

Supporting Rural Electric Co-op Members with Energy Efficiency

Energy efficiency programs benefit rural electric cooperatives (co-ops), their members, and the communities they serve. By offering energy efficiency programs, co-ops invest in their members.

AECC customers Al and Vickie Wright of De Queen, Arkansas: "The benefits we received were amazing. I was surprised to learn our co-op is offering such a wonderful service to help us use our energy more wisely."



How energy efficiency benefits co-ops and the communities they serve¹

| Beneficiary | Energy Efficiency Outcome | Resulting Benefit |
|---------------------------------|--|--|
| Efficiency program participants | Lower monthly utility bills | Lower energy burden and more disposable income Reduced exposure to risk from utility rate increase |
| | Improvement in the efficiency of the housing stock | Increased property value, more reliable equipment, and lower maintenance costs Preservation of affordable housing |
| | Reduced peak demand | Avoided costs of increased generation, capacity, and transmission Reduced coincident peak pricing from wholesale power supplier, demand charges, and power supply costs |
| | Reduced arrearages, cost of shut-offs, and maintenance costs | Improved customer service and satisfaction |
| Communities | Lower electricity demand | Reduced environmental pollutants and improved public health |
| | Lower monthly utility bills due to avoided utility costs | More money spent in local economy because of more disposable income Poverty alleviation and improved standard of living |
| | Improvements in the efficiency of the building stock | Local job creation through efficiency providers and trade allies Improved quality of life Increased property values and presentation of housing stock |
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Energy efficiency strategies for co-ops

Generation and transmission (G&T) co-ops and distribution co-ops can use a variety of strategies to deepen energy savings for their members' homes, businesses, industrial facilities, and institutions:

- Pool member, state, and federal resources to fund programs.
- Engage community-based organizations, universities, and other local partners to design and implement programs.
- Develop a pool of contractors to deliver and market efficiency measures. Offer or identify training opportunities when a local efficiency workforce does not exist.
- Bundle low-cost efficiency measures with deeper energy saving measures.
- Use online and/or traditional marketing channels based on customers' access to broadband.
- Pair rollout of broadband services with energy efficiency measures and customer energy data engagement platforms, like Green Button.
- Incorporate energy efficiency programming into broader economic and community development activities.
- Evaluate program performance quantitatively to strengthen offerings and meet customer needs effectively.

Generation and Transmission Co-ops

G&T co-ops, which provide electricity to local distribution co-ops, sometimes help their member co-ops deliver energy efficiency programs or offer these services on behalf of their member co-ops. G&T co-ops can identify priority efficiency measures, develop marketing materials, and cultivate key partnerships with universities or third-party program implementers.

Co-ops across the country are already doing energy efficiency

Co-ops have already demonstrated leadership by helping their members save energy. Below are two examples:

- **Midwest Energy, Inc:** Based in Kansas, this, vertically integrated electric and natural gas co-op launched its How\$mart program in 2007 in response to member bill complaints. Through this tariffed on-bill program, Midwest Energy helps member homes and businesses cover the cost of pre- and post-installation audits and finance energy efficiency improvements.² Over the past 12 years, the program has helped over an average of 167 customers per year and saved enough energy to power 65 Midwestern homes per year, all while reducing member bills and improving customer satisfaction.³
- **Arkansas Electric Co-operative Corporation:** AECC delivers wholesale electricity to 17 distribution co-ops and offers them the Comprehensive Home Energy Savings Solutions (CHESS) program, which helps members with duct sealing, air sealing, and other efficiency improvements. AECC provides incentives that cover 100% of the initial cost for a certain number of homes per co-op, then splits the cost of work done on subsequent homes. AECC manages trade allies, tracks and reports on program performance, and conducts quality control. AECC began the program as a pilot and expanded it to a year-round option to align with similar energy efficiency offerings from Arkansas investor-owned utilities. Since the program's inception in 2018, CHESS has enrolled nearly 300 homes and saved enough energy to power 52 Southeastern homes. Additionally, several of AECC's member co-ops offer on-bill financing programs.⁴

Endnotes

- 1 Table adapted from previous ACEEE research. To learn more, see: aceee.org/research-report/u1602 and aceee.org/research-report/u1505.
- 2 A tariff tied to the property meter that is repaid through customer's utility bill.
- 3 To calculate the energy savings equivalency, we convert cumulative energy savings over the past 12 years (73.8 million British Thermal Units - Btu) into an annual number (6.2 million Btu). We then divide this number by the average Midwestern household annual energy use (94.3 million Btu). Source: www.eia.gov/consumption/residential/data/2015/c&e/pdf/ce11.pdf. To learn more about How\$mart, see: www.mwenergy.com/environmental/energy-efficiency/howsmart.
- 4 To calculate the energy savings equivalency, we convert energy savings since program inception (77.1 million Btu) then divide this number by the average Southeastern household annual energy use (68.9 million Btu). Source: www.eia.gov/consumption/residential/data/2015/c&e/pdf/ce11.pdf.