

# **Triennial Plan II: Straw Proposal Large Customer Program**

**Stakeholder Input Meetings  
July 2012**



# Stakeholder Meetings – Welcome!

## ■ Opportunity to Provide Input

- We encourage questions and comments
- We are asking for your input
- Not a decision making meeting
- In fairness to others, please keep comments on point
- Written materials and comments welcome



# Purpose of Triennial Plan – General Objectives

- Structuring the planning process
  - Enable planners to present program and portfolio plans
  
- Documenting program theory
  - Provide reference document
    - For program managers and as they set targets, review progress, consider adjustments
    - For vendors, contractors
    - For trustees and policymakers
  
- Ensuring accountability and transparency
  - Provide a reference document enumerating
    - metrics
    - plans for evaluation, monitoring, and verification and reporting



# Purpose of Triennial Plan - Statutory

- Provide “integrated planning, program design and implementation strategies for energy efficiency (EE), alternative energy resources and conservation programs”
  
- Govern:
  - Electric Efficiency and Conservation Fund;
  - Regional Greenhouse Gas Initiative (RGGI) Trust Fund;
  - Natural Gas Conservation Fund;
  - Heating Fuels Efficiency and Weatherization Fund
  - “Any state or federal funds or publicly directed funds accepted by or allocated to the trust ...”



# Advancing Statutory Targets

- “It is an objective of the [Plan] to design, coordinate and integrate sustained ... programs that are available to all energy consumers in the State [and] that advance the targets of:”
  - Capturing all cost-effective energy efficiency resources available for electric and natural gas utility ratepayers;
  - Weatherizing 100% of residences, 50% of businesses;
  - Reducing peak-load consumption 100MW by 2020;
  - Reducing consumption of liquid fossil fuels at least 30% by 2030
  - Building stable private sector jobs providing clean energy and EE products and services in the State;
  - Reducing greenhouse gas emissions from the heating and cooling of buildings.

Title 35-A MRSA Sec. 10104(4)(F)



# Program Design

- Program criteria
  - Opportunity
  - Feasible
  - Distribution
  - Cost effective
  - Statutory requirements



# Large Customer Program



# Large Customer Program

## ■ Target

- 50-100 Largest Energy Consumers in Maine
  - Industrial Sites
  - Government and Institutions
  - Hospitals
  - Large Hospitality
  - Food Processors





# Large Customer Program

## ■ Opportunity

### — Market Potential

- Industrial Sector: 320,974 MWh over 10 years
- Commercial Sector: 854,162 MWh over 10 years
- CHP: 22 Likely installations with 12.5 MW of capacity

— Though over 90 facilities with at least a 1 MW

— Reach some of the biggest energy consumers and largest employers in the state to help them lower energy costs and improve competitiveness

— Cost Effective: 6.1 B/C Ratio



# Large Customer Program

- **Program Description & Purpose**

- Overcome market barriers for large energy efficiency and distributed generation projects.
- Drive investment in the cost effective reduction in the energy intensity of production.

# Large Customer Program

## ■ Market Barriers & Challenges

- Large customers have limited capital budgets and many competing projects.
  - Environmental compliance, Health & Safety and production upgrades often take priority.
- Many of the large customers are owned by multi-national with facilities all over the globe competing for those limited capital improvement funding.
- Payback requirements are extremely short.

# Large Customer Program

## ■ Delivery / Strategy

- Competitive Bidding approach
  - Low administrative and marketing costs for EM
  - Technical project screening / analysis
  - Objective selection process with a rigorous technical review
  
- Complements Business Incentive Program
  - Large Program >\$100,000
  
- Introducing limited Account Management approach
  - Strategic, deeper savings
  - Less risk for customer
  - Marginally more labor and cost for EM

# Large Customer Program

Metric	Results of FY11 Programs
<b>Total Participants</b>	<b>9</b>
<b>Efficiency Maine Costs</b>	<b>\$ 4,717,139</b>
<b>Participant Costs</b>	<b>\$ 8,461,453</b>
<b>Lifetime kWh Savings</b>	<b>423,281,776</b>
<b>Lifetime \$ Savings</b>	<b>\$ 28,533,872*</b>
<b>B/C Ratio</b>	<b>6.8 (per Evaluation)</b>

\* Subsequent 3<sup>rd</sup> party analysis determined actual savings to be higher than reported in the Annual Report, which explains the higher B/C ratio found in the Evaluation.



# Large Customer Program

## ■ Program Budget/Revenue

- \$2.5 Million is the anticipated baseline budget
- Possible addition of Enhanced Financing.
- Enhanced Financing depends issues to be resolved in FY 13
  - Approval of SOPO change with DOE
  - Approval from PUC of Long Term Contract
  - Trusts ability to recapitalize revolving loan fund in FY 14

# Large Customer Program

## ■ **Enhanced Financing**

- New funding mechanism for the existing program.
- The Trust would use funds from the Better Buildings Federal Grant to fund 100% of project cost.
- Customer would receive an incentive based on the energy savings of up to 50% of the project cost.
- Revolving loan fund would be replenished through three sources of revenue.
  - Customer Loan Payments
  - Forward Capacity Market Payments
  - Long-Term Contracting payments

# Large Customer Program

## ■ **Enhance Financing Implications**

- Increased complexity of incentive and financing will require more hands on delivery approach.
- Increased funding availability will require greater emphasis on identification of potential projects.
- Revenue generated from the projects will go back into Better Buildings revolving loan fund.



# Large Customer Program

## ■ Staff Recommendation

- Continue use of competitive RFP's with a baseline budget.
- Continue to pursuit opportunities to implement Enhanced Financing
- Should addition funds become available with long term predictability staff would recommend implementing account management approach.

# Large Customer Program

## ■ Delivery / Strategy

- What strategies exist to reward/capture collateral energy saving opportunities (i.e., to address cream skimming and loss of future cost-effective opportunities)?
- Should marketing/selection rely exclusively on competitive bidding?
  - Pros – low delivery costs, objective selection process, high leverage
  - Cons – timing in capital planning process, uncertainty for bidders, recent experience of low uptake
- If budgets increases, should strategy increase use of Account Management approach and reflect this in budget/results?
- Whether to focus 100% of RGGI funds on electric customers (whence they come), or continue 85-15 split electric-GHG/thermal, or other.

## ■ Other:

- \_\_\_\_\_



# Large Customer Program

- **Stakeholder Input**

# Please Share Your Ideas:

Send Written Comments to:

**Email –** [efficiencymaine@efficiencymaine.com](mailto:efficiencymaine@efficiencymaine.com)

**Post –** **Triennial Plan Comments**  
**151 Capitol Street, Suite 1**  
**Augusta, ME 04330**

Latest that comments will be considered is August 15.

