

**Efficiency Maine Trust
Board Meeting Minutes
May 27, 2015**

Trust Board Members:

- Al Hodsdon, Chair
- David Barber, Vice Chair
- Kenneth Fletcher, Secretary
- Brent Boyles, Treasurer
- David Barber
- Scott Dunning
- John Gallagher
- Donald Lewis
- Lisa Smith for Patrick Woodcock

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Peter Eglinton
- Constance Packard
- Anne Stephenson
- Michael Stoddard

Other Attendees:

- Ryan Barry, DNV-GL
- Will Beck, MEMA
- Adam Gifford, CSG
- Todd Griset, PretiFlaherty
- Mike Mayhew, Heliotropic Technologies
- Glenn Poole, Verso
- Joel Pike, Verso
- Tom Snyder, P-S Performance Group
- Dylan Voorhees, NRCM

1.0 Welcome and Introductions

Mr. Hodsdon called the meeting to order at 9:30 a.m.

2.0 Approve Agenda and Minutes

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Barber), the Board voted unanimously to approve the draft agenda and approve the April Board Meeting Minutes.

3.0 Public Comment on Agenda Items

Mr. Voorhees commented that there has been significant conversation around energy and energy efficiency policy at the Legislature. He added that many of the lawmakers and stakeholders discussing the governance of the Efficiency Maine Trust were unaware of the Board and the role the Board and others (such as the PUC) in providing oversight of

the Trust's activities. He concluded that it was an ongoing education process to better describe the role of the Board of Trustees and the value of independence it brings to the Trust's operations.

4.0 Executive Director's Report

Mr. Stoddard began the Executive Director's Report with an update on the Trust's recent communications. He announced that the RFP for Call Center Services was recently awarded to SaviLinx, LLC, based in Brunswick. He added that Mr. Lewis has encouraged the Staff to explore bringing call center services in-house and that Staff will explore associated costs and logistics and report back to the Board.

Mr. Stoddard then updated the Board on activity at the Legislature. He provided an overview of several bills including LD 946 which would put a one-year moratorium on involvement in the Natural Gas Conservation Fund programs by gas utility consumers that use more than 1 million CCF/year. Mr. Stoddard added that one generator receives gas from a Natural Gas LDC and that the legislation did not intend for generators to be included in the Natural Gas assessments. Mr. Stoddard also provided an overview of LD1314, which would set the State's energy policy for the reduction of rates as well as costs. He noted the question about whether such a goal might negatively impact energy efficiency, which can increase rates while lowering costs. He also noted, however, that Mr. Woodcock had indicated in his testimony that the bill would not negatively impact energy efficiency. Mr. Stoddard provided an overview of LD 1397, a Governor's bill, which proposes to transfer funds from the Public Reserved Lands Management Fund to Efficiency Maine for residential heating reduction measures. The hearing for that bill was scheduled for the afternoon of May 27, 2015.

Mr. Stoddard also provided a summary of LD 1398, which would have a significant impact on Efficiency Maine Trust programs and budgets in the next fiscal year. This bill, proposed by the Governor, would take 40% of the RGGI funds (currently invested in the large customer and business programs) and rebate it back to customers as rate relief. Mr. Stoddard added that it would eliminate some programs and measures launched over the past year including Maine Advanced Buildings and Multifamily Efficiency Program as well as many all-fuels measures on the prescriptive lists in the Business Incentive Program. Mr. Barber asked for more information about why the bill was proposed by the Governor. Ms. Smith answered that while she was not directly involved with the crafting of the bill, she surmised that the bill was one way the Governor could achieve his policy goal of reducing electric rates to make Maine more attractive to businesses considering locating in the State. Mr. Barber indicated a desire to have Staff provide more information to help the Board stay abreast of legislative bills and positions.

Mr. Stoddard concluded the government relations portion of the report with an update on the Public Utilities Commission's decision to decline to reconsider their prior vote on the "cap" on Efficiency Maine Trust electricity procurement.

Mr. Stoddard then updated the Board on the Large Customer program, which has recently awarded a significant number of projects. He also reported on the Small Business Initiative, noting its success in The County and reporting the number of projects to date other targeted regions (Houlton, Norway and Waterville).

The HESP program was reported to be experiencing slower activity over the past few months than it had in the late fall. It was explained that this was likely due to difficult winter weather, lower oil prices, and a reduction in program marketing. The program has recently increased marketing efforts and participation in the program has started to grow. Mr. Stoddard mentioned that the Retail Program (e.g., for residential lights) has incentivized just under 3 million bulbs to date. It was also reported that the Retail Program has also experimented with alternative delivery approaches for heat pump water heaters over the past year, including piloting a buy-down in addition to the mail-in rebate. Mr. Stoddard closed the program report covering a new Low-Income Initiative that will double incentives for participants in the HESP program if they are income-eligible; this program leverages funds set aside for low income weatherization from the Maine Power Reliability Project settlement.

5.0 Committee Reports

(a) Finance Committee

i. FY 15 Financial Report

Mr. Boyles referred to the Financial Reports provided in the packets as well as the accompanying memo from Ms. Packard. Mr. Boyles noted that the RGGI revenues are on target and FCM revenues have exceeded revenues projections. He indicated that much of the current program and financial activity had been covered in the Executive Director's Report. He reiterated that some of the funds in the Large Customer Program (from the Long Term Contract) are contingent upon the Trust committing those funds to specific projects by June 30 of this year.

ii. APPROVE Additional Authorized Signer for Camden Bank Accounts

Mr. Boyles directed the Board's attention to a memo from Ms. Packard dated May 27, 2015.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Lewis), the Board voted unanimously to authorize Peter D. Eglinton, Director of Programs, as an authorized signer at Camden National Bank.

iii. APPROVE FY2016 Budget

Ms. Packard briefed the Board on the detailed proposed Fiscal Year 16 Budget. She indicated that the budget was based on various directives in current statute as well as the Trust's practice of apportioning budgets to customer sectors in

proportion to those sectors' contributions to the funds. She also noted that amendments may be required later in the year if the Legislature enacts bills that would impact the Trust's budget (e.g., if additional funding is to support a Cabinet-level commissioner of energy). Ms. Packard then provided an overview of sources of new revenues, carryforward funding, investments by program areas, and detailed program budgets. Ms. Packard also shared projected performance metrics by program area for those investments. Mr. Boyles asked for clarification about how much of the Large Customer budget was long-term contract funding. Mr. Stoddard indicated that any new long-term contract funding would need a new arrangement with the PUC, given that the current contract ends June 30, 2015. Mr. Lewis asked for clarification regarding the impacts of load reduction on utility rates and revenues, which was followed by a brief discussion. Ms. Packard moved the presentation to the estimates of the Natural Gas Conservation Assessment. It was noted that at the present time, assessments for the Natural Gas fund are only being transmitted to the Trust from one of the four utilities in the state. Ms. Packard informed the Board that programs in the other three utilities would commence only after at least one quarter of a year's revenues had been collected.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Fletcher) the Board voted unanimously to approve the FY 2016 budget in the amount of \$46,278,049 including the budgeted amounts for travel, meals and contributions

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Lewis) the Board voted unanimously to amend the FY 2016 budget by adding estimated carryforward amounts totaling \$20,830,096 for a total budget of \$67,108,145

(b) Program Committee

i. Demand Response Study Considerations

Mr. Burnes discussed the demand response (DR) study that was requested recently by the Legislature, including the questions the Staff will be exploring with the Board and interested stakeholders over the course of the study. Mr. Burnes introduced former Efficiency Maine Trustee Glenn Poole from Verso, Todd Grisct from PretiFlaherty and Joel Pike from Verso as guest presenters. Mr. Poole, Mr. Grisct and Mr. Pike are active in the DR market at ISO-NE and have experience in demand response measurement, verification and market participation.

Mr. Pike introduced that Verso participates in DR capacity and emergency generation. Participating as a capacity resource means that Verso will curtail demand, as requested, to reduce the price for energy for everyone on the grid. As an emergency generation resource, Verso responds to requests to drop its load and supply power to the grid. These calls for increased capacity allow the grid to

withstand major power disruptions; Mr. Pike indicated that these have happened about once a year.

Mr. Poole added that Maine's industrial sector has been a substantial player in the capacity market, but that many participants have dropped out of the market because of the increasing complexity of the rules and costs to aggregate DR resources. Mr. Pike noted that Efficiency Maine also has been an important part of the passive capacity market through the efficiency measures bid in to the Forward Capacity Market. Mr. Pike continued that one of the important aspects of the upcoming study will be to determine how DR resources may continue to play a role in the grid in the absence of a market organized by ISO-NE; DR resources are currently the subject of a court case. The study will evaluate Maine's ability to assess and aggregate DR and value DR in the absence of a New England-wide call for DR. Mr. Burnes added that aggregation could allow for other DR at smaller businesses and homes.

6.0 New Business

Mr. Stoddard returned to Mr. Lewis's earlier questions about grid costs and utility revenues and there was additional discussion. Mr. Boyles added that, by definition, Efficiency Maine acquires the least-cost energy resource and that efficiency procurement is factored in to utility and grid planning.

Mr. Stoddard and Mr. Hodsdon thanked Mr. Dunning for his service on the Board and wished him well on his sabbatical.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting was set for Tuesday June 23 at 9:30 a.m. (The meeting was subsequently rescheduled for Wednesday June 24 at 9:30 a.m.)

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Dunning, the Board voted unanimously to adjourn the meeting at 11:52 a.m.