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August 21, 2008

VENDEAN V. VAFIADES
COMMISSIONER

Tom Tietenberg, Trustee
P. Andrews Nixon, Trustee
Stephen L. Diamond, Trustee

Re: Comments in Response to Questions Posed in Public Meeting
Announcement

Dear Members of the Energy and Carbon Savings Trust:

The Public Utilities Commission (Commission) appreciates the opportunity to provide input to the Energy and Carbon Savings Trust (Trust) in response to the public meeting announcement issued on August 13, 2008. In addition, the Commission looks forward to working with the Trust on an ongoing basis.

In its public meeting announcement, the Trust posed three questions. Those questions, and our responses, are discussed below.

1. *Can the Trust legally disburse funds before it has adopted final rules and possibly before it has secured the services of a program administrator, and if so, should it accomplish this through the adoption of emergency rules or simply by relying on the criteria in the statute? If the Trust may legally do so, should it take emergency action to make funds available this winter?*

Response: The Commission recommends that the Trust seek advice from the Attorney General's Office on these and other legal questions the Trust may have.

The Commission believes it is prudent for the Trust to consider whether it should take emergency action to make funds available this winter. As noted below, the Commission looks forward to working closely with the Trust and other entities to develop a comprehensive response to the energy-related circumstances that Mainers will be facing this winter and beyond.

2. *Instead of hiring an in-house program administrator, a process that would take time, should the Trust contract with an existing organization, which presumably could act much more quickly, to fulfill the role of program administrator for this interim period? If so, should this be a public or private entity? If it is a public entity, what candidates seem most suited for this task? Longer term, what is the optimum administrative structure for the Trust?*

Response: If the Trust decides to disburse funds during the interim period it will need to act very quickly. The Commission is not aware of any way the Trust could act more quickly during this interim period than by contracting with one or more existing organizations. The type of organization(s) involved would in large part be driven by the



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nature of the programs the Trust wanted to pursue. For instance, if the Trust wanted to pursue programs for reducing fossil fuel consumption, it would want to contract with an organization that has experience with such programs. The Commission has extensive information about the types of programs currently offered in Maine and organizations that have experience with programs not currently being offered in this state. The Commission would be happy to share this information with the Trust as the Trust develops its plan for this winter and beyond.

The Commission also looks forward to working closely with the Trust and others to consider the longer-term question about the optimum administrative structure for the Trust, Efficiency Maine and other state entities that provide energy efficiency programs and services. The Commission notes that in response to a requirement in the 2007 RGGI legislation (PL 2007, ch. 317) the Office of the Public Advocate (OPA) submitted a report to the Legislature dated January 15, 2008 which discussed and included recommendations about the organizational structure of the Trust and Efficiency Maine. The Commission believes that the OPA report provides a good foundation for ongoing discussions about the optimum administrative structure of the Trust.

In addition, the Commission is prepared to assist in the collection and review of existing studies on administration and governance of energy efficiency programming, which may be particularly useful in planning a structural energy programming strategy for Maine.

3. If disbursements are to proceed this fall, can and should the Trust expend more than 15% of the funds derived from the first auction (in September) on reducing fossil fuel use in anticipation that the revenue that would be forthcoming in the five subsequent auctions could be used disproportionately for reduction of electricity usage, thereby allowing the Trust to meet the 15% limit for the year? If so, should the focus of the fossil fuel reductions be on the residential

Response: The Commission believes that the decisions relating to this question fall squarely within the discretion of the Trust. The Commission does not have a specific recommendation about how proceeds from the Trust Fund should be spent. However, the Commission stands ready to provide to the Trust whatever information the Commission has that may be helpful in the Trust's decisions relating to the disbursement of Trust monies.

As noted in several places above, the Commission looks forward to working with the Trust and other entities to address Maine's energy efficiency and related needs.

Sincerely,



Chris Simpson
Director of Energy Division



Denis Bergeron
Coordinator of Regional & Market Programs