

Efficiency Maine Trust Board Meeting Minutes November 20, 2013

Trust Board Members:

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

Efficiency Maine Trust (EMT) Staff:

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

Other Attendees:

- Dylan Voorhees, NRCM
- Jim Labrecque
- Kathy Billings, Bangor Hydro
- Joel Harrington, CMP
- Ann Goggin, Goggin Energy
- Lisa Smith, Governor's Energy Office
- Tom Snyder, Dave Ireland Builders
- Josh Wojcik, Upright Frameworks
- Eric Bryant, Maine Office of the Public Advocate

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 (Ms. Mermin) and seconded (Mr. Barber), the Board voted unanimously to approve the draft agenda. Upon a motion duly made (Mr. Smith) and seconded (Mr. Rohman) the minutes from the previous meeting were unanimously approved.

3.0 Public Comment

- 3.1 Mr. Labrecque complimented the Trust on managing input through the RGGI stakeholder process. He reminded the Board that it could be useful to allow for public comment at the Board meetings after presentations, and not just at the beginning of the meeting. Mr. Labrecque continued that he appreciated that the heat pump rebate application was changed to require less information from contractors. Mr. Labrecque concluded his comments by encouraging the Board to consider that some efficient equipment does not cost more to manufacture or buy and that some companies are charging a premium for products because of the existence of efficiency incentives and rebates.
- 3.2 Mr. Wojcik of Upright Frameworks mentioned that he and representatives from other home performance companies will be making an effort to attend Board meetings. Mr. Wojcik complimented the staff on being responsive to contractors but remains concerned that the prescriptive path incentives are more generous than the incentives for the custom (or “modeled”) approach, and thus put contractors specializing in the latter approach at a disadvantage. He recommended that participation via both paths will be important for future evaluations and suggested that Staff consider encouraging more participation via the custom path. He also encouraged the staff to better define what constitutes an energy assessment and what constitutes six hours of air sealing. Mr. Wojcik added that the locator tool should define the services listed.
- 3.3 Mr. Voorhees of NRCM mentioned that he had been part of the heat pump pilot advisory group and that the report from the first phase of the evaluation had recently been completed. He complimented Bangor Hydro and Efficiency Maine for their work on the successful study. He added his support for Efficiency Maine’s goal to launch a natural gas opportunity study.

4.0 Executive Director Report

Mr. Stoddard reported that Efficiency Maine’s Annual Event workshop and awards ceremony was a success. Chairman Welch’s discussion at the event of the natural gas basis differential and the cost effectiveness of energy efficiency was well received.

Mr. Stoddard briefed the board on the Business Program and mentioned that program administration costs year-to-date had been cut by 50%. To date, the program has not experienced any loss in quality or volume.

Mr. Stoddard then moved to reporting on the Residential Program. Mr. Stoddard commented that ductless heat pumps were doing well, and that the majority of projects were going through the prescriptive path. The majority of customers were also going beyond the minimum air sealing. The rate of air sealing participation is down to 10% of

the rate of the RDI program, a result that is consistent with requiring a customer co-pay. Ms. Mermin added that she felt like a compromise had been achieved to find a sustainable rate of program investment. Mr. Woodcock contributed that there was still limited program participation data and that the amount and rate of participation should be evaluated after more data. Mr. Rohman added that part of what the program data reflects is a change in rules and incentives and a delay in marketplace adoption.

Mr. Stoddard continued that the other programs were on schedule and on budget with the exception of the Large Customer Program. The basis differential's impact on the cost for electricity for large customers is having an impact on their ability to invest in large-scale efficiency projects. Mr. Stoddard added that it would be a topic discussed with the Large Customer Program's review team.

Mr. Woodcock asked if the Board could be briefed on when HESP funds will be exhausted and if program modifications would be made in this fiscal year. Mr. Stoddard offered that an ideal outcome will involve some carry-over of funds from this fiscal year to the next so as to not disrupt the marketplace and cushion the reduction in RGGI funds projected for FY15, enabling the program to continue at a consistent level of funding through two fiscal years. Mr. Woodcock asked that the Board could be briefed on the program in January to get a mid-year snapshot of program spending.

5.0 Reports

a. Central Maine Power (CMP) Rate Case: Update from the Office of Public Advocate on the Process and Proposals in the Rate Case Pending at the Maine PUC (Eric Bryant, OPA)

Mr. Bryant indicated that CMP has filed a complex and interesting rate case. Mr. Bryant shared the basic principles for rate design as presented by CMP and the Office of Public Advocate. Mr. Bryant provided an illustration of the proposed rate changes that was excerpted from CMP's filing. He added that there would be winners and losers amongst the customer classes if CMP were to go from the current rate structure to one that had a more significant fixed-charge component.

Mr. Bryant next presentation information about the second major aspect of the CMP case – revenue decoupling. This mechanism is designed to reduce uncertainty in the utility's ability to meet its revenue requirements even if consumption levels (sales volumes) change due to various outside influences, such as energy efficiency programs. Mr. Boyles added that there would be no winners and losers in revenue decoupling. Mr. Hodsdon asked if revenue decoupling would preclude the move to fixed charges or vice versa. Mr. Bryant answered that both were part of the CMP rate design. Mr. Hodsdon expressed concern that fixed rates would provide a disincentive for investing in energy efficiency.

Mr. Stoddard added that Efficiency Maine is a party to the rate case. He said Staff may provide some analysis in the case to illustrate potential impacts of the rate changes on energy efficiency programs.

Mr. Bryant concluded his briefing by sharing that hearings will be held in mid-April, with a decision expected by mid-June.

b. Finance Committee: Approve FY14 Budget Transfer for Low Income and Business Programs

Mr. Boyles directed the board to a memo dated November 20th regarding the allocation of RGGI funds into specific program budgets.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Rohman), the Board unanimously approved the budget transfer described in the November 20th memo from Constance Packard.

c. Strategic Planning Committee: Approve Annual Report

Mr. Stoddard began his briefing by mentioning that the law requires Efficiency Maine to provide an annual report to the EUT committee and the PUC. He asked that the Board approve the annual report with the provision that staff be able to make minor or clerical corrections. Mr. Stoddard enumerated those corrections. He also reiterated the high-level findings contained in the report as to program results, such as the effective price of avoided energy, and reviewed those programs having cost-effectiveness ratios hovering near 1. Mr. Stoddard commented that the Small Business Direct Install Pilot had a cost-effectiveness of 1.09 but noted that reflects significant start-up costs which push down the benefit-to-cost ratio when there are such small numbers of participants and/or small projects typical of a pilot. Staff is hopeful that that pilot will be more cost-effective when it reaches a larger number of customers. Mr. Boyles added that pilot programs are an important part of Efficiency Maine's program development process for just that reason.

Mr. Woodcock asked if the report was developed by staff or by outside consultants. Mr. Stoddard answered that the report was done by staff although the program results are calculated by the database; staff relies on an outside team to provide database technical support. Mr. Woodcock added that it would be helpful to include a definition of the benefit-to-cost ratio.

Mr. Stoddard concluded his overview talking about the Solar and Wind Rebate Program, mentioning that tax credits were not included in the calculations of benefit-to-cost ratio because Efficiency Maine had no way of verifying the amount of such credits received. He observed that it is possible the benefit-cost ratio would be greater than 1.0 if those tax credits were included in the calculations. Ms. Mermin added that she thought it was important to calculate cost-effectiveness in the same manner across programs to ensure that they are comparable.

Mr. Atwell asked if Mr. Stoddard had considered adding any trends or a higher-level overview of Trust programs. Mr. Stoddard replied that the Staff annually produces a second report, the *Year in Review*, which includes a higher-level overview of Trust programs and case studies of program participants. That report will be published in early 2014.

Mr. Stoddard asked the Board if it had any legislative recommendations to include in the report. The Staff did not have any legislative recommendations at this time. Mr. Woodcock recommended that the Staff consider what vehicle, if not the Annual Report, could include an analysis of program design and parse the data in the annual report. Mr. Atwell suggested that Mr. Woodcock's suggestion be a topic for discussion in an upcoming strategic planning committee meeting. Ms. Mermin concurred adding that the Annual Report has been in this format for many years and there was value in being consistent. Mr. Atwell commended the Staff for their work on the report.

ACTION: Upon a motion duly made (Ms. Mermin) and seconded (Mr. Hodsdon), the Board unanimously approved the Annual Report with the caveat that Staff be able to make minor changes in the draft as discovered.

6.0 New Business

Mr. Boyles recommended that the Trust should not file comments at the PUC on the rate case discussed earlier unless they pertain directly to energy efficiency; any other comments should be handled by an expert witness. Mr. Stoddard thanked Mr. Boyles for his guidance and concurred.

Mr. Woodcock added that the public has asked that we have time at the conclusion of the agenda for further comment. He added that perhaps written comments could be added to the board packet. Mr. Atwell added that it could be added to the agenda to discuss at a future board meeting.

Ms. Mermin mentioned that the Board has organized the meetings a number of different ways since the Trust was formed and that public comments have been included in different formats. Public comments should inform the Board's decision making but when provided at the last moment, tend to distract. Ms. Mermin concluded that it was more appropriate to foster public input through dedicated forums, such as was done with the Heating Fuels Stakeholder Process (2010), the Triennial Plan Stakeholder Process (2012), and the RGGI Stakeholder Process (2013).

Mr. Atwell concluded the discussion by adding that the Board should look for a memo from Staff on committee membership.

7.0 Next Meeting Agenda and Scheduling

ACTION: The Board set the date to meet on Wednesday January 15th at 9:30 a.m. with committee meetings scheduled in the interim.

8.0 Adjournment

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Barber) the Board voted unanimously to adjourn at 12:00 p.m.