

Energy Conservation & Optimization (“ECO”)

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The Energy Conservation and Optimization Act is bipartisan, widely supported, and the first significant update to the highly successful Conservation Improvement Program since passage of the Next Generation Energy Act of 2007 nearly fifteen years ago. ECO is the result of three years of intensive stakeholder discussions and negotiations about the shape and future of energy efficiency in Minnesota.

ECO BUILDS ON CIP’S SUCCESS:

- Minnesota’s Conservation Improvement Program (“**CIP**”) has been highly successful, delivering **real savings on customer energy bills**, providing over **\$6 billion in net benefits to the state**, and supporting **over 45,000 local jobs** in every corner of Minnesota. CIP delivers nearly \$3.75 in economic benefits for each \$1 invested.
- **ECO would increase customer choices by expanding CIP** to include **load management** (modifying timing of energy usage) and limited **efficient fuel-switching** (switching to the use of another fuel when more efficient, cost-effective, and lower carbon).

ECO JOBS ARE LOCAL:

- Projects supported by ECO are **inherently local jobs in electrical, heating/cooling, ventilation, and insulation installation**. Plus, they are typically designed and **carried out by local businesses and installed by state licensed contractors, using locally sourced products**.
- **Additionally, many innovative companies that build these technologies, such as Trane, Daikin, 75F, 3M, Honeywell, and Andersen Windows** have manufacturing facilities and are headquartered in Minnesota.
- **ECO will expand workforce opportunities all over the state, by adding the next generation of technologies** offered through CIP, providing residents and businesses more opportunities to save money on their energy bills and creating economic opportunities when needed most.

ECO IS WIDELY SUPPORTED:

Supporters of ECO include:

- Every electric utility in the state, including Minnesota Rural Electric Association, Minnesota Municipal Utilities Association, Xcel Energy, Otter Tail Power Company, Minnesota Power, Great River Energy, Southern MN Municipal Power Agency, Missouri River Energy Services;
- MN’s two largest natural gas utilities, CenterPoint Energy and Xcel Energy;
- Contractors represented by Minnesota Electrical Association, the MN Mechanical Contractors Association, and the National Electrical Contractors Association;
- Clean energy and consumer advocates such as Center for Energy and Environment, Fresh Energy, Clean Energy Economy Minnesota, Energy CENTS Coalition, Citizens Utility Board of Minnesota, Blue Green Alliance, Sierra Club and Conservation MN;
- Trade unions such as the SMART SMW Local 10 and the IBEW Local 292; and
- the Minnesota Department of Commerce

FUEL SWITCHING WHEN IT BENEFITS RATEPAYERS:

ECO expands CIP to include limited fuel-switching which will **increase efficiency opportunities** for all Minnesotans, **especially rural customers** and **support a greater range of technology and fuel choices for Minnesotans** for heating, cooling, and personal transportation (No fuel or technology would be excluded by ECO and the same fuel-neutral criteria would apply to all fuel alternatives and technologies).

In order for fuel switching to be allowed under ECO, the fuel switch must:

- 1. Pass important cost-effective tests**
- 2. Demonstrate clear benefits to customers, including reduced energy use**
- 3. Reduce greenhouse gas emissions**

ECO ALSO PROVIDES REGULATORY RELIEF AND GREATER CLARITY:

- **ECO would eliminate minimum utility energy conservation spending requirement**, completing the transition begun in 2007 from a program based on **utility spending** on energy efficiency to one that is based on **energy savings for customers**.
- **ECO provides additional regulatory flexibility for COUs**. Under current law, COUs provide annual CIP plans to the Minnesota Department of Commerce for review and approval by Commerce. **ECO allows COUs to submit plans that could cover up to three years, providing COUs more flexibility to meet state goals**.
- **ECO maintains the energy savings goals of municipal and cooperative utilities at 1.5% of gross annual retail sales and allows net energy savings from efficient fuel-switching improvements to count toward that goal above a minimum energy savings goal of 1% from traditional energy efficiency**.
- **ECO recognizes the differences between Investor Owned Utilities (IOU's) and Consumer Owned Utilities (COU's)** by establishing separate sections in Minnesota law to govern energy efficiency, fuel-switching, and load management programs.
- **ECO increases the energy savings goals for investor owned electric utilities to 1.75% of gross annual retail sales (was 1.5%) and sets the goal for investor owned gas utilities at 1% of gross annual sales**.
- **ECO enhances efforts to address low-income needs by doubling the amount of support available to benefit IOU low-income customers**.
- **ECO continues exemptions from CIP for large industrial customers**. Under CIP, certain large industrial customers, like taconite mines, paper mills, ethanol plants, are able to and have petitioned Commerce to be exempt from CIP. This opportunity would continue under ECO, as would the existing exemptions.