

LD 886 - An Act to Secure Maine's Energy Future – Bill Summary

Overview of Sections 1-17

Sections 1-3: Minor changes to expense allowances for government boards and advisory boards

Section 4: Clarifies that Maine State Housing Authority is, for the purpose of federal funds, the designated weatherization and fuel-assistance agency for low-income persons only.

Section 5: Transfers responsibility for managing the electrical conservation programs, generally known as Efficiency Maine, from the Public Utilities Commission to the Efficiency Maine Trust; preserves the Commissions ability to manage other state energy programs not related to efficiency (“complementary energy programs”.)

Section 6: Ensures that all natural gas utilities provide efficiency programs to their customers; requires PUC to set funding level according to what is cost-effective and feasible; requires natural gas utilities to provide data on performance to Efficiency Maine Trust.

Section 7: Designates the Efficiency Maine Trust as the entity responsible for all federal State Energy Program funding related to energy efficiency, to be spent consistent with the Trusts triennial plan.

Section 8: Repeals the Energy Conservation Board—membership of the Efficiency Maine Trust Board in Section 10 is inclusive of all seven seats of the Energy Conservation Board.

Section 9: Repeals the Energy & Carbon Savings Trust—Section 11 of the bill re-establishes the RGGI Trust *Fund* using identical language.

Section 10: Establishes the Efficiency Maine Trust (see page 2 for more.)

Section 11: Re-establishes the RGGI Trust Fund using identical language to existing statute governing expenditure of RGGI revenue.

Section 12: Establishes the Heating Fuels and Weatherization Fund, for use by the Efficiency Maine Trust (see page 3 for more.)

Section 13: Provides for oversight of the Efficiency Maine Trust by the Public Utilities Commission,

Sections 14-16: Replace Energy & Carbon Savings Trust with Efficiency Maine Trust (or with the RGGI Trust Fund) as appropriate in other statutes.

Section 17: Clarifies length of terms for initial Efficiency Maine Trust Board members.

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Section 10: Establishment of the Efficiency Maine Trust

This section reconfigures the Energy & Carbon Savings Trust (and Energy Conservation Board) into a single Efficiency Maine Trust with the authority to manage the appropriate funds to provide integrated efficiency and weatherization planning and programming. The Trust will be an independent fiscal agent, organized as a nonprofit with a Board of Trustees, with oversight for plans and budgets by the PUC.

Purpose of the Trust:

- Provide uniform, integrated planning, program design and administration of various state & federal funds.
- Reduce energy costs and improve security of the state and local economies by maximizing the use of cost-effective energy efficiency and weatherization; reducing economic insecurity from overdependence on price-volatile heating fuels; increasing new jobs and business development to deliver energy efficiency products and services; and improving the energy performance of low-income households to improving comfort and indoor air quality and reduce the need for future fuel assistance.
- Simplify and enhance consumer access to technical assistance and financial incentives for energy efficiency and weatherization by merging dispersed, uncoordinated programs under a single administrative unit possessing independent management and expertise;
- Use cost-effective energy efficiency investments to reduce greenhouse gas emissions; and
- Ensure that all expenditures of the trust are cost-effective in terms of avoided fuel costs.

Structure, Governance and Oversight:

- Independent organization, non-government fiscal agent
- 12 member Board of Trustees
- 9 appointment by Public Utilities Commission, w/ 6 representing consumer groups
- 3 appointments by the Governor, representing appropriate state agencies
- Ex-officio positions for regulated and unregulated fuel industries
- Board hires a qualified Director who administers the Trust and staff
- The PUC shall approve plans and budgets, and independently evaluate programs (according to Section 13)
- Extensive legislative reporting is required under paragraph 5(E).

Program Administration, Performance and Triennial Plan:

- The trust shall plan, design and administer programs to ensure that funds are expended consistent with the statutory authorities that created the funds and so that the following principles of administration are met:
 - Programs are consumer oriented;
 - The effectiveness of programs is maximized by building up and centralizing expertise, addressing conflicts of interest, mitigating the influence of politics, and promoting flexible, program management;
 - The efficiency with which programs are planned, designed, overseen and delivered is maximized;
 - Sufficient checks and balances are provided to ensure consistency with public policy and accountability so that energy efficiency programs in the State are sustainable for the long term.
- The trust shall develop quantifiable measures of performance to which it will be held accountable by the PUC. Such measures may include: reduced energy consumption, reduced capacity demand for natural gas and electricity, reduced energy costs, reduced carbon dioxide emissions, program and overhead costs and cost-effectiveness, the number of new jobs created by the award of trust funds, the number of energy efficiency trainings or certification courses completed and the amount of sales generated
- In consultation with entities and agencies engaged in energy efficiency, the Trust shall prepare a detailed, triennial energy efficiency and conservation plan; see paragraph 5(D).
 - The plan must include: efficiency and conservation program budget allocations, objectives, targets, measures of performance, program designs, program implementation strategies, timelines and other relevant information.
 - Natural gas utilities and Maine State Housing Authority must present their program plans to the Trust for review and approval and incorporation into the triennial plan.

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Section 12: Establishment of the Heating Fuels and Weatherization Fund

This section provides the Trust with a dedicated fund to complement existing electrical efficiency funds and allow the Trust to develop and administer all-fuel/whole-building programs. This section also allows for revenue bonding of \$10 million/year for five years, paid for by the Heating Fuel and Weatherization Fund, to be used as a revolving loan fund.

Collection and schedule

- A system benefit charge on #2 oil, propane and kerosene will be collected at the terminal and transferred directly to the Trust
- The PUC will establish a process for appropriate rebate to any customers who use fuels for purposes not addressed by the efficiency programs (i.e. industrial processes), and/or for low-income households.
- The surcharge in 2009 will be \$1.05 per barrel (or 2.5 cents/gallon), rising to \$2.94 (or 7 cents/gallon) in 2018.
- Federal “state energy program” funds for energy efficiency will be transferred to this fund.

Use of the Fund

- Funds must be administered by the trust to reduce heating fuel consumption consistent with the purpose and targets of this Act and the strategic Triennial Plan.
- Funds may only be used for programs that provide cost-effective energy efficiency and weatherization measures that are planned, designed, administered and evaluated by the trust.
- Program categories may include low-income, single-family residential units, multifamily residential units, small business, commercial and institutional; both new construction and retrofits.
- Program designs approved by the Efficiency Maine Trust must contain:
 - Incentives to consumers to purchase and install the maximum amount of cost-effective efficiency and weatherization products and services identified by a certified assessor, except in the case of programs to deliver education, training or certifications;
 - A schedule of customer copayments and loan options for prescribed products and services.
 - A plan for integrating delivery of heating fuel efficiency and weatherization measures with electric efficiency measures.
- For the first 2 years, programs must include a market-based program designed to deliver an integrated efficiency and weatherization package for residential customers that includes, but is not limited to:
 - An initial assessment of the building shell, heating, ventilation and air-conditioning systems and electrical uses to determine what measures are cost-effective and appropriate for funding by the program. Any assessment must be performed by an individual certified to a level of training as determined by the Trust;
 - Cost buy-downs and financing to encourage the purchase of precertified high-efficiency new space heating or water heating equipment; cost-effective weatherization improvements to the building shell; and precertified efficient lighting systems and electrical equipment
 - A post-installation assessment and report pursuant to specifications approved by the trust.
- Other eligible measures for the Fund may include:
 - Training or certification of energy auditors, insulation installers, mechanical heating system installers and maintenance technicians and building energy inspectors; and
 - Loans for the purchase or lease of commercial equipment that is uniquely used in the installation and maintenance of high-efficiency heating mechanical systems or building shell efficiency measures.
- The Trust shall establish minimum certification or other criteria and processes that are used to determine eligibility of service providers, including oil dealers, natural gas and electric utilities, community action agencies, energy auditors and assessors and other qualified individuals who act as general contractors and liaisons between customers, the trust and other service providers.