Report on Energy Conservation Planning

Prepared for:

The Joint Standing Committee on Business and Economic Development
The Joint Standing Committee on Utilities and Energy
The Joint Standing Committee on Appropriations and Financial Affairs

120th Maine Legislature

January 15, 2002

Prepared by:
the Maine State Housing Authority
and the State Planning Office

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Executive Summary

PL 2001, Chapter 439, Section GG-4 instructed the Maine State Housing Authority and the State Planning Office to report on the most cost-effective approaches to:

1) Providing a new comprehensive energy conservation plan for this State and updating it every two years;
2) Coordinating all state energy conservation programs;
3) Encouraging conservation of energy and development of this State's energy resources to assist citizens in surviving the winter heating season; and
4) Soliciting and incorporating advice and comment from affected stakeholders including representatives of the energy industry, utilities, energy conservation service providers, low-income households and environmental agencies.

We have consulted with all state entities that deal with energy conservation. We solicited input from hundreds of interested parties, we held meetings with state agencies including one with twelve people from eight agencies, and we have followed the discussions being held by the Joint Standing Committee on Utilities and Energy in order to better address these issues.

We are pleased to make the following recommendations:

1) **An Energy Resources Council (ERC) should be created to develop and present an energy conservation policy to the Governor, the Legislature, and state agencies.** The ERC would comprise the Director of the Maine State Housing Authority, The Director of the State Planning Office, the Public Advocate, the Chairman of the Public Utilities Commission, and the Commissioners of the Departments of Economic and Community Development, Environmental Protection, Administration and Finance, and Transportation. The Director of the State Planning Office would serve as Chair. The ERC would operate without General Fund support. The transmission and distribution conservation fund would cover any costs not absorbed by its members. The ERC will meet quarterly, at a minimum, and will be housed in the State Planning Office. This design is based on the existing Land and Water Resources Council.

The ERC would prepare (with staff support from SPO) and oversee the execution of a six-year Strategic Plan every six years establishing energy conservation goals, policy, and anticipated outcomes. The Strategic Plan would be supported by a biennial Investment Plan that coincides with the state budget cycle. The Investment Plan would present a budget for the allocation of the transmission and distribution conservation funds to energy conservation activities contained in the Strategic Plan. This approach – modeled on the Department of Transportation planning process - allows for a long-term, stable plan that can respond to changes in the marketplace.

The Investment Plan programs would be administered by a Contract Administrator, who would be a senior staff member within DECD and funded from the transmission and distribution conservation fund. The Contract Administrator would oversee a bid process to implement the programs in the plan and would be assisted by a Technical Advisory Committee comprised of five members appointed by the Governor.

2) **The Energy Resources Council should coordinate all state energy conservation and related programs.** The ERC would ensure that all state energy conservation and related program activities are consistent with the Strategic Plan. The ERC would review agency energy conservation programs and provide guidance. The ERC would provide a forum to ensure that state agency programs are not working at cross-purposes. The members of the ERC would be able to use the ERC to coordinate both the policy consistency of their programs and their operational coordination.

3) **The Energy Resources Council should coordinate and generate education campaigns to inform and encourage Maine citizens to conserve energy.** The ERC would identify and encourage the development and use of state energy resources that can help people get through the winter heating season. The ERC should take particular care to focus on those least able to look out for themselves. The ERC should specify in the Strategic Plan a reasonable percentage of the

resources available to it to be used for residential conservation activities directed toward low-income households.

4) **The Energy Resources Council should make provisions to solicit and incorporate advice and comment from affected stakeholders.** There are many ways to do this; the ERC can determine the method it thinks most efficient and most effective.

Introduction and Charge

The Maine State Housing Authority, aided by the Maine State Planning Office, was instructed to prepare a report on energy conservation planning and coordination by the 120th Legislature (PL 2001, c.439, Sec. GC-4). The genesis of this study was the November 2000 report of the Task Force to Reduce the Burden of Home Heating Costs on Low-income Households which was established in the Second Regular Session of the 119th Legislature by Resolve 1999, chapter 132.

The charge read:

> The Maine State Housing Authority, with assistance from the State Planning Office, shall report to the joint standing committee of the Legislature having jurisdiction over business and economic development matters, the joint standing committee of the Legislature having jurisdiction over utilities and energy matters, and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs on the most cost-effective approaches to the following:
>
> 1. Providing a new comprehensive energy conservation plan for this State and updating it every two years;
> 2. Coordinating all state energy conservation programs;
> 3. Encouraging conservation of energy and development of this State's energy resources to assist citizens in surviving the winter heating season; and
> 4. Soliciting and incorporating advice and comment from affected stakeholders including representatives of the energy industry, utilities, energy conservation service providers, low-income households and environmental agencies.
>
> This report must be submitted with accompanying legislation if necessary to the First Regular Session of the 120th Legislature by November 1, 2001.

The preparation of this report was delayed by several false starts, which resulted in a request for a delay in the submission date. Each effort revealed additional energy conservation related programs already in place in several state agencies. These discoveries served to underscore the need and importance of this report: our work was suffering from the same problem we were being asked to solve. The additional time we were granted

permitted a more comprehensive review and analysis of energy conservation planning in the state.

With each new start, we expanded our work to include input from more interested agencies. A strategy meeting was convened on December 14, 2001 with representatives of the Maine State Housing Authority, the State Planning Office, The Maine Department of Transportation, the Office of the Governor, The Public Utilities Commission, General Services, The Department of Economic and Community Development, The Office of the Public Advocate, and the Maine Municipal Bond Bank. The Department of Environmental Protection was invited, but unable to attend.

The information and ideas exchanged during the December strategy meeting became the foundation for the recommendations contained in this report. That foundation has been further refined in additional meetings between MSHA and the State Planning Office with advice from other key parties. The recommendations contained here embody a combined sense of purpose and direction. The core of the recommendations is the creation of a policy-making cabinet level council to explicate the importance of energy conservation to Maine's future, to recommend Maine's energy policies, and to coordinate efforts across state government. The recommendations call for the energy conservation policies developed by the council to be designed and implemented within existing agencies as a matter of practicality and economy. We also offer a recommendation on the administration of the transmission and distribution energy conservation funds.

Maine and the nation have moved into a time when the energy future can not be predicted and managed by a deterministic plan. The uncertainties of energy demand, emerging and as yet unrealized technologies, and unpredictable market forces together require a flexible planning process to carry Maine through its energy future. The goal of energy planning becomes, therefore, a focus on the process of energy decision making. That process should provide an accommodation for all opinions to be considered in the context of the state's overall energy goals and objectives. A thoughtful and coordinated planning process is needed to achieve well-balanced strategies for a sustainable energy future.

Summary of Past Energy Policies

"The highest priority for the 1980s is that Maine develop a statewide energy policy that will enable the State of Maine to secure a reliable, adequate and low cost energy supply for the State's future."
(1983 Maine Comprehensive Energy Resources Plan)

"The overriding goal of Maine's energy policy is to promote the present and future economic well being of Maine residents and businesses by ensuring the availability of reliable energy at the lowest possible cost.
(1987 Energy Resources Plan)

"Maine must develop a sustainable energy future – a future that protects human health and the environment and promotes economic prosperity. ...the cornerstone of this plan is to increase energy efficiency in every sector of energy use. Energy efficiency is the key to reducing long-term energy costs, enhancing Maine's economic competitiveness in the global economy, reducing pollution, and reducing dependence on imported energy."
(1992 Report of the Commission on Comprehensive Energy Planning)

The Office of Energy Resources

The Legislature created the Office of Energy Resources (OER) in 1973. The OER was responsible for coordinating the State's energy and energy conservation programs, developing a comprehensive energy plan, managing federal energy programs, analyzing and recommending energy policy, and providing information on energy matters to Maine citizens. The OER had four divisions: Conservation, Information Programs, Energy Emergency Management, and Planning and Development. The OER funded energy audits for residential and commercial buildings, coordinated a local government energy program, and conducted energy education.

The OER also prepared a plan for state expenditure of funds from federal oil overcharge fines. As a result of several successful lawsuits, the federal government held that oil companies overcharged consumers for fuel products during the gas shortage of the mid 1970s. The courts directed the oil companies to pay states millions of dollars. As reimbursement to individual consumers for what they overpaid was problematic, the states implemented programs that would reduce consumers' energy costs. In Maine, oil

overcharge funds were set aside in a Petroleum Violation Escrow (PVE) account and targeted for energy-related programs benefiting the people of Maine. These included such projects as weatherization and home energy assistance programs for low-income households, subsidized energy conservation loans for business and industry, and state building and agency energy conservation projects. Over the 12-year period that oil overcharge funds were paid to the states, Maine received nearly $40 million.

During its lifetime, OER's operations were federally funded for the most part. When oil prices declined significantly during the 1980s, interest in conservation activities declined. The federal government's commitment to state energy programs also diminished. In 1989, the Legislature abolished the OER and transferred its responsibilities to two state agencies. The responsibility for the energy conservation related issues of energy audits, small business assistance, and energy conservation loans went to the Department of Economic and Community Development. The State Planning Office assumed responsibility for the energy planning and policy functions. SPO funded two staff positions with PVE money, but both positions were eliminated two years later. The Legislature used the remaining PVE money to fund energy related budget shortfalls during the recession of the early 1990s.

Prior State Energy Plans

State energy plans in the 1980s focused on goals related to cost and reliability, with the specific objective of reducing the state's dependence on oil through increased efficiency and through the development of renewable, indigenous resources. Throughout the 1980s, Maine made progress towards reducing dependence on oil and increasing the use of renewable energy resources and energy efficiency.

Maine law establishes several energy priorities with respect to regulated electric utilities. The State's Small Power Act (33 MRSA §3302) states that Maine should encourage the development of energy producing systems using renewable resources; particularly abundant, renewable resources or resources in close proximity to Maine. In addition, the Maine Energy Policy Act (35-Ã MRSA §3191) gives preference, when the available alternatives are otherwise equivalent, first to conservation and demand management, and

then to power purchased from qualifying facilities, otherwise known as cogeneration facilities. As a result of these laws, Maine became a national leader in the areas of non-utility generation and the use of renewable resources in the production of electricity.

Many of the priorities of the energy policy of the 1980s served as a point of departure for the 1992 report of the Commission on Comprehensive Energy Planning. For example, the 1987 energy plan outlined the following specific objectives:

- Encouraging energy conservation,
- Developing Maine's indigenous energy resources,
- Reducing the cost of energy,
- Increasing the availability of natural gas,
- Encouraging diversification of Maine's energy resource base,
- Working toward greater reliance on market mechanisms,
- Enhancing energy education and public information, and
- Pursuing opportunities for energy production for export that provide economic benefits and are consistent with state land use and environmental goals.

The underlying goal of securing reliable, low cost energy supplies continues to be fundamentally important today. But, as observed in the report, attaining energy objectives is more complicated than was initially realized. This is partly because today's energy marketplace has become increasingly complex and intertwined with social and economic issues. Also, some of the critical assumptions upon which past energy policy was based proved to be inaccurate.

For example, as a direct result of the state energy policy in the 1980s, Maine is now a national leader in the development of non-utility power generation. This policy resulted in a number of benefits such as increased diversification and competition, and the increased development of Maine's indigenous resources. However, the cost has been high. Some of the early contracts between independent power producers and Maine utilities were based on oil price forecasts that predicted oil rising well above $40 per barrel by 1990 to near $100 per barrel by the year 2000. This was reflected in rates, know as the avoided cost, used to contract with cogeneration and small power projects. This resulted in per kilowatt-hour charges that were out of line with market rates in adjoining states. It also meant that some

of these small producers would likely not be competitive when the state policy moved to deregulation. The reliance on assumptions provided a lesson for Maine with respect to developing future energy policies; forecasting is an inexact science and should not be the sole basis for policy development.

The 1992 Commission concluded that increased energy efficiency should be the basis of future energy policy aimed at meeting Maine's energy needs. That energy efficiency should not only be pursued through programs offered by electric utilities, but through programs that target every sector of energy use, including transportation. The Commission also recommended that the state continue to develop renewable, indigenous resources and should continue to diversify its energy mix specifically through the increased use of natural gas and the development and use of alternative transportation fuels.

The Commission recommended that Maine should:

- Develop funding mechanisms for state sponsored conservation programs targeting low-income citizens, school, municipalities, and small businesses.
- Maintain current law and Public Utility Commission regulations concerning utility sponsored conservation programs.
- Pursue increased investment in energy efficiency in publicly owned buildings.
- Pursue increased efficiency within the transportation sector, including higher mileage vehicles, innovative land use practices that promote clustering, the development of efficient intermodal transportation systems, and increased opportunities for carpooling and ridesharing.
- Support energy education and outreach programs.
- Work to control long-term energy costs.
- Promote greater diversity and renewable resources.
- Promote the increased availability of natural gas into Maine.
- Promote the development of alternative transportation fuels.
- Establish an ongoing advisory group on energy and the environment to evaluate strategies for including externalities in energy decision making processes, changes to Maine environmental law, and the cost effectiveness of emissions taxes or caps or both.
- Continue to work toward coordinated strategies on a regional basis that support Maine's goals and objectives related to energy and environmental planning.

The 1992 Commission also evaluated an energy-forecasting model developed at MIT, which identified the most economically and environmentally desirable energy strategy for New England. The model suggested that the combination of aggressive conservation

efforts and the conversion or replacement of the region's older and dirtier power plants with modern generating technologies would yield the greatest benefit.

The Commission concluded that strategies to implement Maine's overall energy goals must be based on well-defined objectives and must be targeted and coordinated to achieve those objectives. The strategies should recognize the complexities of the energy production and distribution environment and the risks associated with assumptions based upon forecasts.

The 1999 LIHEAP Task Force

The Task Force to Reduce the Burden of Home Heating Costs on Low-income Households was established in the Second Regular Session of the 119th Legislature in 1999.

Among other issues, the Task Force focused its attention on energy conservation. This was driven in part by an urgency created by a series of spikes in energy prices and the expectation that energy prices were likely to remain volatile in the future. The Task Force concluded that more money for weatherization services and low-interest loans and tax incentives for conservation improvements are crucial in mitigating the significant energy costs facing Maine's low-income citizens. The Task Force also believed that the state should make better use of existing resources through cost effective, energy efficient investments to reduce the energy needs of this population over time. Some of the recommendations made by the Task Force to the Governor and Legislature were:

- The State of Maine should establish a summer fill program for low-income households who are eligible for fuel assistance through the LIHEAP program so they could take advantage of summer incentive pricing programs.
- The Maine State Housing Authority and the State Planning Office should investigate the possibility of establishing a separate "Office of Energy Conservation" within the Maine State Housing Authority to annually prepare the State of Maine for difficult winter heating seasons. (This recommendation was changed by the Legislature to the current charge for this report.)
- The Maine Public Utilities Commission should continue to monitor the effects of interruptible gas services on the supply and price of home heating oil in the State of Maine.

- The State Planning Office should conduct a study to determine whether the State of Maine can reduce its per capita residential consumption by 25% by 2011.

Electric Utility Deregulation

Maine was one of the first states in the nation to deregulate the electric utility industry. This bold action by the state directly challenged the traditional organization and business practices of the electric utility business. The disagregation of the electric utilities into their component parts of electricity generation, and transmission and distribution was done solely to benefit the citizens of Maine. Opening the generation and sale of electricity to the efficiencies of an open market place for the benefit of the end consumer was a revolutionary concept for its time.

Maine's program to introduce competition into the electric utility industry and to implement full retail choice for electricity customers took effect on March 1, 2000. As a result, there are new independent owners of generating facilities, new energy providers selling electricity products and services directly to customers, and restructured Transmission and Distribution utilities, which continue to provide electricity delivery services.

A significant part of Maine's electricity industry is the existing and new independent generators of electricity, mostly hydropower facilities and biomass plants, as well as several new natural gas power plants. Since Maine electricity markets are relatively small, these Maine based facilities will be competing as merchant plants in a regional market place, which leaves the fate of Maine based generation, especially the biomass plants and other renewable based power generation, to the uncertainty of a regional market place.

Deregulation has had a major impact on both the regulated utilities and the state regulators. Where it previously might have made economic sense for the electric utilities to avoid generation costs through conservation, there is now no business reason for them to do so. State policy makers and regulators seeking to continue public purpose efforts such as energy conservation are faced with the need to create new approaches and design new mechanisms.

Recommendations

The Maine State Housing Authority, aided by the Maine State Planning Office, and in consultation with state agencies, the PUC, the Public Advocate, and the Governor's staff presents the following recommendations on the most cost-effective approaches to the following four issues:

1) *Providing a new comprehensive energy conservation plan for this state and updating it every two years.*

It is the recommendation of the Maine State Housing Authority and the Maine State Planning Office that an Energy Resources Council (ERC) be created. The ERC will develop and present an energy conservation policy to the Governor, the Legislature, and state agencies, including policies relating to energy use, conservation, and the development of energy resources. The ERC will develop and coordinate state policy regarding programs or proposals that affect energy use in the state and that involve the activities of more that one state agency. The ERC will study specific energy issues and problems of state-level significance in order to develop coordinated policies. The ERC will make sure the state takes advantage of all appropriate outside funding opportunities.

The ERC will be comprised of the Director of the Maine State Housing Authority, The Director of the State Planning Office, the Public Advocate, the Chairman of the Public Utilities Commission, and the Commissioners of the Departments of Economic and Community Development, Environmental Protection, Administration and Finance, and Transportation. The Director of the State Planning Office would serve as Chair. The ERC would operate without General Fund support. The transmission and distribution conservation fund will cover any costs of the ERC not absorbed by its members. The ERC will meet quarterly, at a minimum, and will be housed in the State Planning Office. This design is based on the existing Land and Water Resources Council.

The ERC will prepare a six-year Strategic Plan and a two-year Investment Plan and present it to the Executive and Legislative branches every two years. The Strategic Plan will delineate energy conservation goals and policy and the anticipated outcomes for the State of Maine. The detailed Strategic Plan will be prepared by the State Planning Office under the direction of, and for the approval of, the ERC. The ERC will oversee the execution of the Strategic Plan and monitor the attainment of the outcomes.

The Strategic Plan will be supported by a biennial Investment Plan coincidental with the state budget cycle. The Investment Plan will present a budget for the allocation of the transmission and distribution conservation funds to energy conservation activities contained in the Strategic Plan. The Investment Plan will report on the progress toward attainment of the goals and outcomes in the Strategic Plan. The Investment Plan may be used to change or modify the goals and outcomes in the longer term Strategic Plan as dictated by current events. The reason for having both a Strategic Plan and an Investment Plan is to accommodate the uncertainties of the future. It allows a flexible response to changes in the economy, in technology, and in priorities. This planning approach is modeled on the successful Department of Transportation process.

The Commissioner of the Department of Economic and Community Development, in consultation with the ERC, will hire a Contract Administrator, who will be a senior staff member within DECD and funded from the transmission and distribution conservation fund, to implement the ERC Strategic Plan. The Contract Administrator should have extensive experience in the areas of contract administration, energy management, and relevant technologies.

We also propose a Technical Advisory Committee comprised of five members to provide consultation and assistance to the Contract Administrator. The five members will be gubernatorial appointees among whom there should be expertise in the technology of conservation and the retail delivery of energy.

The Contract Administrator will prepare Requests for Proposal (RFP), in consultation with the Technical Advisory Committee, to solicit contractors to develop and execute plans to implement policies adopted by the ERC in the Investment Plan. The Administrator will report semi-annually to the ERC on the progress of each contract.

2) *Coordinating all state energy conservation programs.*

The Energy Resources Council will coordinate all state energy conservation and related programs. The ERC will ensure that all state energy conservation and related program activities are consistent with the Strategic Plan. The ERC will review agency energy conservation programs and provide guidance. The ERC will provide a forum to ensure that state agency programs are not working at cross-purposes. The members of the ERC will be able to use the ERC to coordinate both the policy consistency of their programs and their operational coordination.

3) *Encouraging conservation of energy and development of the state's energy resources to assist citizens in surviving the winter heating season.*

The Energy Resources Council will coordinate, and generate, as needed, the various education campaigns undertaken to inform and encourage Maine citizens to conserve. The ERC will also identify and encourage, consistent with the Strategic Plan, the development and use of state energy resources that can help people get through the winter heating season. The ERC should take particular care to focus on those least able to look out for themselves.

In the Strategic Plan, the ERC will address appropriate methods to educate citizens about the importance of energy conservation to the future of the State of Maine. The ERC shall also include in the education strategy sufficient information to permit the citizens of Maine to make informed decisions about energy conservation methods.

The ERC should specify in the Strategic Plan a reasonable percentage of the resources available to it to be used for residential conservation activities directed toward low-income households. The ERC may make other similar recommendations.

The Bundle-me-up program is one example of a successful education strategy. Under this effort, the Bundle-me-up program provided residents of Maine with energy saving tips and information on how to access and use state and federal energy programs. This was accomplished through brochures, public service announcements, a website, a call center, and a newspaper insert.

Another example of the type of program that could assist citizens in surviving the winter heating season, is the LIHEAP summer fill pilot program to be conducted by the Maine State Housing Authority in 2002. MSHA has been authorized to borrow $10 million from the unappropriated surplus account on a one-time basis. The purpose of the pilot is to provide eligible households with LIHEAP benefits in the summer in order to take advantage of price cap programs for fuel oil available at that time of year.

4) *Soliciting and incorporating advise and comment from affected stakeholders including representatives of the energy industry, utilities, energy conservation service providers, low-income households and environmental agencies.*

The Energy Resources Council will make provisions for soliciting and incorporating advice and comment from affected stakeholders. There are many ways to do this and it probably makes sense to allow the ERC to determine the method it thinks most satisfactory.

The ERC could conduct public hearings periodically to solicit advice and comment. This has the advantage of ensuring that all interested parties have an opportunity to directly input comment to the ERC. A disadvantage is the possibility that the hearings become so lengthy and unfocused that they are unwieldy. Alternatively, the ERC could create an advisory committee that would include

affected stakeholders from the energy industry, utilities, energy conservation service providers, low-income households and environmental agencies. This strategy has the advantages of efficiency and focus. The primary disadvantage is the possibility that not all affected stakeholders will be represented or, perhaps more importantly, may not feel appropriately represented. So, we recommend allowing the ERC some flexibility and asking them to notify the joint standing committee of the Legislature having jurisdiction over utilities and energy of the method selected.

The ERC should maintain an Internet website to publish its policy recommendations, meeting schedules and agendas, and receive comment from interested parties. The ERC meetings should be open to the public.

Summary of Comments Received

The Maine State Housing Authority solicited comments from hundreds of potentially interested parties. We sent a request for comments to the State Planning Office's list of interested parties, the members of the Maine Electric Consumers Coalition, the members of Maine Global Climate Change, Inc. and the attendees of their 2001 workshop. We received eight responses. They are summarized here and included in Appendix B.

NYLE, Inc. - Donald Lewis, President

Mr. Lewis opposes the creation of a state level office of energy conservation because:

1. Historically, state level energy conservation and management programs have been unsuccessful,
2. The state lacks the skills and knowledge to create and administer energy conservation programs, and
3. Previous state policies have been based on incorrect predictions and forecasts.

Bangor Hydro Electric Company - Steve Desmond, Marketing Manager

Bangor Hydro supports the effort to identify or create an agency or activity that would coordinate a comprehensive effort toward energy conservation policy.

- Any plans should be evaluated for cost effectiveness using the Public Utility Commission's All Ratepayer Test.
- Plans should provide direct financial assistance to consumers by providing incentives, rebates, education, or on-site analysis.
- Plans should avoid market transformation programs which assist retailers and manufacturers distribute products with the hope that they will someday be less expensive.
- Plans should attempt to include all available public and private sources of relevant information.

Maine Sustainable Development Working Group - Theresa Savoy, Coordinator

MSDWG supports the formation of a Council of Energy Conservation.

- Council should be comprised of State Commissioners, Public Advocate, and the Public Utilities Commission and be charged to develop energy policy with input from all interests.
- Policies should be developed in a way that encourages public input and includes a broad range of interests.
- Future energy systems should be based upon clean and renewable sources that have minimal impact on ecological systems.

Alfred Padula

Mr. Padula supports the idea of a state office of energy conservation.

- The primary mission of the office should be information gathering and public education.
- He lists ten topics recommended for study by the office of energy conservation.

Central Maine Power - Richard P. Hevey, Counsel

CMP believes that MSHA should be the entity to coordinate the development and implementation of state energy conservation programs and plans.

- Any plan should include an accurate method for measuring cost effectiveness.
- Plans should clearly identify and prioritize specific, tangible energy, conservation, environmental, and social goals.
- Plans should not focus on process.

L.K. Goldfarb and Associates - Lynn Goldfarb, President

L. K. Goldfarb supports the creation of an Office of Energy, which should be located in an existing agency as a cost saving strategy.

- The Office should coordinate other state agency energy efficiency and conservation activities.
- Any plans should be cost effective from the consumers' perspective.
- The Office should leverage public funds with federal and private sector dollars.
- It should use office protocols which are flexible to respond quickly to market changes.

- It should address current and future energy demand and efficiency, indigenous and renewable resources, and external sources of energy supply.
- Programs should be available statewide.
- Programs should be coordinated across market sectors (residential-commercial-governmental-industrial).
- Programs should be coordinated with regional and national efforts.
- The planning and review process should include opportunities for meaningful stakeholder input.

Maine Global Climate Change, Inc. - Pam Person, Co-Chair

Maine GCC, Inc supports the creation of an Office of Energy Conservation. Maine has lost opportunities because the Office does not exist. Maine GCC recommends some specific topics for consideration by the Office.

Energy Efficiency Institute - Harlan Larchman

Mr. Larchman provides information on a proprietary approach to energy efficiency for use by state agencies. Copies of Mr. Larchman's 16 page attachment are available upon request.

Physicians for Social Responsibility - Raina Rippel, Director

PSR encourages the State Legislature to develop and support energy conservation programs that will help alleviate the negative effects of environmental pollution on public heath without deprivation to the citizens of Maine.

Duncan Morrison - Combined Energies

Mr. Morrison supports the formation of an Office of Energy Conservation. A successful energy conservation program for public buildings and facilities will have these components:

- a target reduction goal and appropriate incentives,
- a process to identify qualified companies to deliver energy conservation and efficiency services, and

- a fast, fair, and streamlined procurement process with the correct agency oversight.

Appendix A

Proposed Legislation

PROPOSED LEGISLATION

Sec. 1. 5 MRSA Chapter 313-A is enacted to read:

CHAPTER 313-A
Energy Resources Council

§ 3325. Energy Resources Council

1. Council established; membership. In order to facilitate more effective interagency coordination of the State's activities regarding energy conservation, the Energy Resources Council, referred to in this chapter as the "council," is established. The chair of the council is the Director of the State Planning Office. The membership of the council is as follows:

A. The Director of the State Planning Office;

B. The Chair of the Public Utilities Commission;

C. The Commissioner of Environmental Protection;

D. The Public Advocate;

E. The Commissioner of Transportation;

F. The Commissioner of Administration and Finance;

G. The Commissioner of Economic and Community Development; and

H. The Director of the Maine State Housing Authority.

2. Duties; responsibilities. The council shall advise the Governor, the Legislature, and state agencies in the formulation of energy conservation policy, including policy relating to energy use and development of energy resources.

The council shall:

A. Recommend a coordinated state policy regarding major programs or proposals that affect energy use in the State and that involves the activities of more than one state agency;

B. Oversee the development and execution of a state energy conservation strategic plan every six years or on such other schedule as the Council deems appropriate;

C. Oversee the development of and execution of a state energy conservation investment plan every two years on a schedule that complements the state budget cycle;

D. Ensure that the needs of Maine's low and moderate income citizens are considered in the development of the strategic plan and the investment plan and, if deemed appropriate, recommend a specific portion of funds to be used to their benefit;

E. Consult and advise the Commissioner of the Department of Economic and Community Development on the selection of a Contract Administrator;

F. Provide direction to the State's energy conservation planning and regulatory programs and encourage coordination of these efforts through review and comment on agency program plans, specific projects, and legislative proposals that involve or affect more than one agency;

G. Periodically evaluate, in consultation with affected interests, the State's regulatory systems as they affect energy use, development, and conservation, and recommend appropriate action, as needed, to improve planning and coordination;

H. Develop and coordinate as needed education campaigns to inform and encourage Maine citizens to conserve energy;

I. Make provisions for soliciting and incorporating advice and comment from affected stakeholders and notify the joint standing committee of the Legislature having jurisdiction over utilities and energy of the method selected;

K. Study specific energy conservation issues and problems of state-level significance in order to develop sound, coordinated policies;

L. Seek cooperation from federal agencies with jurisdiction over energy conservation matters to ensure that their programs and projects serve the best interests of the State; and

M. Undertake other activities necessary to meet its duties and responsibilities.

3. Quarterly meetings; report; staff. The council shall meet at least quarterly. The council shall submit the state energy conservation strategic plan to the Governor and joint standing committee of the Legislature having jurisdiction over utility and energy matters. By Janaury 15th of odd numbered years, the council shall submit the state energy conservation investment plan, a report describing its activities during the previous period,

and an outline of anticipated activities for the next period to the Governor and the joint standing committee of the Legislature having jurisdiction over utility and energy matters. The State Planning Office and the member agencies shall provide staff support. The transmission and distribution conservation fund will cover any costs of the ERC not absorbed by its members.

Sec. 2. XX MRSA XXXX as amended by PL xxxx, chapter xxx is further amended to read as follows:

[This section sets up the administration of the electric utility energy conservation program in DECD. MSHA, SPO, and DECD will work with OPLA staff and the PUC to draft this section.]

Sec 3. 30-A MRSA Sec. XXXX is enacted as follows:

[This section establishes the Contract Administrator position at DECD to administer the bid process and oversee the management of electric utility energy conservation programs. DECD is drafting this section.]

Sec. 4. XX MRSA XXXX is enacted to read:

[This section would create the Technical Advisory Committee comprised of five members to provide consultation and assistance to the Contract Administrator. The five members will be gubernatorial appointees among whom there should be expertise in the technology of conservation and the retail delivery of energy.]

SUMMARY

This bill creates the Energy Resources Council to facilitate more effective interagency coordination of the State's activities regarding energy conservation issues.

Comments Received

Nyle Corporation
Nyle Standard Dryers, Inc.
P.O. Box 1107
Bangor, Maine 04402-1107 USA
Shipping Address:
72 Center Street, Brewer, Maine 04412
Telephone: (207) 989-4335 • (800) 777-6953
Fax: (207) 989-1101
www.nyle.com

November 26, 2001

Mr. Michael Johnson
Maine State Housing Authority
353 Water Street
Augusta, Maine 04330

Dear Mr. Johnson:

This is in response to your request for comments on the feasibility of establishing office of Energy Conservation.

First, I would like to state my qualifications. I am a Maine registered mechanical engineer who has been in the business of building energy saving systems for 40 years. I have served as president of the Maine State Housing Authority Advisory Board, chairman of the Brewer Housing Authority, director and trustee of the Ellen M. Leach Home, holder of several patents in energy conservation equipment that have been recognized by the DOE with a National Energy Award. I have developed several good sized developement projects in Maine. I founded and run a company that produces energy saving equipment and we have customers throughout the world. As such, I am very familiar with comparative energy costs in various states, provinces and countries. Maine is in incredibly bad competitive shape and close to 100% of the cause is traced to actions by state government

I would strongly oppose establishing a state office of Energy Conservation. The history of the last decades is very clear. The more the State of Maine gets involved in energy policy, the worse it is for the consumers of energy. Maine, almost entirely because of dumb governmental policy, has close to the highest energy, if not the highest, electric costs in the nation. This is an incredible penalty on those who choose to live and work in Maine. More than half of the cost of electric energy can be traced to incompetent, politically driven, policies adopted by the State.

To put this into perspective, a small sawmill in Maine can expect to pay $50,000 more for electricity a year than if in Massachusetts, $100,000 more than if in New Brunswick, $150,000 more than in some other states in the USA. And this is a small sawmill. Is it any wonder Maine's lumber industry is shrinking while around us in the Maritimes and Quebec, it is growing rapidly? Yet 25 years ago, before the PUC started taking a politically motivated role in energy policy, Maine mills had smaller electric bills than most other areas. A large mill in Maine can face a penalty in electric costs in the hundreds of thousands of dollars a year. Hence lost jobs and lost opportunities. Most of this blame can be squarely laid on idiocy in Augusta.

The State Planning Office has recently been charged with taking over the electric energy conservation programs of the utilities and the result has been totally unhelpful to the rate payers in Maine. In fact, it will take $50,000,000 from them over the next three years mostly to enrich some out-of-state "consultants" and result in minuscule savings to Maine consumers. Maybe it is good policy to take money from rate payers and make a few people rich, maybe rich enough to assuage their desire to dabble in government.

Certainly the present record does not recommend giving more such responsibility to the State Planning Office or anyone else who lives anywhere near Augusta. When you have a perfect record of failure, the last thing to do is take on more. In almost every case, probably every case, had there been no action by Augusta, the rate payers in Maine would have been far better off than they are now.

MSHA does apply some energy conservation policies to projects they finance or are involved with. While some of these polices are misguided and/or incorrect, adding another bureaucracy to oversee MSHA's policies would probably only cost more and add more complication without saving a BTU of energy. It makes more sense for MSHA to eventually become more energy intelligent and there is always hope that will happen. The more levels there are in establishing policies, the less likely it will be that there will ever be positive action taken.

It is doubtful that the office of Energy Conservation would ever be staffed by people who understood the subject. It more likely would be staffed by people to whom trendy, fashionable, ideas about energy are more important than sound engineering. To be otherwise, would be counter to the record of the last decades.

Finally, energy policy does not lend itself to government planning. It is just not possible to know over the long haul what might develop and policies, such as been common in Maine government, that try to do this are always wrong and have resulted in a disaster for the people of this State.

Please, please, no more help, guidance or policy from Augusta. We can't afford any more of what you have done to us so far. I can think of few things that Maine could do that would be as harmful to the people of Maine as establishing an office of Energy Conservation.

Very truly yours,

Donald C. Lewis PE
President

Michael Johnson - Request for Comments: MSHA report to the Legislature

From: <Sdesmond@BHE.com>
To: <mjohnson@mainehousing.org>
Date: 12/12/01 11:42 AM
Subject: Request for Comments: MSHA report to the Legislature
CC: <backpast@tidewater.net>, <RepBill.Savage@state.me.us>, <RepChris.Hall@state.me.us>, <chemman@northlandlink.com>, <Lawrence.Bliss@state.me.us>, <streat@powerlink.net>, <satreat@colby.edu>, <RepAl.Goodwin@state.me.us>, <drchall@lincoln.midcoast.com>, <Lflagg@mainepublicservice.com>, <Bboyles@mainepublicservice.com>, <john.davulis@cmpco.com>

Note: MSWord file of e-mail text attached

December 12, 2001

Dear Mr. Johnson,

Thank you for the opportunity to respond to your "Request for Comments", regarding Maine State Housing Authority's upcoming report to the Legislature (P.L. 2001, c. 439, § GG-4). We at Bangor Hydro have almost two decades of experience in the design, administration, evaluation and reporting of electric energy conservation programs. While we know your appointed task specifies a comprehensive (we read this as all energy fuels) approach to state energy conservation, we also know there are far more funds currently available to state government for electric conservation than all the other fuels combined. Therefore, if selected by the Legislature to coordinate these "comprehensive" efforts, we suspect that at least your initial work will be aimed at promoting some forms of efficient electric usage.

In addition to our several pieces of advice on electric conservation program design, we also offer your office our staff's assistance in designing and delivering electric conservation to our customers, especially the commercial and industrial customers. A large part of our highly trained staff's job is to insure these customers have good access to all information and assistance that is available to help them use the most efficient electrical equipment they can employ. Because we still collect most of our revenues from our customers on a per unit energy basis (kWh charges), the loss of any of this electric load to other fuels increases cost to all other customers. So contrary to the populist belief, under Electric Utility Industry Restructuring it remains in our best interest to promote electric energy conservation to our customers so they retain and growth efficient electric loads. We may also be of some assistance to you in the design and evaluation of non-electric conservation programs, since the basic discipline, techniques and principles are similar regardless of energy source.

Our first piece of advice is the electric conservation program designs you choose should first and foremost be cost-effective, using the standard All Ratepayer Test, well used and documented by Maine Public Utilities Commission Chapter 380. They should have measurable benefits in excess of their costs for our electric customers.

The cost-effective electric programs you evaluate / design should also attempt to provide as much direct financial assistance to customers in the forms of incentives, rebates, educational assistance, on-site analysis and equipment installations, etc. It is relatively easy to create a statewide form for equipment rebates and not much resource is required to process those forms. We have experience with these designs and can offer sample forms and helpful advice on program administration to your staff.

Those so-called "market transformation programs" that primarily assist product retailers and product manufacturers distribute products with the hope they someday will be less expensive, should be avoided. Their designs are unproven at the local and regional level (at best), and their impacts (if any) are years out in the future, which also makes them impossible to evaluate retrospectively. The SPO's recent plan (which I assume you have seen) emphasized several of these designs because they are "regional". That is simply not a good enough reason to adopt them.

Program designs that accept bids for commercial and industrial projects should be created (as specified in the original post-Restructuring law) and preference to Maine contracting firms should be encouraged. Again, we offer our staff's assistance to introduce contractors to customers and to negotiate and administer energy saving contracts. We already have both the staff and experience. If less experienced people are directed to negotiate these contracts with firms that often do this for a living, then Maine people are likely to pay more than necessary.

Finally, we respectfully ask if your office is given primary responsibility for electric energy conservation planning that you make every attempt to use the information and programs already available from people like us, the D.O.E., and perhaps others. Too often in the past Maine's policy has not been driven by the most appropriate facts.

For example, it was recently widely reported in the Maine press (quoting a representative of Maine's Natural Resources Council) that Maine was the 10th highest energy using state (per capita) in the country. Whether or not it was intentional, that probably gave many people the mistaken perception that Maine's electricity usage per capita is also very high. It is not. In fact, (according the Energy Information Administration) Maine has the lowest residential electrical usage per customer usage in the nation. According to the EIA, in 1999 per customer residential monthly usage in Maine was only 493 kWh. Of the other 49 states and the District of Columbia, no other state had lower electrical consumption. Full details to support this fact can be seen at this web address:
http://www.eia.doe.gov/cneaf/electricity/esr/t01.txt

We were later informed of the exact source for the statement that Maine was (now) the 11th highest state per capita energy consumption. The web address for that study is:
http://drc.cfed.org/?
section=measures&page=resource#percapitaenergyconsumption
<http://drc.cfed.org/? section=measures&page=resource>

If one looks closely at this study you learn that the top five states are (and this is supposedly "good" since they have, by the study's methodology, the lowest per capita energy consumed):

1. Hawaii
2. New York
3. California
4. Massachusetts
5. Florida

The bottom five ("bad") states are:

50. Montana
49. Alaska
48. Wyoming
47. Louisiana
46. North Dakota

Maine is ranked #39. So the Resource Council says we are the 11th worst state according to this study and the implication is we should do something (create more energy efficient programs for our residents) to improve.

Well it doesn't take long to see that when you simply measure the energy expended in a state and divide it by the population that lives there it gives a misleading impression about whether that is a bad thing. It also does not present information that is helpful in deciding whether or not something should be done about the situation. Most of the "bad" states in this study, including Maine, have relatively small resident populations AND they expense disproportionately large amounts of industrial energy to produce products and deliver gas, electricity and other energy sources to many other, often larger, states.

That also makes those larger states (product and energy consuming states) in the study actually look "good". In order to look better in this study Maine would need to stop producing for the larger states, consume more of other states products and energy and/or increase our population. We question whether any of these actions are really desirable. Certainly they are out of the scope of efficient energy policy makers. Clearly after some examination of the facts, the particular measure in this study (per capita allocation of all energy produced within a state) is not appropriate for the purposes of determining the relative need among states for energy conservation policies.

So again, our final piece of advice is to encourage you to seek out relevant data to support your designs and look at the data objectively and with a critical eye before you create programs to fix problems that may not even exist.

In closing, I invite you to contact me personally with any specific questions or for more specific information or assistance on program designs. If you are interested I can also make Bangor Hydro's comments on the SPO's most recent plan available to you. My phone number is (207) 973-2642 and my email is sdesmond@bhe.com. If your office produces any public documents related to your report to the Legislature I would also appreciate being placed on the distribution list for them.

Sincerely,

Steve Desmond
Marketing Manager
P.O. Box 932
Bangor, ME 04402-0932
Bangor Hydro-Electric Company

December 14, 2001

To: Michael Johnson, Maine State Housing Authority
From: The Maine Sustainable Development Working Group

Re: Request for Comments for Report on Feasibility of Establishing an Office of Energy Conservation.

SUPPORTING THE TRANSITION TO CLEAN AND RENEWABLE ENERGY SYSTEMS

The Maine Sustainable Development Working Group (MSDWG) encourages the Maine State Housing Authority to promote policies that would welcome public input and provide opportunities for a broad range of interests to come together to create good energy policy.

It is our belief that the transition to an energy system based on clean and renewable sources that have minimal impact on ecosystems is critically important to building a sustainable future for Maine citizens and their communities. We are encouraged that transition is underway.

To support and enhance that transition, there needs to be a broad based public dialog on how to nurture the process. Public buy-in and ownership of initiatives and institutions is critical to the success of whatever is developed. The system would benefit from incorporating traditional Maine values of self-reliance, stewardship and conservation. It needs to be a system in which all classes of energy users and suppliers are well informed about the choices they make along with the long term consequences of those choices. The transition could be supported by research and demonstration efforts supporting emerging technologies and innovative organizational support systems. It would explore the notion of encouraging micro generation and cogeneration efforts as a way to enhance energy security and strengthen the return of benefits to Maine citizens. It should ask what kind of public policies and organizational structures would best support the transition. The emerging system should have an ongoing concern that the system should benefit every citizen and especially those with lower incomes and/or disabilities. This system must be equitable.

The MSDWG suggest that the Authority consider the creation of a council of high-ranking official that might include State Commissioners, the Public Advocate, and the Public Utilities Commission. This Council must provide open, inclusive forums on a plethora of energy issues on an ongoing basis, so that policy may be developed with input from all interests.

Contact: Theresa Savoy, Coordinator, Maine Sustainable Development Working Group.
Tel. 621-0245 ext. 4 or e-mail tms@ceimaine.org

69 Clifton St
Portland Me 04101
12/14/01

Michael Johnson
Maine State Housing Authority
353 Water St
Augusta
Maine 04330

Re: Request for Comment re Establishment of Office of Energy Conservation

Dear Mr Johnson:

The argument in favor of establishing an office of state energy conservation to alert the public to this issue and pursue remedies is so overwhelming that it hardly seems to need elucidating. Nonetheless, let me provide a few points:

1. Need for point person to carry out the Governor's commitment to the New England Governor's conference on Global Climate Change.

2. Need to attempt to ameliorate the conditions which have led Maine to be #1 nationally in asthma, presumably caused by high levels of man-made pollutants. Global warming induced droughts, and rising heat curve endanger our forest industries in myriad ways.

3. Maine ranks #10 nationally in energy consumption/person much of which has to do with transportation issues....our #1 energy consumer. A strong state watchdog would lend support higher CAFÉ standards, and would provide tax incentives for purchases of fuel efficient vehicles. A state watchdog might also encourage the use of bio-diesel in diesel engined trucks and school buses, particularly those owned by state entities. Bio diesel, currently in use by the Chewonki foundation, which brews its own, and under consideration by various townships and the Maine Turnpike authority, would be encouraged. Tax incentives to gas stations to provide bio-diesel would help lower its cost to competitive levels. Bio diesel, widely used in Europe, could be grown in Maine. We need a study of the economics.....

4. Maine is singularly and dangerously dependent on imported fuels of all sorts. The state's economy is currently being reorganized around natural gas pipelines from Canada. The conventional wisdom is that these sources are good for twenty years. Then what? Back to oil? To coal? To wood? States that do not h ave substantially diversified energy sources could in the future be extremely vulnerable to sharp price increases or supply disruptions in fossil fuels.

5. Distributed energy. The current global situation suggests that energy resources that come from great distances [i.e. Uzbekistan] or nations of dubious political stability [Venezuela and Saudi Arabia] over fragile pipelines subject to sabotage [pipelines in Columbia have been blown up by guerrillas at least 180 times over the last two decades] are, to say the least, problematic. An energy conservation office would push for the creation of new energy sources. I note that Florida Power has developed wind power sources in other states and that Irving oil is experimenting with wind power in Maine. These sorts of effort should once again be encouraged by tax policy.

6. CMP. The current organization of Maine's electricity providers offers no incentives to conservation. Indeed, every month CMP's fliers–without blushing, urge us to consumer MORE electricity....much of which comes from a coal fired plant in Massachusets. Maine has enormous electric power available through CALPINE's natural gas fired electric plants [the Westbrook plant with 540 megawatts being one] but apparently no financial incentives exist to use this locally available power which is presumably shipped out of state. Thus we have relatively "clean power" but import dirty power.

7. An energy watchdog would see to it that the $18 million for energy conservation from CMP ratepayers did not sit unused as it apparently is now. In the 1970s, spurred by the Arab Oil embargo, CMP encouraged conservation....and some considerable and laudable gains were made in industry.

8. A watchdog would encourage the kind of clean energy experiments being planned or being conducted by the Hydrogen Society, by Boston's Suffolk University in Calais, and by the Chewonki Institute. The states Technical Schools in particular should be aided in developing conservation and alternative Energy skills in their students.

9. One of the most important functions of the watchdog would be fact gathering and public education. At the moment there is a regular chaos of NGO's in the conservation field. No one knows what the state is doing; the state doesn't know what the NGO's are doing. I suspect that we know more about what Bin Laden is doing than we do about the State Legislature's activities in the conservation field.

10 There is an enormous need for a state building code with teeth; currently there are suggested levels of insulation ventilation etc, but none of the builders I have spoken with here have ever heard of it....and certainly it is not enforced. I would not be surprised in the least if buildings currently being constructed by government entitites, city and state, did not meet the state's "suggested standards." Across the street from me a builder is just finishing off a fairly expensive house: it has no roof /attic ventilation of any kind. When it gets hot the owner will simply "crank up" the air conditioner.

11. Let me end this jeremiad by noting that in energy conversation and awareness, Maine has fallen far beyond sister states like Vermont and Oregon. Portland, Oregon has a vigorous program of energy conservation; Portland, Maine has none. On the issue of energy, the Portland city council is playing Rip Van Winkle, still imagining we are in the l950s.

Sincerely,

Alfred Padula

December 17, 2001

Mr. Michael Johnson
Maine State Housing Authority
252 Water Street
Augusta, ME 04330

RE: Request for Comments on the Feasibility of Establishing an Office of Energy Conservation

L. K. Goldfarb Associates is a small, woman-owned business, based in Portland, Maine. We provide planning and marketing advice and assistance to clients, primarily in the areas of energy and energy efficiency. Collectively, our staff has over 50 years of experience in various aspects of energy efficiency, reaching back to some of the early planning and research in Maine in the late 1970's. We are currently working on energy efficiency projects for clients in Wisconsin and Massachusetts. We have a vested interest, both professional and personal, in the future of energy efficiency efforts in Maine.

In response to your recent request for input, L.K. Goldfarb Associates is pleased to offer the following comments.

General Comments:

- The State has a long history of leadership and creativity in Energy efficiency. Maine has been offering electric energy efficiency programs for over 15 years, some of which have gained national recognition. We should build on that experience, and the resources and expertise that has been developed, and not simply start our efforts over again.
- Maine's efforts in this area should address energy efficiency, not just energy conservation. Our goals should include a healthier, more competitive Maine economy, a better quality of life, a healthier environment, and reduced dependence on imported oil.
- We should be striving to improve the efficiency of energy use in support of these goals, not simply seeking reduced energy use. In simple terms, we can conserve energy by turning out the lights, or we can improve efficiency by using better lighting systems.
- Maine's efforts should address energy efficiency, in all forms, not just electricity. As we go forward, we should not ignore what may be the greater opportunity for efficiency improvement in fossil fuel consumption. This will require action to expand the current efficiency legislation.

Establishing an Office of Energy Conservation

- Currently, there are at least five state agencies involved in Energy efficiency (the PUC, SPO, MSHA, DECD, and OPA). Coordination of all these activities is essential to prevent conflicting efforts, waste of resources, and public confusion. There should be one lead state agency or coordinator. At the same time, we don't need the expense of a new, separate state agency. We can assign responsibility for energy coordination to an existing agency. This could be achieved by creating a small Office of Energy, charged with coordinating efficiency and energy resources, not just conservation, located within an existing state agency.

Cost Effective Approaches

- Any activities/programs that we undertake should be cost effective from the perspective of the people of Maine. This societal perspective is somewhat broader than the cost effectiveness approach that would be used by private industry. At the same time, we should only include costs and benefits that are reasonably quantifiable (both energy and environmental), and resist the temptation to include arbitrary adders.
- The time horizon for achieving sustainable change in energy usage and equipment buying patterns is long term. As we develop programs and activities, we should balance our goals for long-term market change with our need for short-term results.
- Maine should only invest the minimum amount needed to accomplish our short and long-term objectives. We should leverage the use of public funds with federal and private sector dollars where possible. Maine's tax payers or rate payers should not pay more than needed.
- Administrative, planning and evaluation structure should be flexible, to quickly adapt to changes in markets, technologies, industry, and the environment. We should constantly work to keep/expand what works, change/delete what doesn't.

A Comprehensive Energy Plan

- Maine needs a comprehensive energy plan, not just an electric conservation plan. Our planning efforts should be address current and future energy demand, energy efficiency, indigenous and renewable resources, and external sources of energy supply.
- The planning process should include opportunities for meaningful input from all stakeholders. The plan should be a working document, adjusted as conditions change, and formally updated at least every other year.
- Our plans should take advantage of regional and national programs, but only where they fit with Maine's goals and plans. We should look for opportunities to leverage our limited funds and resources, and not just do what others are doing.

Coordination of all state programs

- As mentioned above, coordination of all energy efficiency activities is essential to prevent conflicting efforts, waste of resources, and public confusion. This is particularly true in program marketing and communication efforts. This coordination should take place during all program phases (planning/implementation/evaluation).
- Programs should be available statewide; availability and services shouldn't depend on whether one is located in Aroostook or York County or one utility service territory boundaries. At the same time, plans should be flexible enough to address unique local needs.
- Programs should be coordinated across market sectors (residential/low income/commercial/industrial/governmental). Our experience has been that programs in different sectors can often reinforce each other. For example, in our Wisconsin work, we are currently planning to use retailers who market efficient lighting and appliances in the residential component of the statewide program, as showcases for small commercial building efficiency.
- Programs should be coordinated with regional/national efforts, where it makes sense for Maine. Our plans should take advantage of regional and national programs, but only where they fit with Maine's goals and plans.

Encouraging energy conservation and development of energy resources

- Maine should encourage both energy efficiency and development of renewable and indigenous resources, so that we can remain competitive in the world marketplace, provide for economic growth, and improve quality of life and the environment for Maine citizens. The current deregulated energy marketplace may not place sufficient emphasis on the development of resources specific to Maine. Energy efficiency and resource development are two sides of the same coin; we should address them on an equal basis in a comprehensive energy plan.

Soliciting an incorporating input from stakeholders

- The Energy efficiency planning and review process should include opportunities for meaningful stakeholder input. This input should be solicited from a wide spectrum of energy suppliers, energy services providers, utilities, residential and business energy consumers, and low-income and environmental groups. In addition, the planners should engage in efforts to obtain input/feedback directly from the people of Maine (both consumers and businesses) by incorporating market research or similar means into the planning process.

Thank you for the opportunity to share our thoughts. We hope these comments will be useful to both you and the legislature, as you consider these issues. If you have questions regarding our comments or related issues, please call Lynn Goldfarb (207-828-8667) or Philip Hastings (207-685-9145)

Dear Michael:

First I would like to apologize for sending these comments past deadline. My sister died last week and I have just returned from her funeral.

Maine Global Climate Change Inc. is a multi-sector, volunteer, nonprofit organization founded in 1998 to mitigate the risks and benefit from the opportunities from anthropogenic climate change. We have held one major conference in April 1999 and two workshops in June 2000 and October 2001 with stakeholders from all sectors present.

I also served on the State Planning Office Maine Climate Change Task Force and the Maine Environmental Priorities Project (then Council). I continue to serve on the
DEP's Regional Ozone Advisory Committee and Maine Indoor Air Quality Council.
I was involved in the development of the Conference of New England Governors and Eastern Canadian Premiers Climate Change Action Plan which was adopted in August 2001 as well as their earlier Acid Rain and Mercury Action Plans.

At the MGCC October 2001 workshop the 90 attendees were asked to choose 11 final actions from a preliminary list of 23 actions that the group wanted to be taken in Maine over the next 12-18 months to reduce the risks and take advantage of the opportunities from climate change in Maine.

+++

THE FIRST CHOICE OF ATTENDEES WAS TO ESTABLISH A STATEWIDE ENERGY CONSERVATION UTILITY.

THE SECOND CHOICE OF ATTENDEES WAS TO ESTABLISH A STATEWIDE ENERGY CONSERVATION EDUCATION COUNCIL.

I will be faxing over to your office this morning:

(1) A copy of the agenda.
(2) A summary of the meeting.
(3) A list of the attendees.

+++

As Peter Merrill is aware, MGCC supports the amendment to LD 420, but this would only involve conservation from the electricity sector.

As Peter Merrill and I discussed recently, the lack of an Office of Energy Conservation many times means lost opportunities:

– For grants from federal and private organizations.
– For citizens to find answers to their questions and sources of funding
– For businesses (particularly stressed small businesses) to find answers to their questions and sources of funding
– For proper and sensible coordination of state-run programs – at this point there are people in many agencies doing "energy work." Do they even know about each other? I believe this has lead to not only a tremendous loss of time and effort, but sometimes a duplication of effort as well as development of large gaps in needed programs.

We all realize that there are many, many opportunities to save residents and businesses money when they save energy costs. This saving can perhaps keep some companies from going out of business or some elderly citizens from going without medicine or food because their fuel or electricity bills are so high but they are too proud to apply for help. Here are a few examples of things that need to be addressed:

* The many homes with no snow on the roof to know how much insulation could be installed (with proper ventilation).
* The old, inefficient refrigerators - many with ineffective gaskets
* Our propane furnace repair man says too many people never change their filters or tune their furnaces, leading to higher costs from wasted fuel as well as potentially dangerous C02 poisoning situations in addition to earlier replacement of their furnaces.
* Saving fuel decreases greenhouse gas emissions, indoor and outdoor air pollution (with proper installation) as well as increases our energy security and human health.
* Saving energy saves money – both the direct and indirect costs.

MGCC is grateful to the legislature that they asked MSHA to report on the feasibility of establishing an office of Energy Conservation.

If you have any questions or need more information, please feel free to contact me.

To: Michael Johnson
P 1 of 10

Sincerely,
Pam Person
co-chair, Maine Global Climate Change Inc.
479 Back Ridge Road
Orland, ME 04472
Telephone and Fax (207) 469-6770

cc: MGCC Executive Committee
Laurie LaChance, Energy Director, State Planning Office
Jim Connors, Conservation Program Manager
Steve Ward, Public Advocate

Pam Person

Maine Global Climate Change, Inc.

MAINE MADE – INNOVATIVE RESPONSES TO BOTH CLIMATE CHANGE AND ENERGY

FRIDAY, OCTOBER 19, 2001 – Augusta Country Club, Augusta, Maine

DRAFT AGENDA as of September 27, 2001

8:00-8:20 Registration

8:30-9:30 AM: PANEL - Current Actions in Congress, in our Bi-National Region and Maine on Climate Change and Energy –

Moderator, David Wilby, Office of Governor King

Panel: Ginny Worrest, Office of US Senator Olympia Snowe
David Hunter, Office of US Senator Susan Collins
US. Representative John Baldacci or staff representative
US Representative Thomas Allen (invited)
John Shea, ~~Conference of~~ New England Governors ~~& Eastern Canadian Premiers~~
Representative Scott Cowger, House Chair, Joint Committee on Natural Resources, Maine State Legislature

9:30-11:10 – SECTOR WORKING GROUP ROUNDTABLES:

(MGCC Executive Committee members listed will be moderators)

- Natural Resource Economies– Sherry Huber
- Transportation for Citizens, Tourists and Businesses – Pam Person
- Science – George Jacobson & Bob Kates
- Energy Producers - Beth Nagusky
- Energy Conservation Providers – Tony Buxton
- Industrial, Commercial, and Institutional Energy Users – Paul Paydos & Joan Saxe
- Civic, Environmental, Health, Interfaith and Clean Energy Advocacy Groups – Sarah Walton
- Public Education – Rep. Ted Koffman
- State, Federal and Local Implementing Agencies – Don Anderson

Each of these sector roundtables will be asked to brainstorm and decide on two specific, on-the-ground actions to work on in the next year or two that will reduce the risks, or increase the opportunities from global climate change.

11:10-11:20 Break

11:20-12:20 - PLENARY "What Irving Oil and JD Irving are doing to address climate change" – Arthur Irving, Jr.

12:20-1:15 Connection-Building Lunch

1:15-2:00 PM PLENARY - Summary of the Sector Roundtables' chosen actions & agreement on the actions

2:00-2:15 PM Break

2:15-3:30 CROSS-SECTOR WORKING GROUP ROUNDTABLES to decide specific timetables to get chosen actions implemented.

3:30-3:45 SUMMARY PLENARY

Michael Johnson p 4 thru 10

MAINE GLOBAL CLIMATE CHANGE INC.
P.O. BOX 743, Augusta, ME 04332-0743
Telephone and fax (207) 469-6770
November 7, 2001

To: Attendees and Registrants of the October 19, 2001 Workshop
From: The Executive Committee of Maine Global Climate Change Inc:
Pam Person, Tony Buxton, Beth Nagusky, Sherry Huber, Don Anderson, Rep. Ted Koffman, George Jacobson, Jr., Bob Kates, Paul Paydos, Sarah Walton

First of all, those of us on the Executive Committee want to thank you for coming to and participating so productively in our October 19th workshop *"Maine-Made – Innovative Responses to Both Climate Change and Energy."*

We wish to thank our opening panelists and plenary speakers who brought us up to date on the current actions in Congress, our bi-national region, state and two major businesses (Irving Oil and JD Irving) on the issues of climate change and energy. So much is happening. We can be proud to have such good leaders in government and business working to try and assure a cleaner energy future as well as to reduce the risks of climate change.

Enclosed is a summary of the two phases of the workshop so that you can see what happened at

1. The Sector roundtables
2. The plenary voting for the "chosen actions."

For those of us who planned this event, we congratulate all of you for your remarkable achievement. Think about how much was accomplished in less than seven hours by such a wide variety of interests! Each table participant came with many good, creative choices. The sector tables narrowed down the 100 choices to 23; then the full group chose eleven actions to work on in the next 12-18 months. Many stayed to participate in productive preliminary meetings to discuss how to implement the chosen actions. Please indicate which of the 11 you wish to work on and fax that back to Pam at (207) 469-6770.

Many very concrete actions are already being initiated – the Maine Department of Environmental Protection is working on implementation of the New England Governors' and Eastern Canadian Premiers' Action Plan, interfaith groups are selling compact fluorescent light bulbs, scientists and producers are planning a workshop on carbon sequestration, organizations are joining together to work on establishing the education and energy conservation programs identified and the Smart Growth Forum and Maine Department of Transportation are already working on some of the transportation items.

We are looking forward to working with all of you to achieve the results we agree are necessary. THANK YOU.

Summary of Chosen Actions
MAINE-MADE – INNOVATIVE RESPONSES TO BOTH CLIMATE CHANGE AND ENERGY
October 19, 2001

MORNING - SECTOR ROUNDTABLE FINAL CHOICES:

There were nine Sector Roundtables that met in the morning. Each table had between 8-12 participants from that sector. Each table ended by narrowing their initial 10-20 action choices to the 2 or 3 actions listed below.

Natural Resource Economies – Moderator, Sherry Huber

- Recognize the carbon sequestration benefits from promotion of productive working forests and oceans.
- Improve our monitoring and modeling capability to plan better for short and long term responses as it leads to adaptive planning and management.

Transportation for Citizens and Tourists – Moderator, Pam Person

- Increase funding for operations of alternative transportation systems.
- Support smart growth and denser development patterns to reduce vehicle miles traveled.

Science – Moderators, George Jacobson and Bob Kates

- Establish an integrated environmental monitoring and outreach program through the proposed University of Maine MERGE (Maine Environmental Research Grid and Education) project.
- Identify carbon management opportunities in Maine's forests.

Energy Producers – Moderator, Beth Nagusky

- Obtain grants (federal, state, private dollars) to retire carbon (e.g. buy up old coal-fired power plants).
- Start and fund a Green Power Market Development Grant program that includes technical assistance, consumer education and credit support.
- Establish a Systems Benefit fund – use a bid system for C02 avoidance.

Energy Conservation – Moderator, Tony Buxton

- Establish a statewide energy conservation utility modeled on the Vermont example to immediately take over all energy conservation programs.
- Establish building code standards for buildings, concentrating initially on the commercial sector, relating to energy efficiency.

Industrial & Institutional Energy Users and Insurance
Moderators, Paul Paydos and Joan Saxe

- Define the problem – C02 reporting by industry and mobile sources, education of the public/consumers and the problem of global warming and its interrelationship with energy efficiency and conservation

Industrial & Institutional Energy Users and Insurance continued

- More efficient energy generation –
  1. Promote renewable energy through goals and mandates and remove barriers to development.
  2. Promote combined heat and power generation and transmission through goals, mandates, removal of barriers to development, incentives.
- Energy conservation
  1. Improve building codes for energy efficiency (aka LEEDS building standards).
  2. Phased in purchasing of hybrids for applicable government vehicles. Challenge Corps to do the same. Tax breaks (IRS mileage) for business travel if in hybnd.
  3. Tax credit for purchase of energy efficient appliances and equipment.

Civic, Environmental, Health, Interfaith and Clean Energy
Moderator – Sarah Walton

- Educate state
  1. Legislature via bills;
  2. Public through a "clean hands" campaign.
- Support federal legislation
- Develop plan within the next year to create energy efficiency and global warming clearinghouse

Public Education – Moderator, Rep. Ted Koffman

- Form a State Energy Conservation Education Council to stimulate and guide social change and behavior
  1. Multi-sector & interdisciplinary;
  2. Website clearinghouse;
  3. Involve leaders (state, local, media, teachers);
  4. Information dissemination from monitoring and benchmarking;
  5. Start state, local and university building and energy practices demonstration projects.
  6. Expand and improve environmental studies Kindergarten-12 grade.
  7. Teach growth management.
  8. Assess attitudes and measure learning results and changes.
- Shift the message
  1. Away from uncertainty.
  2. Emphasize known, immediate, and local benefits
  3. Promote community and quality of life benefits.
  4. Promote health and national security benefits.
  5. Promote financial savings for individuals, businesses, governments, state, taxpayers.
  6. Promote that these are Maine made solutions.
  7. Promote Maine's independence
  8. Promote Maine's leadership and pride.

State, Federal and Local Implementing Agencies –Moderator, Don Anderson

- State lead by example -Green state initiative & New England Governors/Eastern Canadian Premiers Action Plan for states/provinces
- ICLEI – support for municipal efforts "Cities for Climate Protection" project.
- Information gathering/education efforts with legislators and citizens - support for state agencies DEP and SPO.

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AFTERNOON – PLENARY FINAL CHOICES (IN ORDER)

(After each Maine Global Climate Change Inc. Executive Committee moderator presented the morning choices from his/her Roundtable, all of the participants were asked to vote and given 8 dots each to pick the top 11 choices from the 23 morning top choices.)

1. Establish a statewide energy conservation utility.
2. Establish a statewide Energy Conservation Education Council.
3. Recognize the carbon sequestration benefits from promotion of productive working forests and oceans;
4. Establish building code standards for buildings relating to energy efficiency, concentrating initially on the commercial sector.
5. Increase funding for operations for alternative transportation systems
6. Establish integrated environmental monitoring and outreach through the proposed University of Maine MERGE (Maine Environmental Research Grid and Education) project.
7. Support smart growth and denser development patterns to reduce vehicle miles traveled.
8. State lead by example -Green state initiative & New England Governors/Eastern Canadian Premiers Action Plan for states/provinces
9. Promote more efficient energy generation through setting goals and mandates, removing barriers and adding incentives.
10. Obtain grants (federal, state, private dollars) to retire carbon (e.g. buy up old coal-fired power plants.
11. Start and fund a Green Power Market Development Grant program that includes technical assistance, consumer education and credit support.

++

I WISH TO WORK ON THE FOLLOWING FINAL CHOICE ACTION(S):

_____ **TITLE** _____

_____ **TITLE** _____

NAME _____

ORGANIZATION _____

Address city/state/zip _____

Telephone _____ **Fax** _____

E-mail _____

Please fill out and fax this to Pam Person at (207) 469-6770

From: "Harlan Lachman" <hlachman@earthlink.net>
To: <mjohnson@mainehousing.org>
Date: 11/26/01 10:30AM
Subject: Request for Comments

E-MEMORANDUM

MEMO TO: Mr. Michael Johnson; Maine State Housing Authority
FROM: Harlan Lachman; President; Energy Efficiency Institute
DATE: November 26, 2001
RE: Report to Legislature

We have received your request for comments regarding your scheduled report to a joint standing committee of the Legislature on the most cost-effective approaches to addressing energy efficiency.

My partner, Paul A. Cillo, and I have developed the Pay-As-You-Save (PAYS) approach to energy efficiency. I have attached a copy of our white paper describing this approach. It was written for the National Association of Regulatory Utility Commissioners Energy Committee on Energy Resources & the Environment and was published in 1999. On November 8, 2001, the New Hampshire Public Utilities Commission approved a plan to implement the first PAYS pilot in the country in early 2002.

If like other housing authorities around the country, you have money saving opportunities but issues with implementing these energy saving projects, PAYS may be especially useful to your organization. With PAYS, without any subsidies:

o You can implement all cost effective projects.
o Pay nothing up-front for the work.
o Avoid government approvals since the work will show up as a tariffed charge.
o Have the assurance that estimated savings projections are conservative.

We have discussed PAYS with members of the Maine Public Utilities Commission, Mr. Jim Connors and Julie Hashem of the State Planning Office, and climate change advocates at a Chewonki Foundation sponsored workshop. There has been interest in PAYS in Maine.

In the next few days, I will try to follow-up this e-mail with a telephone call to answer any questions you may have about the PAYS approach, how it can specifically address your issues, and a possible legislative role. Alternatively, please feel free to e-mail me with any questions you have or call (802-879-8895).

CC: <jim.connors@state.me.us>, <julie.hashem@state.me.us>, <parnold@chewonki.org>, "Paul A. Cillo" <cpaulvt@aol. com>

Appendix C

State of Maine

Energy Programs Resource Guide

State Planning Office

September 2000

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Section 1: Bureau of General Services- Professional Services Division

A. Life Cycle Cost Analysis for Public Facilities

Requires review and approval of life cycle cost analyses, as mandated (5 M.R.S.A, sec. 1764), for public school facilities and state buildings constructed, substantially renovated or leased with public funds in excess of 5,000 square feet.

B. Energy Star Building Program

Administration of implementation of the EPA/DEP Energy Star Building Program Memorandum of Understanding in state owned facilities. A grant program with a budget of approximately $200,000 is to be available to state agencies to assist them in developing RFPs for procurement of contracts with qualified energy service companies and funding through third party financing (see D. below)

C. Solid Waste and Biomass fuels use in State Facilities

The installation, development or operation of any energy production improvement at or in connection with a state facility may be installed by a private party at or on state property, provided the improvement utilizes biomass, solid waste or some combination for at least 50% of its total energy input, is subject to the approval of the Bureau of General Services as charged (5 M.R-S.A. sec.1766)

D. Energy Service Companies and Third Party Financing

Any department or agency of the State, subject to the approval of the Bureau of General Services (5 M.R.S.A. sec: 1767), may enter into an agreement with a private party such as an energy service company or 3rd party financing company for the design, installation, operation, maintenance and financing of energy conservation improvements at state facilities.

Authority to enter into third party energy service agreements is extended to County Commissioner under Title 30A MRSA, section 903; and to public school districts, unions, and SADs under Title-20A MRSA-section-15915.

E. Energy Savings Pilot Program

Sets as a goal a 25% reduction, relative to baseline consumption in 1998, in energy consumption by 2010 in facilities owned by the State. A pilot project is established, using performanced-based contracts to achieve energy savings in at least 10 facilities that are over 40,000 square feet in area. Rules may be established, annual reports are required, and baseline data is to be assembled.

Section 2: Department of Economic and Community Development, Energy Conservation Division

The Energy Conservation Division assists small businesses with lowering their operating costs and improving competitiveness. Through its energy audit program, the Division works directly. with small business owners to analyze potential energy savings. In addition, the Division makes low-interest energy conservation loans available to eligible businesses to help implement energy efficiency measures. And finally, the Division acts as the "state energy office" for the annual US DOE State Energy Program (SEP) grant.

A. Small Business Energy Audit Program

The Small Business Energy Audit Program was developed to help business owners find opportunities for energy savings. The Energy Conservation Division offers free on-site energy audits, conducted by trained specialists, aimed at finding no-cost/ low-cost operations and maintenance practices that will return immediate savings. Audits can recommend cost-effective energy improvements and help resolve immediate energy problems.

B. Energy Conservation Loan Program

A low interest loan program developed for businesses that are interested in borrowing money for energy conservation projects (e.g. lighting, heating, appliances, etc.) The loan amount is 90% of a project cost, up to a maximum of $25,000. Project eligibility is determined by a Department of Economic and Community Development Energy Conservation Division screening. The borrower must have at least 12 months of operating history to apply. Loans are financed by FAME.

C. Energy Efficiency Building Performance Standards

Under Title 10 MRSA, Chp 214, the Department is charged with the responsibility for the administration and enforcement of mandatory standards for residential, commercial, and institutional buildings. The Department is to coordinate the adoption of energy performance building standards by other state agencies, prepare a Manual of Accepted Practices, issue waivers for electric heating systems in multifamily residential buildings, -and issue Certificates of Compliance with energy performance standards in commercial and institutional buildings. An Advisory Council on Energy Efficiency Building Performance Standards is established by Title 5, section 12004-I, subsection 19 to approve all standards and regulations, and advise the Department in its administration of this program.

D. State Energy Program Grants

The Department is the official State of Maine contact agency for US Department of Energy's annual State Energy Program grant and for Special Projects grants linked to the annual grant process. The Energy Division prepares the annual State Programs grant application and coordinates the submission of project proposals for special grants. The Department acts as the program manager and grants administrator for these grant programs.

Section 3: Department of Environmental Protection

A. Pollution Prevention Program

The Office of Pollution Prevention was created in 1991 by an amendment to Maine's Toxic Use and Hazardous Waste Reduction Law. Pollution Prevention is the use of processes, practices, or products that reduce or eliminate the generation of pollutants and wastes or that protect natural resources through conservation or more efficient use. The process of Pollution Prevention is aimed at reducing the amount of pollution going into the waste stream, rather then treating it after it is generated. Methods to reduce pollution include changes in materials, processes, and equipment, which often result in a significant savings in monetary terms, and can result in greater energy efficiency, in addition to the reduction in pollutants generated.

B. Community Sustainability Project

The Community Sustainability Project is a program maintained by the Bureau of Air Quality, and is an effort to educate students on the factors that can lead to a community's success or stagnation. Students are encouraged to research information on their community, such as people and population, natural resource use, and the natural environment, then to use that information to determine the health of that community. The program can then be used to determine what areas the community has to improve. One of the major goals of the sustainability project is to reduce communities dependence on nonrenewable sources of power and focus on renewable sources and on energy conservation.

Section 4: Department of Human Services- Bureau of Family Independence

A. Emergency Assistance Program

The Emergency Assistance Program is limited to families with children under the age of 21, and is under the umbrella of the Temporary Assistance for Temporary Families (TANF) program that was formerly known as AFDC. No cash grants are made. Vendor payments are made to providers of goods or services. A one time payment or series of payments not to exceed one consecutive thirty day period in a 12 month cycle maybe made. There is a maximum on individual categories, one of which provides assistance for utility disconnection's. The maximum amount of assistance for this category is $150.00. This program does not provide assistance with fuel, however it may help with propane or electricity shut offs if the applicant provides the Department with a copy of the shut off notice. Applications may be obtained at the regional DHS offices. Many municipalities have applications for this program also.

B. General Assistance Program

The General Assistance program provides assistance for eligible applicants who cannot provide for themselves and their families. Basic needs include, but are not limited to rent/mortgage, food, fuel, utilities, clothing, nonelective services as recommended by a physician and prescriptions.

The program is administered at the local municipal level. All municipalities are mandated to have a General Assistance program. The Department of Human Services is responsible for the administration of the program for residents of the Unorganized Territory. The Department also shares in the responsibility of the administration of the program with the municipalities.

The program provides for a specific amount and type of aid. Assistance is granted in the form of vouchers to the respective vendor. Recipients do not receive assistance directly. Eligibility is limited to a 30-day period. Administrators are required to provide a decision of eligibility or ineligibility within 24 hours of taking the completed application. Applicants are expected to use their income arid resources to provide for their basic necessities. Due to the strong accountability factor there are times when an applicant is denied assistance even when there is an emergency. The denial would be appropriate if the emergency could have been averted by the applicant's income and resources.

The municipality will grant assistance to eligible applicants for basic necessities according to maximum levels for specific types of assistance set forth in their local General Assistance ordinance. Most municipalities use the model ordinance and it's maximum levels, as issued by the Maine Municipal Association.

Expenses for lights, cooking, and hot water are budgeted separately if they are not included in the rent. Applicants are responsible for making arrangements with the utility company regarding service, including entering into a special payment arrangement if necessary. Assistance will be granted to eligible applicants on the basis of their most recent bill. The municipality is not obligated to pay back bills or utility security deposits. Exceptions may be made in emergency situations.

Maximums allowed for lights, cooking and other electric uses, excluding electric hot water is $60.00 per month for the first member of the household, with an additional $7.50 per month for each additional member.

Maximums allowed for electric utilities for dwelling units that have electric hot water is $70.00 per month for the first member of the household, with an additional $10.00 per month for each additional member.

Expenses for non-electric utilities are budgeted at the actual 30-day costs for those services.

Expenses for fuel for home heating are budgeted according to actual need for fuel during the heating season (September through May) provided such expenses are reasonable, and at other times during the year when the administrator determines the request for fuel assistance is reasonable and appropriate. Assistance will be granted to eligible applicants on the basis of their most recent bill. The municipality is not responsible for back bills except in an emergency (if they do not have sufficient income and resources to meet an actual emergency and did not have sufficient income and resources to avert the emergency). Applicants are responsible for monitoring their fuel supply and requesting assistance prior to depleting their fuel supply. When applicants who have been informed of this responsibility run out of fuel and can show no just cause for failing to give the administrator timely notice of their need for fuel, the administrator shall find the emergency was not beyond the applicant's control and process the emergency request accordingly.

When considering requests for heating fuel, eligible applicants will be granted assistance with the actual amount necessary up to the following maximums:

Month	Gallons	Month	Gallons
September	50	January	225
October	100	February	225
November	200	March	125
December	200	April	125
		May	50

When the dwelling is heated electrically, the maximum amount allowed for the electric utilities per month is the sum of the appropriate maximum amount under the electricity section and the appropriate maximum amount under the fuel section.

When fuels such as wood, coal and/or natural gas are used for heating purposes, they are budgeted at actual rates, if they are reasonable. No eligible applicant is to be considered to need more than 7 tons of coal per year, 8 cords of wood per year, 126,000 cubic feet of natural gas per year, or 1000 gallons of propane per year.

Applications may be made at the municipal offices.

C. Food Stamps

Although the Food Stamp Program does not provide assistance with utilities, the program does use allowances for utilities to determine eligibility for the program and the amount of Food Stamps to be issued.

D. Heating Utility Allowance

Households are given the option of using the standard utility allowance or actual expenses as deductions. Households which receive HEAP or ECIP assistance are automatically entitled to the Full Standard Utility Allowance (FSUA). Other households must incur expenses for heating or air conditioning bills which are separate and apart from rent/mortgage in order to qualify for the FSUA. The amount of the Full Standard Utility Allowance is $341.00. Allowances for the FSUA are not allowed when utility expenses are included in the rent unless the household receives assistance from HEAP or ECIP.

E. Non-Heat Utility Allowance

Households not entitled to the FSUA may claim the actual expenses incurred or elect to use the Non-Heat Utility Allowance (NHUA) provided they incur at least one of the following expenses: cooking, lights, water, sewer, or trash. The amount of the Non-Heat Utility Allowance is $158.00

F. Telephone Only Utility Allowance

Households not entitled to the FSUA or the NHUA are entitled to the Telephone Only Utility Allowance (PHUA) if they incur telephone expenses. The option of claiming actual telephone expenses is not allowed. The amount of the Telephone Only Utility Allowance is $27.00.

When separate households share a residence, the appropriate utility allowance is divided equally among the parties who pay for the cost, whether or not they participate in the Food Stamp Program. The prorated share is used as the Food Stamp households utility allowance. Applications may be made at the regional DHS offices.

The information and figures used in the Department of Human Services section of this packet are effective as of May 28, 1998.

Section 5: Department of Transportation

The Department of Transportation was established to plan and develop transportation facilities and services designed to contribute to the economic growth of the State of Maine and the well-being of its people. The department plans for future transportation needs and assists in the development, operation, and maintenance of services and facilities while promoting scenic values, safety, environmental conservation, and economic considerations.

A. Rideshare and Vanpooling

The DOT, in conjunction with the Maine Turnpike Authority, manages the Rideshare and Vanpooling programs, which are. aimed at reducing traffic congestion, pollution and energy consumption. The program's goal is to get groups of people traveling to the same area to travel together, so as to reduce the number of vehicles on the road. There is a computerized data base and support services, as well as incentives for the continued use of the Program, such as drawings and prizes.

B. Park and Ride

Another program aimed at reducing the numbers of vehicles on the road, Park and Ride provides parking lots around the state for the purpose of providing a central meeting point for car pools. Members of the car pools can leave their personal vehicle at the parking lot and travel using the car pool.

Section 6: Energy Testing Laboratory of Maine

A. Purpose

The Energy Testing Laboratory of Maine (ETLM) evolved from the Heating and Air Conditioning Program at Southern Maine Technical College. It was created in 1976 as a program to safely test heating equipment for the Maine Oil and Solid Fuel Licensing Board, and has expanded to include the testing of radiant stoves, chimney liners and waste oil heaters, as well as central heating appliances.

Section 7: Finance Authority of Maine

A. Underground Oil Storage Facility or Tank Replacement Program

This program provides a direct FAME loan of up to $600,000 for removal, replacement and disposal of commercial underground and aboveground tanks. Vapor recovery systems loans of up to $35,000 are also available. Eligibility is based on seriousness of problem, current Net Worth and level of debt service coverage. Propane facilities are ineligible.

B. Energy Conservation Loan Program

A low interest loan program developed for businesses that are interested in borrowing money for energy conservation projects (e.g., lighting, heating, appliances, etc.) The loan amount is 90% of a project cost, up to a maximum of $25,000. Project eligibility is determined by a Department of Economic and Community Development screening. The borrower must have at least 12 months of operating history to apply.

C. Electric Rate Stabilization Program

This program provides financing assistance to help Maine electric utility companies pay for the costs of renegotiated contracts with non-utility generators at lower interest rates then they would otherwise have to pay. The savings translate into lower electric rates for rate payers.

Section 8: Maine Municipal Bond Bank

A. Energy Efficiency Partners Program (Title 30-A MRSA, Sec. 5953-C)

The Municipal Bond Bank is authorized to establish a program to promote energy efficiency and indoor air quality in municipal and school buildings by financing cost-effective improvements to heating and cooling systems, windows; insulation, lighting and equipment that accomplish energy efficiency while maintaining healthful indoor air quality.

B. Maine Health and Higher Educational Facilities Authority

The Maine Health and Higher Education Facilities Authority (MHHEFA) received authorization (L.D. 1817) to create a buyers cooperative of eligible entities for the purchase of commodities such as fuel oil, electricity, telecommunications services, office supplies, etc. All nonprofit health and higher educational facilities in the state, including the University of Maine System and 126 health care organizations, are eligible to participate.

Of particular interest to energy consumers is the power aggregation program which includes the bulk fuel oil and electricity purchase programs. At this time, the program is preparing to go out to bid for all types of fuel oil as well as propane and o.t.r. Diesel. The next initiative undertaken will be Electricity Pool Purchase Program which should be in place prior to March 1, 2000.

Section 9: Maine Public Utilities Finance Bank

A. Purpose

The Maine Public Utilities Finance Bank, a section of the Maine Bond Bank, was established to promote the provision of adequate markets and lowest possible costs for borrowing money by Public Utilities, as to provide the lowest rates possible to the consumer.

Section 10: Maine State Housing Authority

A. FIX ME

FIXME provides 2% and 4% low interest low income loans for needed home repairs including: replacement windows, heating system upgrades, insulation and septic system upgrades. Repair loans are available for up to 15 years and $15,000 and replacement loans of up to 20 years and $25,000. MSHA has purchased in excess of 2,400 loans totaling approximate $20 million in the last 2 years. The average loan amount is $8,300. CAP agencies statewide are certified lenders for this program.

B. Weatherization Program

$1.6 million in DOE and $1.7 million in HHS grant funds are earmarked to provide weatherization services to needed households in 1998. Weatherization measures include key retrofit activities to make the homes and apartments of qualified households more energy efficient. Administered through Community Action Programs which anticipate weatherizing 1764 homes at an average cost of $1870 in 1998. Weatherization measures installed result in $1.80 energy saved for every $1.00 spent, according to a recent national study.

C. Central Heating Improvement Program

The Central Heating Improvement Program (CHIP) provides a service similar to the Weatherization Program, but aimed at improving the Central Heating equipment, through repair or replacement, of qualified households.

D. Low Income Home Energy Assistance Program

HHS's Low Income Home Energy Assistance Grant to Maine totals $13 million annually. MSHA is able, through their CAA network, to provide much needed assistance in home heating costs to 38,000 households annually. The average fuel assistance benefit per household is $220.

E. Residential Energy Assistance Challenge Program

The Residential Energy Assistance Challenge Program (REACH) works with the LIHEAP, and is designed to help low-income households reduce their energy costs. It is separated into four tiers of eligibility. Tier 1: Provide educational material and utility choices to all Fiscal Year 2000 LIHEAP recipients Tier 2: Provide energy audits-to-approximately 1,200 homeowner households, in 1998, who have more than 10,000 KWHs annually. Homeowners will enter into an agreement to continue with energy conservation activities. Tier 3: Provide appliance repairs or repairs to approximately 258 households, based on homeowners annual usage of 15,000 or more KWHs. Tier 4: Heating system conversions will take place only in homeowners households which used 15,000 or more KWHs annually and have electric heat as the primary source of heat.

F. Rental Assistance

State law prohibits the installation of "electric resistance" heat in any new construction of multifamily housing. While not mandated, MSHA converted 1326 affordable rental units from more costly electric heat to other heat sources, primarily oil or propane.

G. Community Action Programs

The MSHA provides the majority of their services through a network of Community Action Programs (CAPs) which are located throughout the state.

Section 11: Office of the Public Advocate

The Public Advocate is charged by statute (35-A M.RS.A. # 1701) with representing the interests of rate payers before the Maine Public Utilities Commission (PUC), and before federal agencies, including the Federal Energy Regulatory Commission (FERC). As such they are involved with the regulation of electric and gas utilities (as well as telephone and water utilities) on the state and federal levels.

A. Electric Restructuring Issues

The Public Advocate is actively involved in the restructuring of Maine's electric industry. For the past two years they have been a member of a broad-based coalition with an interest in the subject. Calling itself the Maine Electric Consumers Coalition, members include small business and industrial customers, environmental organizations, community action programs, low income groups, senior citizen groups and even some (unregulated) energy producers. This Coalition was very active on before the Legislature when the bill to restructure the industry (P.L. 1997; ch. 316) was debated and passed. It remains involved in rulemaking's and other dockets at the PUC. The Public Advocate also participates in various electric- related issues in the New England area and attempts to remain informed about restructuring issues nationwide.

Some of the specific issue the Public Advocate has focused on are:

-Rate Cases. Each of Maine's electric utilities must file a rate case at the PUC for the purpose of setting rates for the transmission and distribution portion of the business. Included will be the determination by the PUC of the value of the generation resources that must be divested, and a determination of what costs will be "stranded."

- Stranded Costs. As a result of electric restructuring, some costs of the electric utilities will be "stranded" by competition. The PUC will have to decide what is included in this category and how much and for how long rate payers will have to pay.

-Asset Sale. Each investor-owned electric utility is required by the Restructuring Act to divest itself of generation. CMP has entered into a contract to sell its generation resources to Florida Power and Light (FPL). The Public advocate has recently agreed with CMP that this sale was conducted prudently and shall be approved by the PUC. The asset sales for BHE and MPS are pending

-Rulemakings. There are several rulemaking proceedings at the PUC, in various stages of completion, including uniform disclosure, customer education, standard offer service, bill unbundling, standards of conduct, licensing of competitive energy providers and others.

-Customer Aggregation. The Public Advocate is also keeping themselves informed of efforts by various groups to aggregate customers for the purpose of purchasing power.

Some of the other electricity related issues the Public Advocate has been participating in or interested in outside of the electric restructuring are:

- Affiliated Interests. The Public Advocate (and the Coalition) has participated in several dockets at the PUC aimed at protecting consumers from the harms that may occur when electric utilities create affiliates for such purposes as selling power in the deregulated market (after March 1, 2000), selling financial services, selling security service, and creating regulated affiliates in the gas and telephone markets.

-Service Quality. The Public Advocate is also currently involving voltage related service quality problems experienced by some Bangor Hydro customers.

-Maine Yankee. The Public Advocate is actively involved in the FERC proceeding in which Maine Yankee is seeking a dramatic increase in wholesale rates to cover decommissioning costs.

B. Natural Gas Issues

Several of the issues that the Public Advocate has focused on in the area of Natural gas are:

-The Pipelines. The Office has kept itself informed about efforts to develop two natural gas pipelines that will bring natural gas into the State, although they have not actively participated in the approval process at the FERC.

-The Wells Liquid Natural Gas Tank. The Office has actively participated in this FERC case. They began by supporting the request by Granite State to construct the 2 BCF tank in Wells as a necessary source of gas supply, but now that the PNGTS pipeline has become a reality, they have opposed it as unnecessary an uneconomic. The Public Advocate has also been involved in the attempt to bring gas to retail customers. They have participated in cases at the PUC involving joint ventures by both BHE and CMP.

-Bangor Gas Company. The Commission recently approved the petition of Bangor Gas Company to construct a local distribution system in the greater Bangor area.

-CMP Natural Gas. In Midsummer, the PUC is scheduled to decide whether CMP NG should receive authority to construct a system in various areas of the state, including Bath/Brunswick, Augusta/Waterville, Windham/Standish and Bethel. Northern Utilities is contesting CMP NG's application.

-Unbundling of NU Rates. The Office is also participating in a lengthy proceeding for redesigning Northern Utilities' rates so as to create nondiscriminatory transportation service for gas purchased from third parties by retail customers.

Section 12: Petroleum Advisory Committee

A. Purpose

The Petroleum Advisory Committee was created to assist the Attorney General in formulating recommendations to the Legislature as to additional legislation is needed to limit the activity of petroleum refiners operating retail outlets.

Section 13: Public Utilities Commission

A. Purpose

The Public Utilities Commission (PUC) purpose is to protect the public by ensuring that the utilities of Maine provide adequate and reliable service at rates which are reasonable. The PUC can decide cases involving rates, service, financing and other activities of the utilities it has jurisdiction over. The PUC also has the authority to investigate and make rules governing utility actions and conduct.

B. Consumer Assistance Division

The Consumer Assistance Division (CAD) of the PUC serves as the response center for any consumer complaints from utility customers. The CAD is charged with ensuring that both consumers and utilities receive fair and equitable service, which is achieved through CAD educational and complaint resolution programs.

Section 14: State Planning Office

Under Title 5 MRSA, sec. 3305-B the State Planning Office (SPO) is directed to coordinate the development of energy policy, including the collection and analysis of energy data, the preparation of an energy resources plan, support for the development of energy resources, providing conservation alternatives for electricity generation, and coordination of actions to gain the environmental and economic benefits of electric industry restructuring. Further, the agency is instructed to guide the development of statewide conservation programs to be implemented by transmission and distribution utilities.

A. Energy Data Collection and Analysis

The energy planning team contributes to annual updating of the state energy data base, and the preparation of periodic analysis of energy consumption and supply patterns and trends. Results are published in the Maine Energy Data Book.

B. Energy Planning and Policy Development

The SPO contributes to and leads a variety of energy planning and policy development projects and issues. Current efforts are centered on continued development of regional competitive electricity markets, voluntary improvements in energy building practices, the preparation of a new energy emergency plan, and the issue of distributed electricity generation.

C. FERC Hydropower Relicensing

The SPO works to coordinate state responses to the Federal Energy Regulatory Commission (FERC) hydropower relicensing process, with recent and current efforts focused on the Kennebec and Androscoggin River Agreements.

D. Winter Heating Fuels Survey and Report

Supported by a USDOE grant, the SPO conducts a weekly survey of heating oil, kerosene and propane prices in Maine during the heating season from October 1 through March 31. In addition the Legislature has directed the SPO (5 MRSA, sec.3307-C, subsec.5) to annually prepare a report on the supply of petroleum products, identifying any potential shortfalls, and making recommendations for actions.

E. Biomass Energy Program

The SPO maintains a biomass energy development program with an annual grant from the Northeast Regional Biomass Program, Coalition of Northeastern Governors Policy Research Center. This program provides information and support for biomass energy applications in residential heating, industrial power, electricity generation, and transportation fuels.

F. Renewable Energy Resources Research and Development Small Grants Program

The SPO administers the renewables R&D grants program established as part of the reorganization of the electric utility industry. This program distributes funds raised by voluntary contributions from electricity consumers to the University of Maine System, Technical College System, and Maine Maritimes Academy to fund renewable resource research and development. In addition, funds can be used to support community based demonstration projects.

G. Electric Energy Conservation Planning

The SPO is directed to lead and coordinate the development of a statewide energy conservation program to be implemented by the electric. transmission and distribution utilities.

Section 15: Private Non-Profit Groups

A. Maine Energy Education Program (MEEP)

The Maine Energy Education Program (MEEP) is a non-profit public/private partnership begun in 1985 with the goal of enhancing the efforts of those involved in energy education throughout the state. The goal of the MEEP activities is to link energy, economy and environment, while helping to develop energy literacy in the decision-makers of tomorrow. Most of MEEP's services are free and include:

- Energy Education Workshops for teachers and students (grades 4-8)
- Curriculum Materials and Videos on loan
- National Student Energy Education Competition (grades 4-12)
- Junior Solar Sprint model boat (grades 4-5) and car (grades 6-8) competition
- Student Energy Management Training for teachers and students interested in understanding, assessing and managing their schools energy use and energy conservation opportunities (grades 9-12)
- Great Energy Debate Game, utilizing debate format to illuminate pros and cons of various energy sources. Ideal for class of 15-25 students. On-site facilitator provided: playing time 1-2 hours (grades 4-12)
- Global Energy Game, encouraging students to balance energy, economy and environment, while confronting decisions regarding energy acquisition-for an island the govern. On-site facilitator provided: playing time, 1 hour + (grades 4-12).