



January 25, 2021

Minnesota State Legislature
75 Rev Dr Martin Luther King Jr Boulevard
St Paul, MN 55155

Re: Business Support for Energy Conservation and Optimization (ECO) Act of 2021 (HF 164)

Dear Senate President Jeremy Miller and Speaker of the House Melissa Hortman:

As businesses and major energy consumers in Minnesota, we are writing to share our support for expanding the Conservation Improvement Program and increasing the state's Energy Efficiency Resource Standard as laid forth in the proposed Energy Conservation and Optimization (ECO) Act. We understand firsthand how state energy policies affect the cost of doing business and Minnesota's economic competitiveness. We also recognize the significant economic opportunity presented by energy efficiency and energy waste reduction.

Now more than ever, as Minnesota businesses and ratepayers are navigating a shifting economy and business model in the wake of COVID-19, we support the ECO Act as a means to strengthen the energy market, boost economic development, and improve public health in Minnesota. The ECO Act will send a clear market signal—saving jobs and providing cost saving programs for businesses.

Business adaptation to COVID-19 has meant relocating operations, adapting to changing and uncertain revenues, and managing new energy needs for our employees and customers. Energy efficiency is by far the most reliable and cost-effective energy resource. Other energy sources can cost between six to sixteen times more than energy efficiency programs.¹ Energy efficiency programs keep our businesses competitive while simultaneously lowering our carbon footprints—a priority for our leadership, communities, employees, shareholders, and customers.

The ECO Act will strengthen Minnesota's Conservation Improvement Program (CIP) by setting higher energy savings targets and integrating load management and efficient fuel-switching programs for all utilities. These additional technologies are designed to optimize our energy system by utilizing low-cost, low-carbon, and readily available renewable energy. ECO will also strengthen the state's Energy Efficiency Resource Standard by increasing the energy savings goal for investor-owned electric utilities to 1.75% of gross annual retail sales (up from 1.5%) and setting a goal for investor-owned gas utilities at 1% of gross annual sales. Further, ECO will establish a higher statewide energy

¹ Minnesota Department of Commerce, 2017 CIP Energy and Carbon Dioxide Savings Report, <https://www.leg.state.mn.us/docs/2017/mandated/170154.pdf>

savings goal at 2.5% in order to improve energy efficiency across all sectors of the economy. By broadening the scope and improving the accessibility of CIP offerings, ECO will drive much needed energy stability and economic return for Minnesota businesses and consumers as they strive to remain competitive.

Since its implementation in the 1980s, CIP has been a reliable source of jobs and revenue for the state as well as a critical force for progress towards the greenhouse gas emissions reduction targets of the 2007 Next Generation Energy Act. The Minnesota Department of Commerce reports that every dollar invested in the CIP generates at least \$4 in benefits from energy savings, avoided environmental externalities, and new economic activity. Over six years (2008-2013), CIP generated a cumulative net benefit of \$5.9 billion in new economic output and nearly 55,000 job years (a “job year” equals one job for one year).² The Department of Commerce also found that in just two years (2013-2014), combined electric and natural gas savings from CIP conserved enough energy to heat, cool, and power more than 110,000 homes in Minnesota for one year and reduce carbon pollution equal to 325,000 cars on the road for one year.³

In order to take advantage of Minnesota’s most cost-effective and cleanest energy resource, we strongly support adoption of the Energy Conservation and Optimization Act of 2021. The ECO Act will unlock the significant untapped potential of CIP, generating additional cost savings for all ratepayers, capturing new jobs and investment, curbing climate pollution, and improving public health. Energy efficiency presents a unique opportunity for Minnesota, businesses and consumers to drive economic growth in a time of unparalleled uncertainty.

Thank you for your consideration, and please reach out with any questions.

Sincerely,

Augsburg University
Aveda
Clif Bar
Cree, Inc.

Energy Management Solutions
Oracle
Schneider Electric
Uplight

CC: Senate Majority Leader Paul Gazelka
Senate Minority Leader Susan Kent
House Majority Leader Ryan Winkler
House Minority Leader Kurt Daudt
Members of the Senate Energy and Utilities Finance and Policy Committee
Members of the House Energy and Climate Finance and Policy Division

For more information, please contact Deana Dennis, State Policy at Ceres, at ddennis@ceres.org.

² Minnesota Department of Commerce, Division of Energy Resources, The Aggregate Economic Impact of the Conservation Improvement Program 2008-2013 (October 2015), <https://mn.gov/commerce/policy-data-reports/energy-data-reports/?id=17-81661>

³ Ibid, at 2.