

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

Trust Board Members:

- Al Hodsdon, Chair
- Brent Boyles, Treasurer
- Kenneth Fletcher, Secretary
- Donald Lewis
- Patrick Woodcock
- Margaret Bean for John Gallagher

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Peter Eglinton
- Dana Fischer
- Greg Leclair
- James Leyko
- Laura Martel
- Andy Meyer
- Anne Stephenson
- Michael Stoddard

Other Attendees:

- Andrew Barrowman, Bangor Natural Gas
- Ryan Barry, DNV-GL
- Will Beck, MEMA
- Bill Bell, Maine Pellet Fuel Association
- Adam Gifford, CLEAResult
- Agnes Gormley, Office of the Public Advocate
- Christine Rogers, Alodyne
- Lisa Smith, Governor's Energy Office
- Tom Snyder, P-S Performance Group
- Dylan Voorhees, NRCM
- Steve Ward, MCAA

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 as amended and approve the September Board Meeting Minutes as amended with a correction to the motion to adjourn.

3.0 Public Comment on Agenda Items

Mr. Voorhees thanked Mr. Hodsdon for the opportunity to offer three comments on the Triennial Plan. First, he agreed with the proposal in the Triennial Plan draft to allocate 100% of RGGI funds to thermal energy saving projects. He added that the proposal is consistent with statute and that the allocation to the Home Energy Savings Program is particularly important. Second, Mr. Voorhees expressed his concern about reducing the threshold for participation in the Small Business Initiative from 100 kW to 25 kW; the lower threshold would leave many businesses ineligible to participate. Third, Mr. Voorhees urged the Staff and Board to strengthen custom

programs, adding that significant energy saving opportunities could be harvested through custom solutions.

Mr. Ward agreed with the allocation of 50% of RGGI revenues to home weatherization. He also mentioned that MCAP believes that the low-income sector would be better served through dedicated low-income initiatives rather than allocating some low-income funds to Consumer Products/point-of-sale programs.

Ms. Gormley shared that the Office of the Public Advocate (OPA) recently submitted comments with the Trust Staff and Board. OPA advocates for investing electric conservation and other funds earmarked for the low-income sector in programs dedicated exclusively to helping low-income customers rather than using other channels (e.g., retail) to indirectly meet statutory targets. She suggested that these funds could potentially be evaluated according to different criteria than the cost-effectiveness threshold used for other Efficiency Maine investments. Mr. Woodcock thanked Ms. Gormley and said that stakeholder feedback was critical to ensuring the best possible plan. Mr. Fletcher agreed, adding that some of OPA's proposed program design and delivery changes were more detailed than what the plan would typically cover.

Mr. Barrowman suggested that burner replacements and programmable thermostats be considered eligible measures for natural gas programs. Mr. Stoddard thanked Mr. Barrowman and encouraged Bangor Natural Gas to remain engaged in the review of the Triennial Plan through the process that will be held by Public Utilities Commission. Mr. Hodsdon noted that burner replacements were currently ineligible for Efficiency Maine funding because they did not appear to result, by themselves, in cost-effective, quantifiable energy savings. There was a brief discussion on the persistence and reliability of savings from programmable thermostats, and Staff referenced national reports that have identified some concerns about the persistence of the savings.

4.0 Executive Director's Report

Mr. Stoddard summarized and distributed copies of the Executive Director's Report. Items that he highlighted during his presentation were:

- Staff has presented at a number of events in the past month including the Affordable Housing Conference hosted by MaineHousing in Bangor.
- Maine moved up in the rankings for the ACEEE Annual Scorecard. Mr. Stoddard recognized the work undertaken by Ms. Martel to provide detailed information to ACEEE and advocate for increasing Maine's score.
- Incentives for efficiency measures were launched recently for residential customers of Bangor Natural Gas and Maine Natural Gas and commercial customers of Bangor Natural Gas, Maine Natural Gas, and Summit Natural Gas.
- The Low-Income HESP Initiative has expanded in FY2015, and the cap on insulation incentives is higher for all HESP participants.
- Incentives for screw-in LED bulbs at lighting distributors were re-launched; Mr. Stoddard directed the Board to a memo from Mr. Eglinton outlining the Initiative.
- Participation rates have slowed in the Large Customer (Custom) Program in part due to the drop in energy costs in the marketplace.
- The Home Energy Savings Program is experiencing a respectable level of participation. Activity is comparable to last year, although applications for central heating system incentives are down. Mr. Woodcock asked Mr. Fischer about the increase in loan

declines and whether additional micro-loans could help affected customers; Mr. Fischer reported that newest loan product now offered by the Trust employs underwriting standards that are fairly low (580 FICO), and also noted that loans can be as small as \$1,000.

- Mr. Stoddard congratulated Mr. Leclair on his promotion to Controller.

5.0 Committee Reports

(a) Finance Committee

i. Monthly Financial Reports

Mr. Boyles congratulated Mr. Leclair on his promotion. Mr. Boyles then directed the Board's attention to the monthly financial reports.

ii. APPROVE Sole Source Contract for Additional Evaluation Services

Mr. Boyles directed the Board's attention to an October 21, 2015 memo from Mr. Eglinton regarding a proposed sole-source contract for additional analysis for the low-income weatherization program evaluation.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Lewis), the Board voted unanimously to authorize the Executive Director to enter into a sole source contract with NMR Group in an amount not to exceed \$14,234 to extend the scope of work under the original contract using the same rates and other terms and conditions contained in the contractor's original bid.

iii. UPDATE on Commercial Loan Options

Mr. Eglinton and Mr. Fischer presented the Staff's initial findings and recommendations on loan product options for businesses for measures that are currently suspended in the Business Incentive Program. Mr. Fischer provided an overview of four options: small unsecured loans, commercial PACE, non-personally guaranteed loans, and commercial leases. Mr. Fischer recommended that the Efficiency Maine pursue offering small loans through the existing relationship with AFC First, as part of a pilot project to test the use of financing in lieu of incentives; this option would be quickest to launch because it has many of the same underwriting standards as one of the Residential Energy Loan types. He also recommended providing a list of commercial energy efficiency lease providers on the Efficiency Maine website, as an information resource. Mr. Eglinton closed the presentation asking for input from the Board and said that Staff will follow-up with proposed underwriting standards for Board consideration and then proceed with program design and outreach.

Mr. Stoddard added that it was critical to get the loan pilot launched as soon as possible to test the use of loans to encourage business customers to install efficiency measures this program year. Mr. Woodcock suggested reaching out to past participants and Qualified Partners to ask if they would participate in, or market, a financing product.

iv. APPROVE Proposal to Accept Funding for HESP – Number Nine Wind Proposal

Mr. Stoddard provided a brief overview of the proposal from the developers of the Number Nine Wind Farm to help benefit the local community by providing a grant to the Trust for enhanced financial incentives for homes in Aroostook County to be administered through the Home Energy Savings Program.

ACTION: Upon a motion duly made (Mr. Boyles) and seconded (Mr. Fletcher), the Board unanimously authorized the Trust to accept up to \$2 million from the developers of the Number Nine Wind Farm to reduce home heating demand through the HESP program or any successor programs.

(b) Program Committee

i. UPDATE and DISCUSSION of Triennial Plan – Final Draft

Regarding the proposed Triennial Plan, Mr. Burnes provided an overview of updates to the draft of the plan since the last discussion based on additional analysis and input from stakeholders and the Board. The conversation turned to issues requiring guidance and input from the Board.

Mr. Woodcock began the discussion by sharing his concern that the most recent statute language directed 15% of RGGI revenues to be disbursed directly to electricity ratepayers and he felt more comfortable maintaining that target until the Legislature provides new direction. Mr. Fletcher asked for the specific language of the statute, which Mr. Stoddard provided. He added that the statute appears to limit the funding allocation targets to expressly enumerated fiscal years. Mr. Woodcock mentioned that a bill pending at the Legislature could affect the future allocation of RGGI revenues. Mr. Hodsdon shared that investing the 15% in energy efficiency would result in far greater energy and cost savings than would rate relief, and suggested that it was not appropriate for the Board to vote for the funds to be reimbursed to ratepayers.

Mr. Fletcher added that legislative action in the spring would likely clarify the investments moving forward. He suggested that the Board and Staff could recommend either investing or returning the 15%, and later adjust to legislative direction (as necessary). Mr. Fletcher added that he thought it might increase the urgency of legislative action by keeping the funding allocation the same as previous years. That said, Mr. Lewis noted that all of the stakeholders have recommended investing all of the RGGI funds in thermal efficiency measures.

Mr. Woodcock asserted that some customers would prefer lower rates and that the 15% should be returned to the utilities to be disbursed to ratepayers. He added that it would be difficult for him to support something different from the RGGI investment strategy that was proposed and advocated for by the Governor. Mr. Woodcock recommended also that the Trust's upcoming Annual Report for FY2015 should be used as a vehicle to request guidance from the Legislature on the allocation of RGGI funds. The Board took a straw vote to provide guidance to the Staff for finalizing the draft of the Triennial Plan. Five board members voted in favor of returning 15% of RGGI revenues to the utilities for rate relief; Mr. Hodsdon voted for a 50%/50% allocation of RGGI investments to be split between residential and non-residential thermal efficiency projects.

Mr. Stoddard then turned the Board's attention to Mr. Woodcock's input on investing funds in transportation efficiency projects. Mr. Woodcock suggested investing \$3 million to \$5 million dollars in measures to reduce greenhouse gas emissions in the transportation sector. Mr. Boyles asked Mr. Burnes if the Large Customer Program had ever invested in commercial fleet efficiency projects; Mr. Burnes answered that most large facilities have subcontracted fleet services and no longer own their transportation fleet so have not included those projects in any proposals that have been submitted to the Trust. He added that the program has declined to incentivize fuel switching, per se, because the market for such projects is much larger than available funds and would place the Trust in a difficult position to select among bidders. Mr. Stoddard recommended that the Staff draft a paragraph regarding how funds might be invested in the transportation sector for inclusion in the C&I Custom Program description in the Triennial Plan.

Mr. Woodcock also suggested that the Staff run a sensitivity analysis on the avoided costs of certain measures based on capacity and energy. He expressed his preference for measures that generate capacity savings. Mr. Stoddard replied that a sensitivity analysis was more practicable than modifying any of the numbers used regionally in the AESC study. Mr. Stoddard added that the annual filings and reports at the Public Utilities Commission are designed to provide an opportunity to recalibrate measures and savings estimates based on changes in the marketplace. Staff agreed to work with Mr. Woodcock to plan the sensitivity analysis and report the results of a sensitivity analysis to the Program Committee.

Mr. Lewis added his preference for energy efficiency measures that have a labor or installation component, which he observed provides an additional economic development benefit to the community. He added that the way in which efficiency incentives have grown the energy efficiency workforce is an important ripple effect and should be maximized and better described for the benefit of stakeholders.

6.0 New Business

Mr. Hodsdon presented the slate of new officers: Mr. Barber, Chair; Mr. Fletcher, Vice Chair; Mr. Boyles, Treasurer; Mr. Lewis, Secretary.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Fletcher), the Board voted unanimously to approve the slate of officers.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting was scheduled for Wednesday November 18, 2015 in Bangor at the Hilton Garden Inn. The schedule for the meeting is from 10 AM – 2 PM.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Boyles), the Board voted unanimously to adjourn the meeting at 12:43 p.m.