



## Memorandum

**To: Energy Conservation Board**  
**From: Michael Stoddard**  
**Subj: Principles for Consolidating Energy Efficiency Administration**  
**Date: 5 January 2008**

At the last two meetings of the Board, we discussed options for supporting reforms to the existing administrative model by which energy efficiency (EE) programs are run in Maine. There has been interest in how these options might apply to the programs for electric efficiency programs run at the PUC by Efficiency Maine, and at the Energy and Carbon Savings Trust (by the RGGI trustees). There are also discussions about how Maine might best administer other publicly funded or publicly directed EE programs, existing and proposed, electric and non-electric, and whether there would be benefits from integrating or coordinating the administration of said programs with the electric efficiency programs.

ENE's view is that there would be significant benefits from integrating the administration of electric and non-electric EE programs in Maine.

Given the short timeframe and the myriad complexities of the issues involved, it has been proposed that the Board focus on building consensus around a set of principles for future administration of EE programs (rather than attempt to develop a Board position on a detailed implementation proposal). This memo articulates four high-level principles that might be developed into a consensus position if that is the will of the Board. <sup>1</sup>

An annotated description of administrative principles is attached. In sum, the administrative model for EE in Maine should:

1. be more consumer oriented such that the process for participation and program design are targeted to serve multiple needs of the Maine energy consumer;
2. maximize the effectiveness of programs by building up and centralizing expertise, addressing conflicts of interest, mitigating the influence of politics, promoting flexible, nimble program management, and providing a champion of funding cost-effective energy efficiency;
3. maximize the efficiency with which programs are planned, designed, overseen, and delivered; and
4. provide sufficient checks and balances to ensure that there is accountability for meeting principles 1-3 and so that EE programs in Maine are sustainable for the long term.

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<sup>1</sup> In developing this list, ENE has adapted pieces of Doug Baston's "Key Success Factors and Principles" cited in the 2008 Nova Scotia DSM Administrative Options process, ENE's submission to the Nova Scotia process, the 2008 "Affordable Heat for Vermont" report by the Regulator Assistance Project, and other ENE material.

**Attachment:**  
**Annotated Principles for Efficiency Administration**

1. Be more consumer oriented such that the process for participation and program design are targeted to serve the needs of the Maine energy consumer.
  - (a) The process for consumers to participate should be easy to access, targeted to their needs, and speedy;
  - (b) Program design and implementation should provide a comprehensive range of services for energy consumers such that:
    - electricity and heat consumers are eligible for and encouraged to take advantage of energy efficiency measures for all types of energy they use in their homes and businesses;
    - all customer classes/categories (residential, commercial, industrial) are eligible for energy efficiency measures designed to meet their particular needs;
    - a variety of tools are available to help consumers, including technical assistance, cash incentives, and financing (loans)
2. Maximize the effectiveness of programs by building up and centralizing expertise, addressing conflicts of interest, mitigation the influence of politics, promoting flexible, nimble program management, and providing a champion of funding cost-effective energy efficiency;
  - (a) provide an appealing place of employment and a reliable financial partner for delivery agents and vendors so as to build up, retain and centralize institutional expertise and effective relationships
  - (b) avoid or remedy conflicts of interest of the program administrator and with program delivery agents
  - (c) be insulated from partisanship and political agendas that might conflict with the cost-effective reduction of energy consumption, energy costs, and carbon emissions through efficiency programs
  - (d) capture synergies of bundling electric and heating efficiency measures in program design and delivery
  - (e) insisting that all energy efficiency programs satisfy the test of “cost-effectiveness”
  - (f) ensure flexibility for the administrator to rapidly adapt program design to changing markets, new technologies, budget changes, and performance reports
  - (g) be a champion of energy efficiency, uninhibited from seeking out and soliciting program funding from a wide variety of sources and advocating on behalf of cost-effective energy efficiency programs or related policies
3. Maximize the efficiency with which programs are planned, designed, overseen, and delivered by:
  - (a) consolidating strategic planning, budget allocations, program design, and evaluation
  - (b) integrating and coordinating the solicitation and management of funds
  - (c) ensuring uniformity of standards and criteria used in program design, vendor and product selection, and certifications (allowing exceptions as necessary)
  - (d) making effective use of existing institutions



- (e) maximizing the leveraging effect of state-directed funds on federal and private funds
  - (f) exempting EE programs from state government procurement and state government employment rules
  - (g) relying principally on competitive solicitations for program delivery, while also allowing targeted, time-limited use of sole source contracts for existing delivery agents if doing so will promote the efficient and effective delivery of programs.
4. Provide sufficient checks and balances to ensure that there is accountability for meeting principles 1-3 and so that EE programs in Maine are sustainable for the long term by:
- (a) setting long term goals and performance standards for the program administrator;
  - (b) relying on the PUC to approve the prudent and reasonable use of ratepayer funds
  - (c) ensuring funds will be used in a way that is consistent with the provisions of legal authorities that establish these funds (e.g., Regional Greenhouse Gas Initiative statute; Electric Industry Restructuring statutes, Natural Gas Conservation statute, etc.)
  - (d) providing transparency in strategic planning, decision making and performance reports
  - (e) promote input and buy in to strategic plans and major decisions by a diverse representation of consumer interests and the public
  - (f) establish clear lines of accountability through reporting and periodic reviews;