



## Memorandum

May 22, 2024

To: Board of Trustees

From: Greg Leclair, Director of Finance and Administration  
Peter Eglinton, Deputy Director

Re: Proposed FY2025 "Base" (Operating) Budget

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### Proposed Motion

Move to adopt the FY2025 Base Budget (attached) for Revenues and Expenditures in accordance with the first year of the fifth Triennial Plan as approved by the Public Utilities Commission, amended to include the EMT Admin Fund, and the Revolving Loan Funds operated by the Trust. Upon approval, the source of funding and expenditure budgets will total \$168,635,883 and \$168,615,852, respectively.

### Summary

This memorandum accompanies and explains two budget tables summarizing the proposed revenues and expenditures,<sup>1</sup> respectively, of the Efficiency Maine Trust (Trust or EMT) for fiscal year 2025 (FY2025), commencing July 1, 2024.

In addition, this memo includes a proposed motion that requests approval for a FY2025 Base Budget for Revenues and Expenditures in accordance with the third year of the fifth Triennial Plan as approved by the Public Utilities Commission, and to include the EMT Admin Fund and the Revolving Loan Funds operated by the Trust. The revenues and expenditure budgets total \$168,635,883 and \$168,615,852, respectively.

### Background

On September 30, 2021, the Board of Trustees unanimously approved the program descriptions and budgets proposed in Triennial Plan V (Plan). On November 29, 2021, the Trust Staff (Staff) submitted the Plan for review and approval to the Public Utilities Commission (PUC). On May 17, 2022, the PUC issued its order approving the Plan. The PUC has approved the Trust's request for a significant change on April 26, 2023, to account for the end of LED lamp initiatives. The Trust submitted an additional significant change request on March 1, 2024, and is awaiting a PUC decision (anticipated by May 29). The requested change adjusts the Trust's budgets to reflect changes to maximum achievable cost-effective (MACE) energy efficiency opportunity

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<sup>1</sup> The accompanying tables are entitled "EFFICIENCY MAINE TRUST PROPOSED SUMMARY OF **REVENUES** FROM ALL FUNDING SOURCES FISCAL YEAR 2025" and "EFFICIENCY MAINE TRUST PROPOSED SUMMARY **EXPENDITURE** BUDGET FISCAL YEAR 2025."

associated with the Trust's Interim Beneficial Electrification Plan and with the suspension of the Trust's natural gas programs.

The Triennial Plan is a three-year plan that contains budgets for all programs and related activities for each of the three years covered by the period. Once the Plan is approved by the PUC, the budgets contained in the Plan serve as the foundation for the Trust's annual operating budgets. Each year, prior to the start of the fiscal year, the Trust Staff brings an annual operating budget to its Board for adoption. While the overarching budgets approved in the Triennial Plan form the foundation of these budget allocations, there are usually minor adjustments that also need to be made to account for new laws that have been passed, new sources or changed forecasts of revenues that were not contemplated at the time the Plan was developed, or other kinds of updates or corrections.

The Trust's operating budget for each year comprises (and reflects) both revenues and expenditures. Below is a summary of the elements of the operating budget, reflecting both revenues and expenditures, for FY2025. The Staff seeks Board approval to use this budget as a "Base" budget around which to prepare for and commence implementation for the July 1 start of the fiscal year.

## **Revenues**

As noted in the attached Proposed Summary of Revenues, the proposed FY2025 Revenue Budget totals \$168,635,883. It is built upon the funding amounts approved by the PUC in Triennial Plan V in its order of May 17, 2022, and updated in April 2023 and with proposed updates in March 2024. This includes the following forecasted revenues: \$26.7 million from the Regional Greenhouse Gas Initiative (RGGI) auctions (Column 2020); and \$6.09 million of forecasted revenues from the ISO-NE Forward Capacity Market (FCM)(Column 2036). Those amounts are not contingent on or impacted by any decisions or orders of the PUC or the Board.

The above revenues are supplemented by \$73.95 million in revenues from Electric Procurement (Column 2030). Included in the Electric Procurement amount is \$13.6 million of estimated carryforward from FY2024. The amount of electric procurement funding is decided by the PUC and new (not carryforward) funds will be ordered to be collected by the utilities and remitted to the Trust. The total Electric Procurement amount reflects the PUC's determination of how much funding will be needed for the Trust's programs to meet the statutory standard of capturing "the maximum achievable cost-effective energy efficiency savings" (MRS Title 35-A, Chapter 97, §10104(4)(D)).

In addition to the revenues described above, the base budget includes additional revenue sources that must be accounted for that were not completely addressed in the Triennial Plan when it was originally filed. First among those revenues are \$75,000 in deposit interest and \$1,025,000 in interest income (see "Other Revenues") generated by the Revolving Loan Funds (RLF) operated by the Trust. The Revolving Loan Fund revenues offset the costs of operating the loan funds and any surplus earned is used to recapitalize the RLF programs. Second, the revenues include new revenues and/or estimated carryforward of \$563,454 for the Volkswagen

Settlement Funds, \$8.0 million of New England Clean Energy Connect funding (\$4.0 million in new revenues, and \$4.0 million of estimated carryforward), \$26.0 million in of Maine Jobs and Recovery Plan (MJRP)/American Rescue Plan Act (ARPA), \$7.0 million in ARPA funds from the Maine Department of Transportation (MDOT), \$11.0 million of Infrastructure Investment and Jobs Act (IIJA), and finally, \$2.5 million of estimated carry-forward from LD1995 for Electric Vehicle Rebates. Lastly, the budget includes an accounting adjustment to reflect Inter-fund Transfers from the sources listed above to the EMT Administration fund, which offsets a portion of Efficiency Maine Trust overhead. These Inter-fund Transfers (see Interfund Transfers to EMT Admin Fund) total \$5,734,424 as an accounting practice, to allocate funds *pro rata* from all revenue streams to “fund” the Trust’s Administrative Fund to cover administrative costs. They are reflected twice in the Revenue Budget notwithstanding the fact that they are not literally received (or expended) twice – they do not materially affect the amount available for expenditure.

In sum, the FY2025 budget as approved by the PUC includes funding from the sources in and the amounts indicated in the table below. Note that these amounts do not reflect the \$5.73 million for Inter-fund Transfers that are incorporated in the accompanying Revenue and Expenditure tables:

<b>FY2025 Funding Sources</b>	<b>Amount</b>
Electric Efficiency Procurement	\$ 60,350,358
RGGI Proceeds	26,700,000
FCM Proceeds	6,087,648
American Rescue Plan Act Proceeds	33,000,000
Infrastructure Investment & Jobs Act Funds	11,000,000
NECEC Revenues	4,000,000
Interest Income	75,000
<u>Revolving Loan Fund Interest Income</u>	<u>1,025,000</u>
<b>Subtotal - FY2023 Funding Sources</b>	<b>\$ 142,238,006</b>

<b>FY2025 from Estimated Fund Balance</b>	
Electric Efficiency Procurement	13,600,000
LD1995 Funds	2,500,000
Volkswagen Settlement Funds	563,454
New England Clean Energy Connect Settlement Funds	4,000,000
<b>Subtotal - Strategic Initiatives, Admin, and Transfers</b>	<b>\$ 20,663,454</b>
<b>Total - All Funding Sources</b>	<b>\$ 162,901,460</b>

### **Expenditures**

The total expenditure budget is \$168,615,852 in the Base Budget for FY2025. It is derived from all funding sources itemized in the previous section of this memo. It reflects expenditure

allocations, by program, as approved in the PUC's order approving the fifth Triennial Plan. In addition to those amounts, this budget also reflects expenditures related to the Revolving Loan Funds, transfers to the EMT Admin Fund, Volkswagen Settlement Funds, NECEC Funds, ARPA Funds, NEVI Funds, and funds pertaining to LD1995.

These amounts do not appear in the Triennial Plan budgets and therefore need to be addressed in this operating budget approval. The RLF lines relate to the \$1.0 million of administrative costs for operation of the RLFs. These RLF costs cover loan servicing fees and any losses from the RLF that may occur in the event of loan defaults. They are reflected under the last column of the table in the Home Energy Savings Program section, and in the last column of the C&I Prescriptive Initiatives section. Expenditures related to inter-fund transfers to the EMT Admin fund cover Trust overhead. These transfers total \$5,809,424, as indicated in Column 2015 of the Expenditure Budget. As noted with the revenue budget, above, the inter-fund transfers are reflected twice in the budget for accounting purposes. Staff have also included estimates of anticipated carryforward funding from prior-year settlements and federal and state grants to ensure that programs can start the fiscal year without interruption. We will true-up the amounts in the fall, after the FY2024 financial audit.

The Base Budget approved by the PUC in the Triennial Plan for expenditures for FY2025 (net of the inter-fund transfers) are as follows:

<b>Program Budgets</b>	<b>Amount</b>
Low Income Initiatives	\$ 40,874,714
Retail Program	7,801,336
Home Energy Savings Program	22,215,080
C&I Prescriptive Program	25,132,507
C&I Custom Program	12,268,750
Distributor Initiatives	12,230,950
Demand Management	1,586,201
Electric Vehicle Supply Equipment	21,527,176
Electric Vehicle Rebates	7,800,000
Lead by Example	500,000
<b>Subtotal - Program Budgets</b>	<b>\$ 151,936,714</b>

<b>Strategic Initiatives, Admin, and Transfers</b>	
Innovation	\$ 879,683
Public Information	494,214
Evaluation, Measurement, & Verification	2,199,208
Administration	6,364,926
Inter-Agency Transfers	1,006,683
<b>Subtotal - Strategic Initiatives, Admin, and Transfers</b>	<b>\$ 10,944,714</b>
<b>Total Expenditure Budget</b>	<b>\$ 162,881,428</b>

**EFFICIENCY MAINE TRUST**  
**SUMMARY OF REVENUES FROM ALL FUNDING SOURCES**  
**PROPOSED FISCAL YEAR 2025 BUDGET**

	<b>TOTAL</b>	<b>2015</b>	<b>2020</b>	<b>2030</b>	<b>2036</b>	<b>2040, 2041, 2042, 2043</b>	<b>2050</b>	<b>2061, 2062, 2063</b>	<b>2070, 2071, 2072, 2073</b>	<b>3030, 3031, 3032, 3033, 3041</b>	<b>3042</b>	<b>3041</b>	
	<b>REVENUES (ALL FUNDING SOURCES)</b>	<b>EMT ADMIN FUND</b>	<b>RGGI FUND</b>	<b>ELECTRIC PROCUREMENT</b>	<b>FCM HEAT PUMP INITIATIVE</b>	<b>CONSOLIDATED NATURAL GAS FUNDS</b>	<b>RENEWABLES FUND</b>	<b>CONSOLIDATED VW SETTLEMENT FUNDS</b>	<b>CONSOLIDATED NECEC FUNDS</b>	<b>AMERICAN RECOVERY PLAN FUNDS</b>	<b>INFRASTRUCTURE INVESTMENT &amp; JOBS ACT FUNDS</b>	<b>LD 1955 FUNDS</b>	<b>CONSOLIDATED REVOLVING LOAN FUNDS</b>
<b>MAINE &amp; REGIONAL REVENUES</b>	<b>97,138,006</b>	-	<b>26,700,000</b>	<b>60,350,358</b>	<b>6,087,648</b>	-	-	-	-	<b>4,000,000</b>	-	-	-
RGGI Auction Revenues	26,700,000	-	26,700,000	-	-	-	-	-	-	-	-	-	-
Electric Procurement Revenues	60,350,358	-	-	60,350,358	-	-	-	-	-	-	-	-	-
Forward Capacity Market Revenues	6,087,648	-	-	-	6,087,648	-	-	-	-	-	-	-	-
Agricultural Fair Electric Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural Gas Procurement Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
State of Maine Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
NECEC Proceeds	4,000,000	-	-	-	-	-	-	-	4,000,000	-	-	-	-
Alternative Compliance Mechanism Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary Renewable Resource Fund Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER REVENUES</b>	<b>1,100,000</b>	<b>75,000</b>	-	-	-	-	-	-	-	-	-	-	<b>1,025,000</b>
Revolving Loan Fund Interest	1,025,000	-	-	-	-	-	-	-	-	-	-	-	1,025,000
Deposit Interest	75,000	75,000	-	-	-	-	-	-	-	-	-	-	-
<b>FEDERAL REVENUES</b>	<b>44,000,000</b>	-	-	-	-	-	-	-	-	<b>33,000,000</b>	<b>11,000,000</b>	-	-
American Rescue Plan Funds	33,000,000	-	-	-	-	-	-	-	-	33,000,000	-	-	-
NEVI Funds	11,000,000	-	-	-	-	-	-	-	-	-	11,000,000	-	-
Other Federal Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>INTERFUND TRANSFERS TO EMT ADMIN FUND</b>	<b>5,734,424</b>	<b>5,734,424</b>	-	-	-	-	-	-	-	-	-	-	-
<b>USE OF FUND BALANCE</b>	<b>20,663,454</b>	-	-	<b>13,600,000</b>	-	-	-	<b>563,454</b>	<b>4,000,000</b>	-	-	<b>2,500,000</b>	-
Use of Fund Balance	20,663,454	-	-	13,600,000	-	-	-	563,454	4,000,000	-	-	2,500,000	-
<b>TOTAL REVENUES &amp; USE OF FUND BALANCE</b>	<b>168,635,884</b>	<b>5,809,424</b>	<b>26,700,000</b>	<b>73,950,358</b>	<b>6,087,648</b>	-	-	<b>563,454</b>	<b>8,000,000</b>	<b>33,000,000</b>	<b>11,000,000</b>	<b>2,500,000</b>	<b>1,025,000</b>

**EFFICIENCY MAINE TRUST**  
**SUMMARY OF EXPENDITURES FROM ALL FUNDING SOURCES**  
**BOARD APPROVED FISCAL YEAR 2025 BUDGET**

**EFFICIENCY MAINE TRUST**  
**SUMMARY OF EXPENDITURES FROM ALL FUNDING SOURCES**  
**BOARD APPROVED FISCAL YEAR 2025 BUDGET**

	<b>TOTAL</b>	<b>2015</b>	<b>2020</b>	<b>2030</b>	<b>2036</b>	<b>2040, 2041, 2042, 2043</b>	<b>2050</b>	<b>2061, 2062, 2063</b>	<b>2070, 2071, 2072, 2073</b>	<b>CONSOLIDATED</b>	<b>3041</b>		
	<b>EXPENDITURE BUDGET</b>	<b>EMT ADMIN FUND</b>	<b>RGGI FUND</b>	<b>ELECTRIC PROCUREMENT</b>	<b>FCM HEAT PUMP INITIATIVE</b>	<b>CONSOLIDATED NATURAL GAS FUNDS</b>	<b>RENEWABLES FUND</b>	<b>CONSOLIDATED VW SETTLEMENT FUNDS</b>	<b>CONSOLIDATED NEEC FUNDS</b>	<b>AMERICAN RECOVERY PLAN FUNDS</b>	<b>INFRASTRUCTURE INVESTEMENT &amp; JOBS ACT FUNDS</b>	<b>LD 1955 FUNDS</b>	<b>CONSOLIDATED REVOLVING LOAN FUNDS</b>
<b>ADMINISTRATION</b>	<b>12,099,350</b>	<b>5,799,424</b>	<b>799,000</b>	<b>5,235,424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177,395</b>	<b>18,139</b>	<b>-</b>	<b>69,968</b>
Personnel & staff support	4,291,512	4,069,214	-	-	-	-	-	-	-	168,530	17,248	-	36,520
Office Operations	1,313,564	1,272,110	-	-	-	-	-	-	-	8,865	891	-	31,698
Corp Dues	9,500	9,500	-	-	-	-	-	-	-	-	-	-	-
Sponsorship	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-
Corp Advertising	3,000	3,000	-	-	-	-	-	-	-	-	-	-	-
Travel	22,500	21,000	-	-	-	-	-	-	-	-	-	-	1,500
Meals	3,850	3,600	-	-	-	-	-	-	-	-	-	-	250
Board Meeting Expenditures	6,000	6,000	-	-	-	-	-	-	-	-	-	-	-
Call Center Services	300,000	300,000	-	-	-	-	-	-	-	-	-	-	-
EffRT Database	300,000	-	-	300,000	-	-	-	-	-	-	-	-	-
FCM Contractor Services	75,000	75,000	-	-	-	-	-	-	-	-	-	-	-
Transfers to EMT Admin Fund	5,734,424	-	799,000	4,935,424	-	-	-	-	-	-	-	-	-
<b>INTER-AGENCY TRANSFERS</b>	<b>1,006,683</b>	<b>10,000</b>	<b>284,000</b>	<b>654,428</b>	<b>58,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Public Utilities Commission	841,683	-	129,000	654,428	58,255	-	-	-	-	-	-	-	-
RGGI Rate Relief	-	-	-	-	-	-	-	-	-	-	-	-	-
RGGI Inc Operating Costs	70,000	-	70,000	-	-	-	-	-	-	-	-	-	-
Department of Environmental Protection	85,000	-	85,000	-	-	-	-	-	-	-	-	-	-
Governor's Energy Office	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
DECD (Maine Technology Institute)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>168,615,852</b>	<b>5,809,424</b>	<b>26,700,000</b>	<b>73,950,358</b>	<b>6,087,648</b>	<b>-</b>	<b>-</b>	<b>563,454</b>	<b>8,000,000</b>	<b>33,000,000</b>	<b>11,000,000</b>	<b>2,500,000</b>	<b>1,004,968</b>