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Members of the Trust:

My name is Doug Baston, and I operate energy consulting firm based in Alna. Thank you for the opportunity to provide comments to you today.

In my business I work with electric utilities, state and provincial governments, and environmental organizations throughout North America, helping these groups design, administer, and deliver effective energy conservation programs. The PUC's Efficiency Maine program is one of my current clients.

I'd like to preface that I have no opinion as to the legality of disbursement of Trust funds prior to adoption of allocation rules. But, assuming that question can be answered in the affirmative, I do have some brief comments and suggestions to your Questions #3 and then #2.

You ask about the wisdom of frontloading expenditures towards fossil fuel savings in the residential sector. While I understand the pressure to act, the mission of the Trust is long term – very long term – and there is danger in responding precipitously to the crisis of the season, for there surely always will be one.

That said, if you decide to approve frontloaded expenditures, I suggest that you provide funds: (a) only to existing programs that; (b) can demonstrate that they can expend them this winter; (c) using the same rigid cost-effectiveness criteria you would require for your own programs; and that (d) it is agreed by all parties that this is a one-time expenditure with no continuing commitment implied. I further suggest that your selected administrator, not the receiving agency, conduct the cost-effectiveness screening and post-implementation verification of both the measures and the overall effort.

It should also be established that this is essentially a necessary "loan" to the residential customer class and to fossil savings, and that equity of both be restored through adjustments in the out years.

As to your administrative question, I think choosing an interim administrator is wise for two reasons. First, practically it will be the only way to move funding to some delivery entity, or combination of delivery entities, and oversee it, in time to make any practical difference this winter. The PUC is an obvious temporary choice, due to its existing administrative structure designed to deliver energy efficiency programs and monitor the results, and the expertise of its staff in these areas. (You could consider securing the services of a skilled consultant, but the solicitation and familiarization process would add further delay, and this skill set is in short supply these days.)

Any temporary administrative assignment should be made with the clear understanding that it is interim and temporary, and that no future expectations of or entitlements are implied.

In addition, a temporary administrative arrangement allows both the Trust and the PUC to engage in a thoughtful and deliberative process to determine what as the best permanent administrative structure for both Trust programs and Efficiency Maine programs. It is difficult for me to see any long term advantage for the continued existence of two organizations with virtually parallel missions in a state of 1.4 million people, and both entities are new enough that consolidation or redefinition would cause minimal disruption to the market.

I would advise the Trust to take the time this decision deserves, and to seek advice and input from other states and provinces that have recently gone through similar processes.

Having participated in several of these processes, I've learned that while every jurisdiction needs to find its own "right" solution", there are basically three administrative options available, with some hybrids fit to local conditions around the edges:

First is utility administration, which is the most common, but only works well where the utility has a history of strong management commitment, and the staff expertise, to pursue good efficiency programs. It also requires that the necessary regulatory and financial incentives be in place to ensure good performance. Forcing a reluctant utility to deliver efficiency programs is a recipe for failure. (Utility administration is usually accompanied by some overseeing policy board, composed of interested stakeholders.)

Second, is government administration. Four states (including in Maine) have or have had this model. Two (California and Wisconsin) have abandoned it. Another (New Jersey) is in the process of abandoning it. No other jurisdiction is pursuing it to my knowledge.

The third, and emerging, model is some form of independent third party administration. These include the Energy Trust of Oregon, Efficiency Vermont,

and the Statewide Energy Efficiency and Renewable Administration in Wisconsin. Earlier this year the Province of Nova Scotia conducted a very impressive facilitated stakeholder review process that examined all three of these administrative models, and settled – with broad consensus – on the latter. I highly recommend reviewing the report and recommendations from that process when the Nova Scotia government makes them public.

The work of the Trust is a complex and serious business, and experience from elsewhere shows that it will require a nimble and independent organizational structure that can pay the salaries that the market will demand for the skilled technical and administrative staff that will be required to run it. You will also want to also ensure that both rewards and penalties are in place to incentivize performance. The mission of the Trust is very long term: Take the time to set yourselves up well.