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2012 MAR 27



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State of Maine
ONE HUNDRED AND TWENTY-FIFTH LEGISLATURE
COMMITTEE ON ENERGY, UTILITIES AND TECHNOLOGY

TO: Senator Richard W. Rosen, Senate Chair
Representative Patrick S. A. Flood, House Chair
Joint Standing Committee on Appropriations and Financial Affairs

FROM: Senator Michael D. Thibodeau, Senate Chair *M.D. Thibodeau*
Representative Stacey Allen Fitts, House Chair *S.A. Fitts*
Joint Standing Committee on Energy, Utilities and Technology

DATE: March 27, 2012

RE: Recommendations on 2nd Supplemental Budget Bill, LR 2847

Pursuant to Joint Rule 314, our committee has reviewed the portions of the 2nd Supplemental Budget Bill, LR 2847, relating to this committee's subject matter jurisdiction. The following is a summary of our recommendations.

There are several pieces of the bill that relate to our committee's subject matter jurisdiction, but they all relate mainly to the reorganization and renaming of the Governor's Office of Energy Independence and Security. By way of background, the OEIS currently consists of 3 positions: the director, which is currently funded as an Economic Analyst position within the Office of the Public Advocate, and 2 staff persons, which are currently located with the State Planning Office. In **Part A** of the budget, the Economic Analyst position in the Public Advocate is eliminated; the OEIS director position is established as a Governor's Special Assistant Position within OEIS and funds are de-allocated (moved) from the Efficiency Maine Trust to fund that position. The 2 OEIS staff positions currently in the SPO are moved to OEIS. As a result of these shifts, the 2 staff positions are changed from 60/40 General Fund/Federal Fund positions to 100% federal fund; the OEIS director position is funded from EMT funds.

Part P of the bill makes the statutory changes necessary to eliminate the Economic Analyst position from the OPA. **Part MM** renames OEIS the Governor's Energy Office and moves certain energy-related duties of the SPO to the Energy Office. It also provides in Sec. MM-2 that at the request of the director of the Energy Office, EMT shall provide funds to carry out the duties of the office.

We are unanimously recommending that the funding arrangement for the Energy Office be modified. We believe that the initial funding source should be federal funds, including funds of the State Energy Program, which currently support the office. To the extent these are inadequate to fund the office, the

office should be able to receive funds from EMT, but only to the extent activities of the office reasonably relate to the purposes of EMT (OEIS sits on the board of EMT, undertakes certain related energy projects and oversees certain related federal energy program grants); any additional funding needs of the office should be paid for from the General Fund or other available resources.

While the FY 2013 allocations that appear in Part A may not be precisely in conformity with these principles, we are not making specific recommendations for changes to those allocations; however, we believe the law governing the Energy Office should make these principles explicit on a going-forward basis. *To this end we are recommending that Part MM, Section MM-2 be amended to read as follows:*

Sec. MM-2. 2 MRSA §9, sub-§2-A, as enacted by 2009, c. 372, Pt. H, §1, is amended to read:

2-A. Powers Funding. ~~The director shall request from the Efficiency Maine Trust, established in Title 35-A, chapter 97, and the trust shall provide from funds available to it funding sufficient to carry out the duties of the office under section 3 and any other applicable law. Funding of the office is in accordance with the following.~~

A. The office is funded by federal funds to the extent federal funds are available to or received by the office and those funds may be applied to support the personal services and all other costs of the office.

B. To the extent federal funds are inadequate to meet the funding needs of the office, the office may receive funds from the Efficiency Maine Trust, established in Title 35-A, chapter 97, but only for that portion of the office's activities that support or reasonably relate to programs or activities of the Efficiency Maine Trust. The director shall keep an accounting of the office's resources devoted to its various duties and activities, including that portion of its resources devoted to activities in support of or reasonably related to programs or activities of the Efficiency Maine Trust. The office shall annually provide this accounting to the joint standing committee having jurisdiction over energy matters by January 15 of each year. The joint standing committee having jurisdiction over energy matters shall make recommendations to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs with regard to any proposed allocation of the Efficiency Maine Trust funds to support the office. In accordance with any legislative allocation or deallocation of Efficiency Maine Trust funds to support the office, the director shall request from the Efficiency Maine Trust and the trust shall provide the allocated resources to the office.

C. Any additional funding of the office must be provided from the General Fund or other available resources.

Thank you for your consideration of our recommendations. If you have any questions, please don't hesitate to contact us.

Cc: Members, Joint Standing Committee on Energy, Utilities and Technology
Members, Joint Standing Committee on Appropriations and Financial Affairs