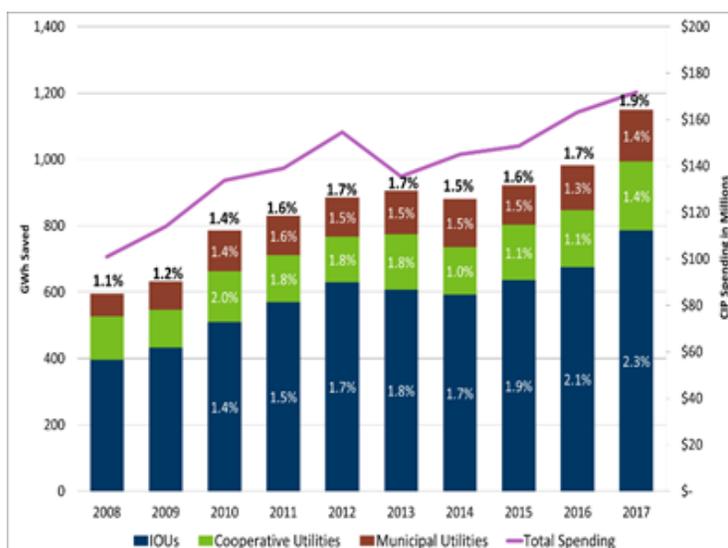


Energy Optimization was included as a critical component of the Walz/Flanagan One Minnesota Path to Clean Energy. Energy Optimization builds on the existing energy efficiency program, known as the Conservation Improvement Program, or CIP, which to date has saved enough energy to power 100,000 Minnesota homes annually. Energy Optimization will expand on this success, by increasing cost-effective energy efficiency goals and allowing utilities to create new energy efficiency programs that address fuel efficiency and load management.

Summary of HF 4502

Since 2019's introduction of the One Minnesota Path to Clean Energy, stakeholders, including the Administration, recognized opportunities to compromise on certain provisions. HF 4502's framework remains strong with these modifications incorporated:

- Maintaining what utilities have proven they can do:**
 The minimum 1% energy conservation goal remains the same. Historically, consumer-owned utilities have met the 1% savings goal (see chart). A modification from the original proposal is removal of the minimum spending requirement for individual utilities so long as they meet their minimum energy savings goals. If the annual minimum goal is not met, then the utility must meet the minimum spending requirement. Utilities still do not have to invest in energy conservation improvements that are not cost-effective.
- Enables efficient fuel-switching programs through a 1.5% energy savings goal,** allowing consumer-owned utilities to offer new money-saving services to their customers.



- Increased commitment to serving those most in need:**
 Low-income spending requirement increases to 0.4% for investor owned utilities. As a modification from the original proposal, In lieu of raising the minimum low income spend on municipal and cooperative utilities; these utilities have the authority to spend on additional low income measures. This language provides the utilities with greater flexibility in their current low-income spending requirement by allowing spending on pre-weatherization and the Healthy AIR program, which helps remove asbestos from income-qualifying homes. These changes were recommended by consumer advocates, such as Energy Cents and the Citizens Utility Board of Minnesota.
- Longer planning and reporting time:** Consumer-owned utilities' planning cycle can be extended up to three years. A modification from the original proposal is to allow individual utilities to submit CIP plans for achieving their energy savings goals every three years and report performance toward meeting their plans every year. The plans and reporting information required would be consistent with what is currently required today. Summary information on total energy savings and spending for an individual utility would be required annually.
- Continued flexibility, including:**
 - Carry-forward excess energy savings,** to accommodate project variability.
 - No requirement** to do the energy conservation improvements if it is not cost effective.
 - Ability to request changes to requirements:** The utility can request adjustments to both its minimum goal for energy savings and low-income conservation programs. A modification from the original proposal is granting the Commissioner authority to flex down on the minimum spending in certain emergency situations.