

Efficiency Maine Trust
Board Meeting Minutes
November 7, 2012

Trust Board Members

● Naomi Mermin, Chair	● Ken Fletcher
● Jim Atwell, Vice Chair	● Brent Boyles
● Glenn Poole, Treasurer	● Margaret Bean (for John Gallagher)
● Al Hodsdon, Secretary	● Doug Smith
	● John Rohman

Efficiency Maine Trust Staff:

- Michael Stoddard
- Dana Fischer
- Elizabeth Crabtree
- Ian Burnes
- Paul Badeau
- Lucia Nixon
- Connie Packard
- Greg Leclair

Other Attendees:

- Beth Nagusky, ENE
- James Labrecque
- Doug Baston, North Atlantic Energy Advisors
- Dylan Voorhees, Natural Resources Council of Maine
- Greg Cunningham, Conservation Law Foundation
- Daniel D'Alessandro, Conservation Law Foundation

1.0. Welcome and Introductions

Ms. Mermin called the meeting to order at 1:01 p.m. The board and attendees introduced themselves.

2.0 Approve the Draft Agenda and Minutes

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Fletcher), the Board voted unanimously to approve the draft agenda and minutes.

3.0 Public Comment

Beth Nagusky from ENE presented testimony. Ms. Nagusky observed that all energy efficiency measures costing less than the cost of supply provide a benefit to the state's economy and the environment. Acquiring all cost-effective energy efficiency lowers energy bills and prices, and reduces the need for generation. Major transmission lines could be avoided through energy efficiency investments. She said that energy efficiency resources are not captured today could translate to higher energy costs for gas and electric ratepayers in the future. She suggested that the Board findings should recognize that capturing all cost effective is an attainable goal. That charge is given to the Trust to make, she said. In ENE's view, funding all cost effective is not a target like weatherizing all homes. Funding all cost-effective energy efficiency is something the Trust can do today. The Trust has a responsibility to present to the PUC a plan to do just that. The plan misses the opportunity to capture "all cost effective" efficiency resources, for example, in buildings and appliances. By not capturing all cost effective, Ms. Nagusky continued, the Trust is not keeping with state statute. Maine needs to put forth an aggressive plan, the kind ENE thought would be in Maine when the legislature established the Trust. Furthermore, MACE would create 16,000 additional job-years and help the state's economy.

Dylan Voorhees from the Natural Resources Council of Maine also presented testimony, and stated that the findings accompanying the plan from the last trustee meeting was somewhat ambiguous, and what has added to that ambiguity is a combination of unsupported conclusions and a "disappointing" tone. He said Trust's interpretation of what is required, as evidenced in the plan and the "findings", is that as long as the number of homes weatherized is greater than 0, that's progress. As long as the Trust is not "unweatherizing" homes, he added, we're marching forward, and that implied sentiment strains credibility. The findings document doesn't mention that the plan would weatherize 40,000 homes, instead of some 750 homes, and distributing information broadly would lead to community buildings being weatherized. He said he recognizes that a judgment needs to be made on advancing those goals. That's why including multiple scenarios makes sense. He said the Trust needs to provide more clarity in the difference of various routes that provide progress toward established goals. Secondly, the findings document is full of apparently definitive statements about the attainability of goals. It reads as an explanation of what the trust cannot do, rather than what can be accomplished.

Mr. Voorhees urged that in the Trust's deliberations, when it considers changes to the draft, the trustees should think about how strident the language is about these goals being unattainable. He said there's no way to predict what technological developments would be achieved in 5, 8, or 20 years to support such statements. He noted, for example, that no one could have predicted five years ago that electric prices would decrease due to the availability of natural gas. Mr. Voorhees suggested it was wiser to consider language that would soften some of the definitive statements based on existing technology and current understanding. Based on the information before him, he didn't disagree that some goals are unachievable now, but it is up to the legislature to change them, and seems beyond the scope of the board. If we can't weatherize 100 percent of homes, for example, the question to ask is "what can we do?"

Finally, Mr. Voorhees noted that there is a very large difference in benefits between the Base funding scenario for electric efficiency programs and the MACE funding scenario. The difference between scenarios is half a billion dollars in net savings to ratepayers, and that's the difference between maximum and minimum cost effective.

Greg Cunningham from the Conservation Law Foundation (CLF) then added his testimony. CLF sees this as an opportunity to put a best case forward for energy efficiency in Maine, to see where the benefits lie and consider what it is in the best interest of ratepayers. He said he was aware that trustees are leery of advocacy and acting outside the bounds of its responsibility. However, he said, as a Trust, this is a rare opportunity to advocate for energy efficiency. These findings are a way to put the Trust's best foot forward to make its case.

In his opinion, he didn't feel the Trust had done that as well as it could with a plan that doesn't recommend a certain funding level for electricity or natural gas programs. He said the Trust now has an opportunity to fix that and convey the appropriate message to the PUC. The PUC could look at the plan and conclude that it is not sure what the Trust wants the PUC to do, and send it back. Or worse, it could go from the Commission to court -- either of which is a bad scenario. Mr. Cunningham's concern is that the current findings document shifted from findings of consistency to findings of attainability. He said his concern was that this would be perceived as a way to avoid the Trust's obligation. A court or the PUC could say it appears the Trust can't meet the letter of the law, and that the targets are too strenuous and burdensome, so therefore we're not going to do anything. He said there was an internal inconsistency in trying to reach established targets, and at the same time, stating that those targets are unattainable.

In the opinion of the CLF, to say that base funding advances the target of all cost-effective savings is not a finding that can be made in this document. The base case doesn't meet the "all cost effective" standard, but the MACE funding level does.

Jim Labrecque delivered testimony that he had deep concerns "putting the cart before the horse" with claims about economics that are superfluous without a technical foundation. Mr. Labrecque said that when one reviews his report recently submitted to the PUC, there is page after page of examples of inconsistencies with the plan. He said several months ago, the governor had asked him to prepare a technical report that could show how fuel consumption could be cut through the use of heat pumps, and he said he put together that plan and it worked. He said Efficiency Maine wasn't supportive initially, but later dedicated a few hundred thousand dollars for rebates when they realized they were effective. He said people don't need rebates when there is a 2- to 4-year payback. He claimed the only reason Efficiency Maine offered rebates on heat pumps was to "put a winner in its portfolio." He compared these incentives to those offered for compressors in supermarkets. He said 95 percent of the market was already saturated with compressors, and asked why it makes sense to offer a rebate when the product is automatically a standard in the industry. He estimated there were 1 billion scroll compressors, but observed that energy efficiency organizations continue to give rebates for them. He asked why Efficiency Maine was allowed to claim an economic winner and give money

to something that was already ubiquitous in the marketplace. Without a technical foundation, he said, there's no economic foundation.

4.0 Committee reports: Strategic Planning Committee

Ms. Mermin said the trustees had agreed at the last Board meeting that they would review a findings document. An original draft was distributed by Staff, and amendments were made by Board members. Ms. Mermin asked there was a motion to accept a findings document.

Mr. Fletcher made a motion that the document as amended by Board members on November 6 be brought before the board for consideration of approval. Mr. Rohman seconded the motion.

Discussion on the language and intent of the findings document ensued.

Mr. Poole suggested that instead of the board stating that the plan partially advances targets, it ought to say the board finds the plan partially consistent with advancing targets.

Mr. Stoddard said he was concerned about conflating the issue of attainability with the issue of consistency given the state requirement to advance targets. He said board members would recall that in the original draft, this was a much shorter document concerning whether targets were being advanced. He also observed that pages 13-22 of the actual plan addressed the progress toward the targets, and it is here that one can find supplemental information and analysis that Mr. Voorhees was seeking about "attainability." Mr. Stoddard said he was very uncomfortable to have a finding that this plan is only "partially consistent." As long as the plan "advances" targets, that what the board indicated at the prior Board meeting would be acceptable for purposes of finding that the plan was consistent with the targets.

Mr. Hodsdon said the referenced targets are not all attainable: some are, some are not.

Ms. Mermin asked the board whether they wish to change the document to indicate that the findings are consistent with the targets. There was discussion regarding adding the word "partially" to "consistent ... with meeting targets." Mr. Rohman said that he thought the word "partially" before the words consistent and advances were unnecessary.

Mr. Boyles agreed the document did not need the word "partially," and said he was concerned that the findings brief was becoming almost as long as the Triennial Plan document itself. He said the intent of the document was supposed to be a brief. He said his fear was that this will take commissioners' focus away from the plan and more on the findings document. Once this document is filed with the Commission, the Trust's work will be done. He said he felt the staff has done a great job on the document. He said that although he wasn't involved in the previous plan, once docketed, concerns from the public will be vetted and listened to by the PUC.

Ms. Mermin asked if there were any other language changes.

Mr. Atwell said stating that a goal is not attainable should recognize that board members are not visionaries. He thought it would be more appropriate if the findings used language to qualify the findings, such as, “based on information we have now and the current technology, etc., it appears unattainable.” In each place where we state that goals are not attainable, we could say a goal is “unlikely or may not be attainable.”

Mr. Smith added that some goals are, and some are not. He indicated he wants the document to be plain and straight, and that all we can do is deal with what we’ve been handed. We should state that given our three years of experience, and given the first plan which was done with outside consultants, this is where we are today. We should be brutally honest with ourselves and the legislature and make sure that these details aren’t going to put us on the spot, and throw it back in their laps, so the next time a future board addresses this, it can make honest assessments whether some goals can be advanced in a proportional way. He indicated he wanted to see the board pointing back to the PUC and legislature to build more flexibility in this law so Efficiency Maine can do some of the things folks are suggesting.

Mr. Fletcher said that if you look at goals that aren’t attainable, they are the ones that have definitive numbers: e.g., “20 percent reduction by 2030,”. He said it is important to send a clear message to the PUC and legislature that these definitive, time-specific goals are not attainable based on the current information we have. It doesn’t change the intent of the Trust. The legislature would look at that and say, ‘We’ll adjust it, or add more language,’ so five or 10 years from now, our future board won’t have to determine why we didn’t weatherize 100 percent of homes. We’re not changing the goals, we’re just saying that we can’t achieve this because the technology isn’t there. In five years, it may be different.

Ms. Mermin said the board’s responsibility was to deliver a plan, and she said that while she doesn’t agree with every sentence in it, the board already agreed that the plan was consistent and passed it. Now, the trustees were simply voting on the language of the “findings memo.” She said she agreed with Mr. Fletcher that, at this moment in time, some goals are not attainable. In her opinion, the plan itself is an effective document, lays out something that can be implemented to deliver savings to Mainers, and also meets the obligation to use best practices of administration for the next three-year period. Ms. Mermin said the vote before the board is to allow the cover letter to accompany the Triennial Plan.

Mr. Hodsdon said we have to recognize that some homes have already been weatherized, and that as a state, Maine has probably already reduced heating fuel consumption by 30%.

Mr. Smith asked about redlined sections that have been crossed out on page 5, and asked whether they had been removed. Mr. Stoddard responded that the paragraphs in the latest draft had been simply moved, not deleted.

Mr. Fletcher asked if, under page 3 of the findings document, in parentheses under “Discussion,” the board wanted to include the recommendation that the legislature review original findings.

After polling the board, consensus was to keep that statement in the document. Ms. Mermin then called for a vote to accept the original motion of approval made by Mr. Fletcher.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Rohman), the Board voted unanimously to approve the findings document regarding the Triennial Plan.

5.0 Interim Evaluation of PACE Program

Lucia Nixon, Efficiency Maine's Research and Evaluation Manager, presented a report on the PACE and PowerSaver Loan programs compiled by Opinion Dynamics. The evaluation included satisfaction rates, program design details, and the program's influence on the market. Following her presentation, Residential Program Manager Dana Fischer commented on recent PACE and PowerSaver loan results, including the new air sealing incentive and marketing efforts.

6.0 Adjourn

Mr. Stoddard announced there would be no Strategic Planning Committee meeting, but that the Finance Committee would meet in the coming weeks for a 90-minute session to review the full audit before the Board's regular November 28 meeting. Mr. Stoddard also added that he planned to establish a working group on the Better Buildings grant. He also reminded the board of the upcoming Annual Awards Ceremony and Symposium on November 14 in Freeport.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Smith), the Board voted unanimously to adjourn.