

Benefits of the Draft Plan

Big Picture

- Lower overall energy bills for Maine homes and businesses.
- First plan to implement Beneficial Electrification Policy Act (BEPA). The plan identified a maximum potential to suppress electricity rates by up to \$550 million over the lifetime of the beneficial electrification measures that could be installed during the Plan’s 3 years of program activity.
- Bold expansion of initiatives to help manage costs of electricity by managing time of use for electronic equipment and avoiding periods of peak demand.
- Significantly advance carbon reduction targets set in Maine statute to mitigate, and improve resilience to, the harmful impacts of climate change.
- Important contribution to putting Maine on a path to energy independence and insulating Maine consumers from volatility of global energy prices.
- Promotes investment in upgrades to Maine’s building sector and transportation equipment.

The Plan is Forecasted to Add:

- 38,000 homes heated entirely with heat pumps
- 6,500 low-income homes heated entirely with heat pumps
- 9,900 homes weatherized (1,500 low-income, 1,800 moderate-income, 6,600 all-income)
- 1,700 new battery systems in homes and small businesses
- \$38 million invested in small businesses
- \$550 million suppression of electricity rates

Summary of Measures Offered

Program	Sectors Served	Measures Offered
Commercial & Industrial Custom Program	<ul style="list-style-type: none"> ● C&I ● Multifamily ● Institutions and Governmental Entities 	Custom energy efficiency, beneficial electrification, distributed generation, and demand management projects (e.g., steam turbines, heat recovery, refrigeration upgrades, process steam reduction, controls)
Commercial & Industrial Prescriptive Initiatives	<ul style="list-style-type: none"> ● C&I ● Small Business ● Multifamily ● Institutions and Governmental Entities 	<ul style="list-style-type: none"> ● HVAC systems (including heat pump technology) ● Heat pump water heaters ● Building envelope improvements (weatherization) ● Lighting ● Sector-specific solutions (e.g., compressed air systems, refrigeration, water cooler timers)
Retail and Distributor Initiatives	All	<ul style="list-style-type: none"> ● Heat pump water heaters ● Clothes washers ● Electronically commutated motor (ECM) circulator pumps
Home Energy Savings Program	<ul style="list-style-type: none"> ● Multifamily ● Residential ● Low- and Moderate-Income Households 	<ul style="list-style-type: none"> ● Building envelope improvements (weatherization, energy assessments) ● Heat pumps designed to meet heating needs of the entire home (air-source, geothermal)



Income-Eligible Home Programs	<ul style="list-style-type: none"> • Multifamily • Low- and Moderate-Income Households 	<ul style="list-style-type: none"> • Building envelope improvements (weatherization) • Heat pumps designed to meet heating needs of the entire home (air-source, geothermal) • Supplemental heat pumps • DIY (Do It Yourself) kits with low-flow faucet aerators and low-flow showerheads with thermostatic valves
Electric Vehicle Initiatives	All	<ul style="list-style-type: none"> • Light-duty vehicles (battery EVs, plug-in hybrid EVs) • Medium- & heavy-duty EVs • Public EV charging infrastructure
Demand Management Program	All	<ul style="list-style-type: none"> • Demand response • Distributed energy resources (managed EV charging, home smart chargers, small residential/commercial batteries, large commercial batteries)
Thermal Energy Investment Program	<ul style="list-style-type: none"> • C&I • Small Business • Multifamily • Institutions and Governmental Entities 	<ul style="list-style-type: none"> • Thermal energy-derived projects (i.e., projects that produce thermal renewable energy credits [TREC], such as boilers using wood or biofuels derived from wood).

Proposed Major Changes over Triennial Plan V (TPV)

- **Beneficial Electrification Policy Act (LD 1724, 2023)**
 - Requires calculation of electric MACE (maximum achievable cost-effective) energy efficiency opportunity to include all beneficial electrification measures that are cost-effective and that reliably reduce electricity rates over the life of the measure.
 - Beneficial electrification measures that pass this screening test are eligible to be funded by the Electric Efficiency Procurement (i.e., electric ratepayers). This has a considerable impact on the electric budget (see Financial Highlights of the Plan below).
 - Current beneficial electrification measures: residential whole-home heat pumps, multifamily and commercial whole-building/zone heat pumps, rooftop unit heat pumps, commercial heat pump water heaters.
 - EMT is working with new information to configure an EV incentive that will effectively lift the market and meet beneficial electrification requirements.
- **Transition to whole-building or whole-zone heating with heat pumps**
 - In fiscal year 2024 (FY2024), EMT launched a significant program change, limiting eligibility for heat Efficiency Maine pump rebates to those projects designed to meet all of the heating needs of a building with a system of heat pumps. This change coincided with a number of developments, including:
 - a new federal tax credit for heat pumps (30% up to \$2,000);
 - results from an EMT heat pump evaluation showing underusage when heat pumps are used as supplemental systems; and,
 - the need to accelerate activity to meet the Maine Climate Council’s (MCC’s) whole-home heat pump goals.
 - This program change continues in the draft TPVI budget. (Note: EMT will continue to offer rebates for supplemental heat pumps to low-income customers who generally cannot take advantage of the tax credit.)
- **Significantly diminished lighting opportunity**
 - EMT discontinued incentives for screw-in LED bulbs in FY2023 when federal regulations phased out incandescent and halogen bulbs, making LED bulbs the standard for general service lamps.

- ***Significantly diminished natural gas efficiency opportunity***
 - In TPVI, EMT finds there is renewed cost-effective opportunity to achieve natural gas savings through a limited number of measures and proposes funding incentives for residential weatherization and C&I Custom Program projects. Overall, however, natural gas efficiency opportunity is considerably lower than in TPV.
- ***Discontinued strategy for heat pump water heater offering***
 - In past years, EMT has employed a strategy of providing heat pump water heaters in eligible low-income homes at no cost to the homeowner. The program covered 100% of both equipment and installation costs and managed contractor support. This strategy has reached a significant fraction of the eligible households, but has come at a significant cost to the program.
 - The Draft Plan for TPVI finds that the income-eligible market for heat pump water heaters can be more cost-effectively served through the Retail and Distributor Initiatives, stretching the budgets further to reach more homes and more savings. The strategy of the Retail and Distributor Initiatives makes heat pump water heaters comparably priced or less expensive for customers as they replace their old water tanks at or near the time of burnout.
- ***Discontinued residential biomass incentives***
 - Pellet boiler/furnace measure in homes does not screen cost-effective, and frustrates near-term goals for “gross” carbon reductions.
 - Staff recommends discontinuing the measure for residential buildings, concentrating available RGGI funds on weatherization.
 - Biomass measures in non-residential buildings will remain eligible through the Thermal Energy Investment Program.

Other Highlights

- ***Expanded Efficiency Maine Green Bank (EMGB)***
 - Beginning in FY2025, EMGB’s capitalization will roughly double with the influx of federal capital from the US Environmental Protection Agency’s (EPA’s) Greenhouse Gas Reduction Fund. EMT is actively expanding its administrative capacity, increasing the breadth of its finance initiatives, and looking to launch new finance initiatives as appropriate.
 - EMT will continue this momentum into TP VI, looking for opportunities to incorporate additional third-party capital.
- ***Expanded Demand Management Program***
 - EMT will launch a new offering to incentivize customers purchasing home reliability solutions to invest in home batteries (vs. fossil fuel-fired generators) and use them to reduce system peaks.
 - EMT will offer incentives for new home EV chargers that are pre-set to shift charging out of peak periods that increase costs for all Maine ratepayers. Customers can opt out on any day but the charger will revert to off peak charging the next day.
 - EMT will continue to grow the Demand Response Initiative and large battery offering.
- ***Expanded focus on low-income multifamily***
 - EMT will leverage the majority of approximately \$70 million federal funding for Home Energy Rebates from the Inflation Reduction Act (IRA) to support beneficial electrification of low-income multifamily buildings.
- ***Commitment to Weatherization***
 - Thanks in large part to an infusion of funds from the American Rescue Plan Act (ARPA), through the Maine Jobs and Recovery Plan, EMT significantly increased residential weatherization activity in TPV.

- TPVI shows a commitment to continue this pace (3,300 homes/year) by leveraging RGGI funds. This will, in combination with initiatives of MaineHousing, put Maine on track to meet the 2030 Maine Climate Council goals.
- **Expanded federal funding**
 - TPVI marks the continuation of a period marked by a once-in-a-generation investment by the federal government to support energy efficiency initiatives (see list of funding streams below)

Financial Highlights of the Draft Plan

- Total TPVI budget = \$525 million if fully funded
 - Major sources of funding include:
 - Electric Efficiency Procurement
 - Natural Gas Efficiency Procurement
 - Regional Greenhouse Gas Initiative (RGGI) revenues
 - Forward Capacity Market (FCM) revenues
 - New England Clean Energy Connect (NECEC) Settlement
 - Federal Funds, including:
 - American Rescue Plan Act (ARPA) funds
 - Inflation Reduction Act (IRA) Home Energy Rebates funds
 - US Department of Energy - Energy Improvements in Rural or Remote Areas grant
 - Inflation Reduction Act (IRA) Home Energy Rebates funds
 - IRA Greenhouse Gas Reduction Fund (GGRF)
 - National Electric Vehicle Infrastructure (NEVI) Program Funds
 - Charging and Fueling Infrastructure (CFI) grant funds
- Electric MACE budget = \$379.6 million if fully funded
 - FY2026 = \$102.8 million, FY2027 = \$124.6 million, FY 2028 = \$152.2 million
 - These budgets may be reduced to the extent they are constrained by the statutory cap on the procurement of EMT's electric programs.
 - Statute places a cap on the portion of the budget that is funded through the electric procurement: the electric procurement from the utilities cannot exceed 4% of retail electricity sales in Maine.
 - Draft TPVI identifies a MACE budget that may exceed the cap in FY2026 and likely exceeds the cap in FY2027 and FY2028. EMT will work with stakeholders and the Board to develop strategies to address this funding gap. Options could include:
 - Securing new offsetting funds (e.g., two pending federal grant applications, additional RGGI)
 - Work with policymakers to revisit the level of the cap
 - Scale back incentives and/or program activity
 - The Plan has identified a maximum potential to suppress electricity rates by up to \$550 million over the lifetime of beneficial electrification measures that could be installed if the budgets are fully funded.