



**Testimony of the Efficiency Maine Trust
Michael D. Stoddard, Executive Director**

NEITHER FOR NOR AGAINST

- **LD 1556 - Resolve, To Create the Commission To Study and Recommend a Financing Model To Increase Capital Investment in Renewable Energy, Clean Energy Technology, Energy Efficiency Projects and Jobs in Maine, AND**
- **LD 1659 - An Act To Create the Maine Clean Energy and Sustainability Accelerator**

Presented to the Joint Committee on Energy, Utilities and Technology (EUT)

May 12, 2021

Senator Lawrence, Representative Berry, and Members of the Committee on Energy, Utilities and Technology,

The Efficiency Maine Trust (the Trust) appreciates the opportunity to testify today neither for nor against both *LD 1556 and LD 1659*.

Maine is entering an exciting new era that will see significant increases in capital investment. During the coming decade, Maine will experience several transformations simultaneously. We will change out the systems that heat our homes and businesses and switch to heat pump technology; when buying a new (or used) car, many will select an EV; the power that energizes our grid will come from newly developed zero-carbon resources; and we will improve the quality of our buildings, employing the most energy efficient and sustainable designs, equipment, systems and materials.

Programs, such as those administered by the Trust, can be useful in overcoming a variety of barriers that commonly frustrate the speed, cost and universal reach of these types of transitions. Raising awareness, providing training and technical support, subsidizing initial purchases, driving demand in the marketplace, promoting equitable participation, and facilitating financing all play a valuable role in transforming markets.

As members of this Committee know, when providing subsidies for the purchase of high-efficiency, low-carbon devices, the Trust does not pay the whole cost. Rather, it designs its incentives to achieve the most savings for the lowest program cost, which means that consumers (with the exception of certain low-income customers) pay the balance of the project cost. For example, in the case of a mini-split heat pump, an average unit, installed, costs \$3,700; the most common Efficiency Maine incentives are \$800 or \$400, or between 10-20% of the project cost. Similarly, the cost of home weatherization projects ranges widely, but it is not uncommon to see projects costing from \$7,000-\$15,000. The current Efficiency Maine incentive is up to \$3,500, covering roughly 23-50% of the project cost. The story is repeated for small business lighting retrofits, process improvements at large manufacturers, grocery stores refrigeration systems, HVAC replacements in

public schools, and hundreds of other energy projects across every sector of the economy. The point is, public subsidies, whether through federal tax credits or programs such as Efficiency Maine, do not and cannot pay for the full cost of the transition. Private funds, whether from loans, savings, grants, or equity investors, must make up the balance.

As others testifying on this bill have noted, the combined funding needed to make this transition happen will be in the many billions of dollars. The same is true for projects that will make critical public infrastructure more resilient to climate change, for changing practices in agriculture and forestry, and for building out and modernizing the grid. Financing will play a critical role in making it happen.

Maine currently has a vibrant banking sector, a sophisticated investor community, and various federal and state programs and entities that complement the private sector with public financing. The Efficiency Maine Trust, FAME, MaineHousing, the Municipal Bond Bank and Coastal Enterprises, Inc. (CEI) are all engaged in financing of one type or another. But the task that lays ahead will require all of these sources, and others as well, to increase the scale and scope of their activities in financing the types of projects that are identified in LDs 1556 and 1659.

The Trust stands ready to participate in whatever way policymakers deem to be most helpful. As this Committee is aware, in addition to leveraging private investments through its traditional incentive programs, the Trust has operated two revolving loan funds for a decade. One loan fund provides financing to homeowners making energy upgrades through weatherization and heating system improvements; the other loan fund finances small businesses investing in new lighting and HVAC. (If C-PACE is enacted this session, the Trust will administer that as well). In developing and operating these loan programs, the Trust has conducted rulemakings, established loan approval protocols, secured third-party services for underwriting and loan servicing, and developed comprehensive accounting and reporting processes.

We have experience to share – whether it be applied to further study of the issues or in the immediate development and launching of loan programs – that we believe is valuable and can help make future financing programs in Maine successful. And we recognize that there are many others who are highly experienced and can offer insights about where public financing programs are most needed and how they can be most effective. It will be important for this Committee to take that input into consideration for an undertaking of this magnitude, and the Trust will be paying close attention to ensure it reflects this input in the design and implementation of any future loan programs it is tasked with administering.

The Trust looks forward to participating in further discussions around these bills, and I would be happy to address any questions from the Committee.

Respectfully,

/s/MDS

Michael D. Stoddard
Executive Director