Grant program.

A second Residential Program Specialist position has not been filled at the present time.

- **State Energy Office Designation, Memorandum of Understanding (MOU), Office of Energy Independence and Security**

Stoddard reported that Governor Baldacci sent a letter to DOE designating the Office of Energy Independence and Security (OEIS) as the State Energy Office. An MOU has been signed that clarifies roles and responsibilities of the Trust and OEIS and allows federal funding to flow through OEIS to the Trust. John Kerry will be the official point-of-contact for DOE and Michael Barden from the Trust's staff will be the technical point-of-contract for DOE. Mermin asked that Stoddard share the signed MOU with the Board. Tietenberg asked whether Stoddard was comfortable that the process would be protected subsequent to a change in state leadership after the fall elections. Stoddard replied that he is comfortable and that the legislature would have to change the statute to affect the Trust's responsibilities.

Stoddard circulated a June 22 letter from John Kerry to Chairman Lee requesting that the Trust fund OEIS' two Deputy Director positions out of the State Energy Program funds. (These positions were previously funded through the Conservation Program Fund, which is being transferred to the Trust on July 1, 2010.)

McCormick expressed concern that this funding should have been in the state budget and, although she understands why it is not included, she urged the Trust to express concern regarding funding responsibilities which may fall to the Trust because they are not covered elsewhere. Mermin requested that staff include this issue in the annual report.

ACTION: Upon a motion duly made (Mermin) and seconded (Atwell) the Board voted unanimously to authorize allocation of funds from the Trust's budget from the State Energy Program funded by the federal government to support the OIES Deputy Director positions with an amount not to exceed \$190,000. Kerry abstained.

- **Triennial Plan Docket**

The PUC will hold a special deliberative session to consider and vote on the Triennial Plan on Thursday, June 24. Since the last Board Meeting, the PUC's review consultant issued their report on the Triennial Plan. It praised the goals and high-level program design, but was concerned with the lack of detail. The staff prepared a response for the PUC and stakeholders that: (1) reiterated the Trust's deliberate 'high-level' approach, (2) explained that the plan relies on current Efficiency Maine programs for the first year and that staff will develop specific programs for subsequent years, (3) explained that much of the current budgets are tied up in the ARRA funding, and (4) explained that the Trust Board did not have a staff to assist with drafting the plan.

The reviewers did not believe that the plan was compliant with the funding restrictions of the statute in some areas, such as limits of how much RGGI funding could be used for administrative costs. The staff's response addressed these concerns point-by-point.

The review also commented that there was insufficient budget in the plan for evaluation and monitoring; however, there are provisions in the plan including a full-time staff person and evaluation procedures built into each program design.

Discussion followed on the level of detail compared with other similar plans as well as energy efficiency plans for other states.

The PUC must approve or reject the plan within 60 days of opening the docket on April 27.

- **FY 2010 Budget Amendment**

The Trust's budget for FY 2010 included provisions for a small staff to begin work before July 1; however, because of state pay period schedules, 14 employees were on the Trust's staff as of June 14. There was concern that this situation would require requesting additional budget but the accountants will be able to deal with it and report it correctly. Several things planned for the July 1 cut-off were moved earlier, including transfer of funds.

Mermin asked when a draft FY 2011 budget would be available and Stoddard indicated that it would be on the July 20 Board Meeting agenda.

- **Procurement Policy**

On July 1 the Trust will inherit several grant awards from the RGGI and ARRA competitive RFA's currently being processed by the PUC. The Trust will also inherit specific rules from the PUC regarding contracting; however, the rules rely on the lengthy state procurement procedure, which is not applicable to the Trust because the Trust is not governed by the State procurement policy. To keep the money flowing to recipients in a timely manner, Stoddard and Linda Pistner developed a proposed rule that will allow the Trust to continue the contracting procedure with these grantees. Stoddard circulated the proposed rule and a supporting memorandum to the Trust Board via email on June 22.

Discussion followed on the need for, and conditions of, Emergency Rules. These are valid for 90 days, during which the Trust can begin the process of making a permanent rule.

Mermin summarized the following Findings of Need for the emergency rule, as described on Page 2 of the memo: that the PUC's contracts will not be completed as of July 1, that the procurement rule must reflect the Trust's structure rather than that of the PUC, and that the overriding emergency is getting the funding to the grantees.

ACTION: Upon a motion duly made (Mermin) and seconded (Rohman) the Board voted unanimously on the findings justifying an Emergency Rule.

ACTION: Upon a motion duly made (McCormick) and seconded (Tietenberg) the Board voted unanimously to approve the Contracting Process for Service Providers and Grant Recipients proposed by Stoddard, with the following change:

- add the "Board" to the "Efficiency Maine Trust" in Subparagraph 5C, E, F and G, and

ACTION: Mermin amended the motion to add that the proposed rule be changed to refer to the PUC as the "PUC" rather than as the "Commission." Rohman seconded the motion amendment. The Board voted unanimously to approve the motion amendment.

ACTION: Upon a motion duly made (McCormick) and seconded (Rohman) the Board voted unanimously to begin the full rulemaking process on this matter so that it will be in place when the 90-day Emergency Rule expires.

Mermin asked Linda Pistner to compile a list of rule changes and changes to the Trust Legislation that should be addressed in the future.

3.0 Program Updates

- **Competitive Grant Updates and due diligence**

Ian Burns provided an update on the Large Energy Efficiency and Conservation Program (LEECP) Competitive Grant award process funded by RGGI, EECBG and State Energy Program funds. Grants were initially awarded to 15 applicants. The award decision was appealed in February but the decision of the review Board was upheld. At the present time, the five of the awardees are having difficulty meeting contract requirements. The reasons fall into the following categories:

- inability to meet NEPA requirements
- commitment of private match
- financial assurance

If the contracts are not in place by then end of July, the funding would be rolled into the second round.

Rohman asked the root cause for these difficulties. Burns indicated that most of the issues boil down to ownership changes and the difficulty in getting financing at this time. Atwell stressed that the Trust should be working to solve these issues rather than putting up bureaucratic roadblocks. Stoddard highlighted the hard work the staff is doing to try and guide grantees through the process and that Maine is ahead of the curve and is coming across roadblocks not anticipated by DOE, such as requirements of NEPA and the Davis Bacon Act.

- **Forward Capacity Market (FCM)**

Jean Guzzetti updated the Board on the FCM market. The transfer of FCM responsibilities from PUC to the Trust on July 1 is in place. Regarding membership in ISO-New England, the PUC isn't a member and, given the short timeframe, staff opted to participate in the current auction as a non-member and will continue to explore membership in the future.

ISO-New England requires financial assurance for bidding into the market. Trust staff has arranged for a letter of credit from TD Bank in the amount of \$1,022,467 for one year. The fee is between 1 and 2 percent of the amount. This assurance is required by June 27 and requires Board approval.

Atherton questioned whether ISO-New England is dictating what bank is used and why Camden National was not approached to determine their ability to provide the letter of credit. As TD Bank has been providing this service for the PUC, the staff opted to use them for this first round.

ACTION: Upon a motion duly made (McCormick) and seconded (Atwell) the Board voted unanimously to authorize the Trust to complete a cash-secured letter of credit in

the amount of \$1,022,467 for the period of one year for the benefit of ISO-New England's Forward Capacity Market Program.

The staff is in the process of issuing a Request for Qualifications to hire a consultant to provide technical assistance on future FCM bids.

Mermin requested an update at the next meeting including the cost of the letter of credit.

- **Maine Green Energy Alliance**

The Maine Green Energy Alliance, represented by Tom Federle, is a sub-awardee of the state's Retrofit Ramp-up grant. Their award of approximately \$3 million is aimed at assisting communities with adopting the required legislation and doing outreach and education. They have provided Stoddard with a detailed budget focusing on four communities: Old Town, Hampden, and two communities likely located in Southern Maine. They are piloting marketing and communication tools to see what works, and drafting the model ordinance. Tietenberg asked whether they are working with other organizations such as the 'Green Sneakers' organization, and Federle indicated that they are meeting to determine the best fit of responsibilities.

- **Brainstorm on Summer Promotion**

Efficiency Maine is offering homeowners a \$1,000 bonus for projects completed by August 31. Mermin requested that staff provide information on the marketing plan for this promotion to the Board. She urged all Board Members to bring homeowners into the program and issued a challenge to Board members to see who could bring in the most homeowners.

4.0 New Business

- Atwell requested that the Board and staff schedule a retreat/team building session to brainstorm ideas and generally get to know one another.
- Mermin reminded the Board of the following legislative mandates:
 - 1) There is a clause in the statute regarding coordination with the Maine Housing program and review of an annual plan. She and McCormick will work on this.
 - 2) The Trust must start the non-regulated fuels study group in July as per the Triennial Plan.
 - 3) As was mentioned previously, the trust must develop an outline of necessary rule and changes in the Trust legislation. Pistner will work on this.

5.0 Public Comment

- Barbara DiBiase – Next Century Energy Consulting and Maine Partners for Cool Communities. She urged the Trust to work closer with communities and would like to meet with Stoddard on several issues.
- Dirk Fagre – auditor. He commented that Maine’s ‘building season’ is year-round and doesn’t play much of a role in this process at the residential level.
- Steve Thomas - Kennebunk Energy Advisory Committee: He is concerned that towns like Kennebunk, with a select-person board of government, need an ordinance next week to allow for a vote at their meeting in November. He is also concerned that the Maine Green Energy Alliance’s mission is different from that originally proposed in the grant application; he believes that their work is duplicative of CSG. He is concerned that they are not independent. He noted changes to their website that are a lot like the Efficiency Maine site and that those services are duplicative and only centered in Portland. He noted that Maine is being watched as to how we are using the money.

6.0 Next Meeting Agenda

Next Meeting: Tuesday, July 20, 2010, 9:30 a.m., Room 211, Cross Building, Augusta
An agenda will be compiled before the next meeting.

7.0 Adjournment

ACTION: Upon a motion duly made (McCormick) and seconded (Kerry) the Board voted unanimously to adjourn the meeting at 12:02 p.m.