



Testimony of the Efficiency Maine Trust -- Z100 (p. A-246)

Re: LD 210: An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

Presented to:

**the Joint Committee on Appropriations and Financial Affairs and
the Joint Committee on Energy, Utilities and Technology**

February 27, 2025

Senator Rotundo, Representative Gattine, Senator Lawrence and Representative Sachs, and Members of the Committee on Appropriations and Financial Affairs and of the Committee on Energy, Utilities and Technology, on behalf of the Efficiency Maine Trust (also called "Efficiency Maine," the "Trust," or "EMT"), I appreciate the opportunity to provide information about account Z-100 in this year's Biennial Budget.

About the Efficiency Maine Trust

Efficiency Maine is an independent, quasi-state agency established by the Legislature in 2009 for the purpose of administering programs to reduce energy costs in Maine. We help consumers lower their energy costs by promoting energy efficiency, demand management and beneficial electrification. The tools of our trade include financial incentives, such as rebates, instant discounts and loans, that lower the upfront cost of purchasing high-efficiency products and equipment. We provide consumer information through our website (at www.efficiencymaine.com), brochures and case studies, and training for contractors and salespeople at Maine retail stores and wholesale distributors. We conduct consumer surveys and procedures to measure, verify and evaluate the effectiveness of the products being supported through our programs.

In Fiscal Year 2024 (FY2024), Efficiency Maine's programs resulted in projects that will save more than 90,775 megawatt-hours (MWh), and more than 12 million, million British thermal units (MMBtu)¹ in cost-effective lifetime energy savings for Maine energy consumers. The Trust's FY2024 programs were responsible for:

- Avoidance of more than \$559 million in wasted energy costs (over the lifetime of the equipment);
- Prompting more than \$250 million of incremental private investment using approximately \$100 million of program investment;
- Installation of 27,520 high-performance heat pumps, (reaching a milestone of rebating more than 175,000 total heat pumps over the past 12 years);
- Supporting 2,856 weatherization projects (of which 953 projects were in homes of low-income and moderate-income homes) through the Home Energy Savings Program (HESP) and Low & Moderate-Income Initiatives;

¹ Equivalent to more than 86 million gallons of #2 heating oil.

- Installing more than 10,500 heat pump water heaters;
- Avoiding an estimated 62,000 short tons of annual greenhouse gas emissions; and
- Reducing summer peak demand on the electric distribution system (the grid) by more than 19 MW.

The Biennial Budget

At p. A-246 of this year's biennial budget, you will see that the entries for Efficiency Maine pertain to the cost of a single Legislative Count and the impacts of receiving a large allocation of federal funds from the American Rescue Plan "State Fiscal Recovery."

The Legislative Count shows that one person on staff at Efficiency Maine is a State employee. This is a legacy of the legislation that established Efficiency Maine in 2009, which provided that any person working at the energy conservation program at the time the legislation was enacted who wanted to retain their state employee status could elect to do so. Today, the salary for that one employee, together with associated overhead costs, is reimbursed to the State by the Trust from non-General Fund revenues.

The second element of Efficiency Maine's funding and expenditures shown in the biennial budget shows \$17 million in federal funding for each of the next two years. When the Legislature approved LD 1733 in 2022, it allocated \$50 million from the federal American Rescue Plan (ARP) to Efficiency Maine for expanded energy efficiency programs. Half of those funds were allocated to increase weatherization for low- and moderate-income homes and the other half to promote efficiency in municipal buildings, schools, businesses and industry. To date, Efficiency Maine has expended and received remittances from DAFS for approximately \$16 million (leaving a balance of approximately \$34 million). Splitting \$34 million across the next two years explains how the figures that appear in budget were developed.

I can also report that Efficiency Maine's commitments, plus as yet unreimbursed expenditures, using ARP funds have recently been accelerating as long-lead time projects have been reaching completion. We are on track to fully expend the ARP funds, and draw down the reimbursements from DAFS, well before December 2026.

Other Budgets and Priorities

The budgets for Efficiency Maine's programs are not funded through appropriations in the General Fund, and do not typically appear in the biennial budget except sometimes when we administer federal funds such as ARP. Our budgets are principally funded through revenues received directly from the electric utilities, the natural gas utilities, the Regional Greenhouse Gas Initiative (RGGI), and the Forward Capacity Market at ISO-New England.

The general focus of our programs remains promoting the shift to high-efficiency products so that Mainers can enjoy lower energy costs and reduced pollution emissions. Of special note, we are increasingly focusing on "beneficial electrification" and "demand management" as means to suppress electricity rates. Beneficial electrification is achieved by adding more heat pumps to Maine's homes and businesses. By spreading the fixed costs of maintaining our grid across more kWh of electric consumption, we can suppress the rate per kWh that utilities need to collect in order to pay for the grid. It is possibly the best option we have to keep the transmission and distribution component of our electricity rates to a minimum.

Respectfully,

/s/MDS

Michael D. Stoddard
Executive Director