

ENERGY EFFICIENCY AS A RESOURCE

What is the Midwest's Response
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What is the Midwest Natural Gas Initiative?

- A cooperative effort by 8 Midwest states to develop a multi-state energy efficiency initiative to decrease natural gas consumption. (MN, IA, WI, MI, OH, IL, MO, IN)
- Aimed at developing a Memorandum of Understanding and a corresponding regional plan for increasing energy efficiency

What is the History of the Midwest Natural Gas Initiative?

- Grew out of the NARUC Natural Gas Crisis Conference at Carnegie Mellon University
- Goal to have national experts including ACEEE examine and explore opportunities for increased EE, renewable resources and clean DG
- Discussions among PUC Commissioners to find a regional approach to EE as a way to mitigate high natural gas prices

Guiding Principles for Initiative Design

- Intent is to accommodate the diversity in policies and programs in individual states.
 - The initiative will be expandable and flexible, permitting other states to join the initiative
 - The initiative will not unduly interfere with other national, state or regional EE programs and initiatives, but will seek to coordinate and collaborate with them to increase the effectiveness of both.

Guiding Principles-Con't

- The Initiative will start simply and develop over time, Participant input and participation will help shape the path the Initiative will follow

Framework

- The initiative will be coordinated by the Midwest Energy Efficiency alliance (MEEA), a Chicago-based non profit organization dedicated to advancing EE in order to support a sustainable economy and promote environmental preservation
- The Regulatory Assistance Project (RAP) and ACEE will also provide policy and technical support to the Initiative

Framework-Con't

- A steering committee will direct and monitor the activities of the Initiative. The steering committee will consist of one representative from each state as well as representatives from RAP and ACEEE.
- The steering committee will guide the overall activities of the regional aspect of the Initiative as well as inform and monitor the activities of each state's individual committee.

Memorandum of Understanding

- Goal is to have MOU signed by Governors, State Energy Offices, Consumer Advocates, Public Service Commissioners and Non-profits or ASERTTI members
- Goal is to kick-off Initiative in January 2006 after State Committees are formed

Goals of MOU

- The 8 states commit to working together to address the natural gas crisis through Energy Efficiency gains
- The 8 states commit to pursuing a 1% reduction (per year) in natural gas consumption in their state, helping to secure the larger regional goal of 5% reduction by 2011, beginning on the date of their signing the MOU and continuing for 5 years from that date.

Goals of MOU con't

- The 8 states commit to considering and enacting policies, such as codes and standards for energy consumption, regulatory and legislative mandates and programs, that are appropriate for each state to accomplish the 1% reduction per year and to serve as an educational contact for all other state agencies, parties and participants to further the goal of a 1% per year reduction.

Goals of MOU con't

- The 8 states commit to working collaboratively between and among states to develop a regional approach to increase energy efficiency as well as to working within each state to achieve actual energy savings.
- The 8 states commit to reporting the annual energy savings in each state to the Initiative for the purposes of demonstrating achievements and sharing lessons learned between the states.

Economic Benefits in Minnesota

- Increasing EE throughout Minnesota will have an immediate impact on the pocket books of families and businesses in our state.
- Minnesota sends approximately \$9 billion to other states and to Canada to pay for imported energy (natural gas, coal, and petroleum).
- A moderately aggressive EE program can directly save consumers and businesses nearly \$1 billion dollars on their natural gas and electric bills by 2010

Minnesota Economic Benefits con't

- Using less natural gas and electricity will have a direct impact on natural gas prices in Minnesota.
- ACEEE estimates that if the Midwest actively invested in EE programs, Minnesota natural gas consumers would save more than \$300 million by 2010 as a direct result of reduced natural gas prices.

Policy Recommendations (for Minnesota)

- Increase funding for EE
- Increase EE in new and existing buildings
- Allow more flexibility within our own Conservation Improvement Program (CIP)
- Explore rate mechanisms that break the link between utility revenue and energy consumption

Conclusion

- The Northeast and Northwest regions of the United States have a history of states collaborating to increase the impact of their energy efficiency investments. The Midwest must do the same.
- Collaborating at a regional level to develop and implement a comprehensive Energy Efficiency plan is the only action the Midwest region can take that will have an impact on the energy crisis in the short term.