



Midwest Industrial EE Policy

Nick Dreher

October 16, 2019

Presented at the 2019 ACEEE National
Conference on Energy Efficiency as a
Resource

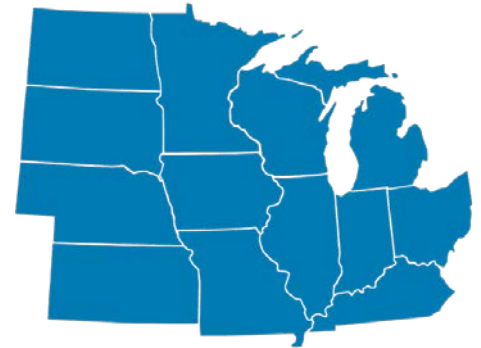


About MEEA

The Trusted Source on Energy Efficiency

We are a nonprofit membership organization with **160+ members**, including:

- Utilities
- Research institutions
- State and local governments
- Energy efficiency-related businesses



As the key resource and champion for energy efficiency in the Midwest, MEEA helps a diverse range of stakeholders understand and implement cost-effective energy efficiency strategies that provide economic and environmental benefits.



Industrial Sector

Midwest Overview

- Manufacturing represents 16% of Midwest's total GDP
- In IA, IN, MI and WI over 17% of workforce dedicated to manufacturing
- Midwest industries account for 38% of nation's total industrial electricity use
- 40% of national EE potential is in the industrial sector

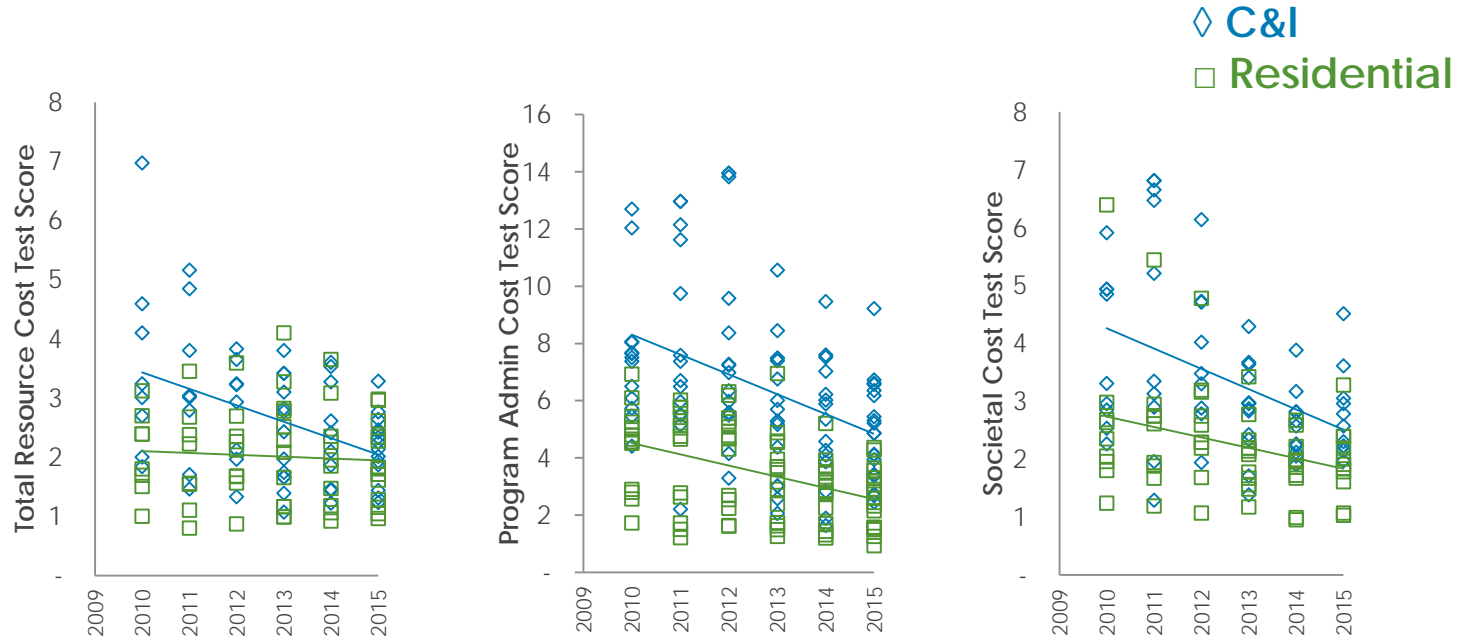
Industrial Energy Efficiency

Traditional Program Approaches

- Prescriptive Programs
 - High efficiency motors
 - Air compressors
- Custom Programs
 - Customer initiated
 - Utility initiated
 - Case Management

Sector-Level Benefit-Cost Scores

Tests Used for Primary Benefit-Cost Screening in the Midwest



Source: Ehrendreich, Summer Study 2015



Industrial Energy Efficiency

Cost-Effectiveness

- Industrial energy efficiency is most cost-effective due to the high and sustained energy usage of many processes
- The industrial customer segment offers utilities in mandatory and voluntary energy savings states to get the biggest bang for the customers' buck

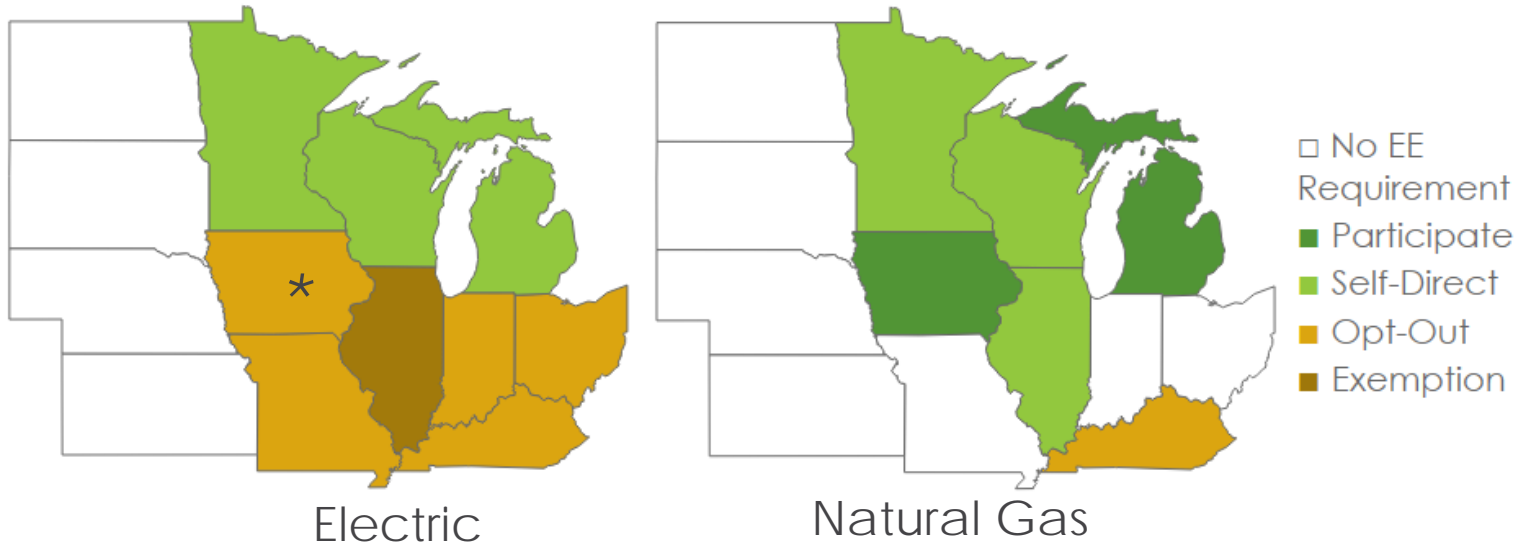
Industrial Energy Efficiency

Roadblocks and Rollbacks

- Midwest industrial customers have pushed for flexibility and a way out – states have relented
- IN, OH, IL, IA, MO, KY

Industrial Energy Efficiency

Midwest Self-Direct and Opt-Out Policies

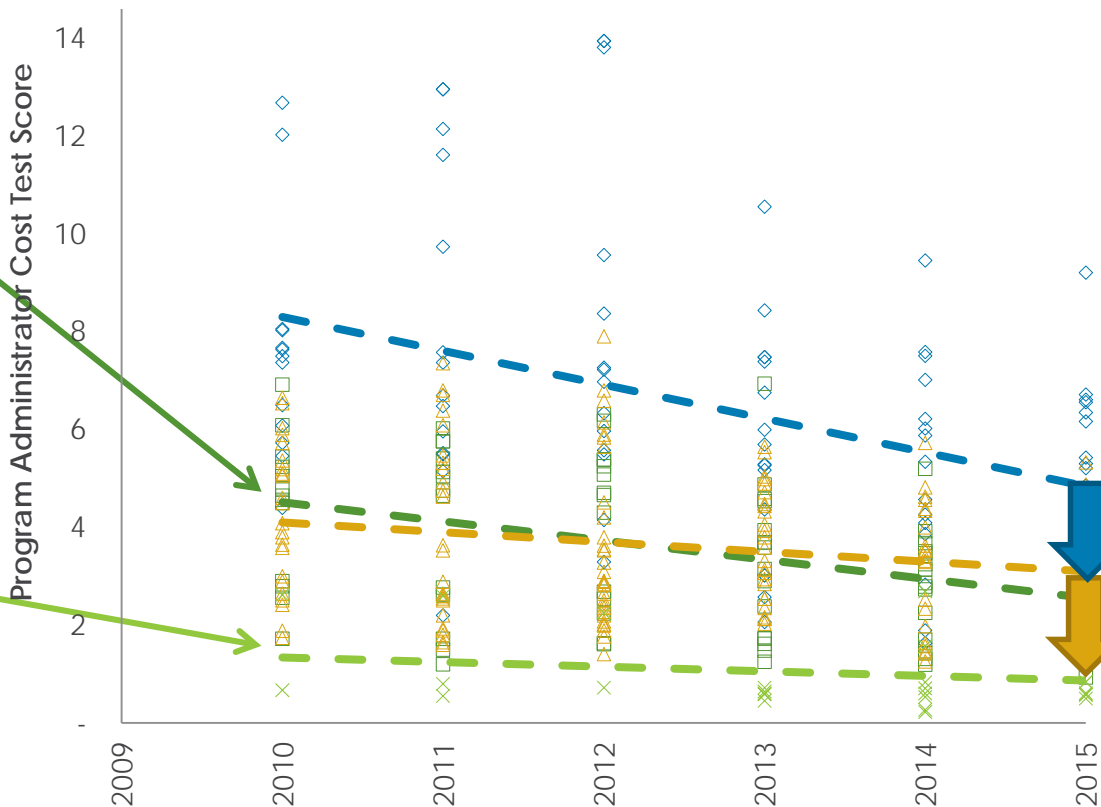


In Iowa, **all electric customers can opt-out if portfolio fails the rate impact measure (RIM) test*

How Opt-Outs Impact the Overall Portfolio

Residential will have greater influence on total portfolio cost-effectiveness

Low-Income will have greater influence on portfolio cost-effectiveness (if included in portfolio score)



Less large customer **C&I** participants. Lower C&I portfolio B-C score.

Total portfolio B-C score decrease due to loss of most cost-effective segment

Case Study

Indiana

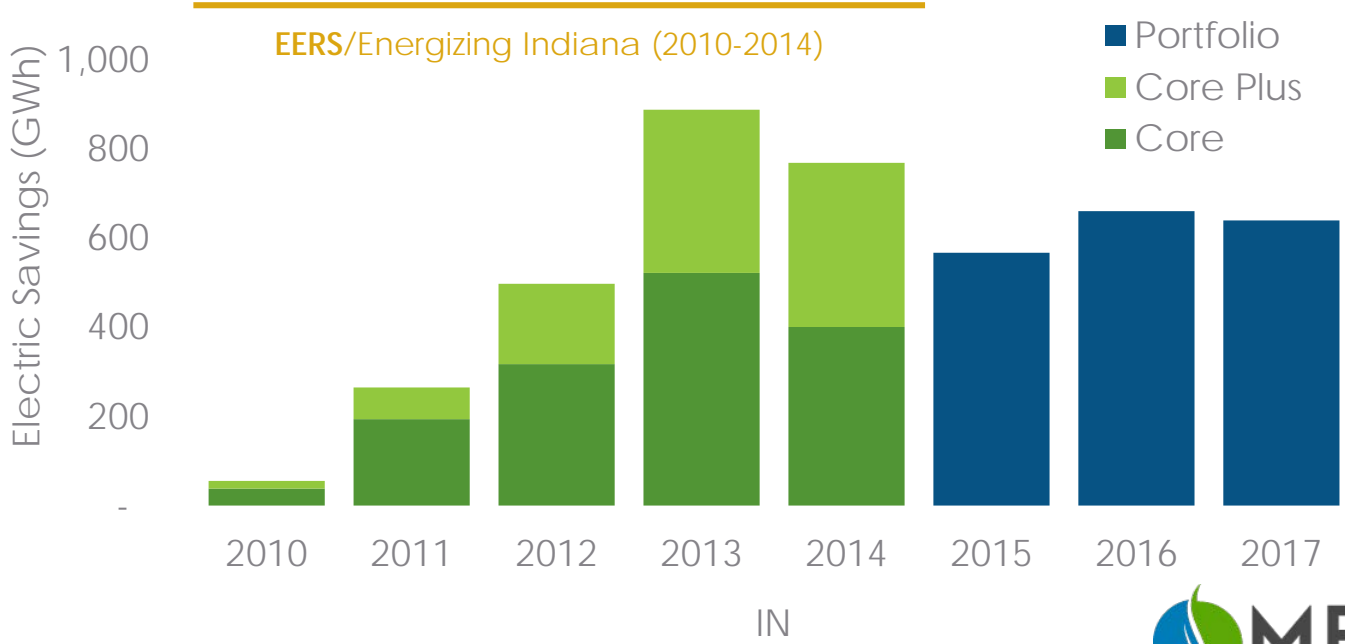
- 2014 EERS Repeal
- Sweeping 1MW customer opt-out
- Rulemaking moratorium
- 4 of 5 electric IOUs have opt-out rates of ~80% of eligible customers



Case Study

Indiana

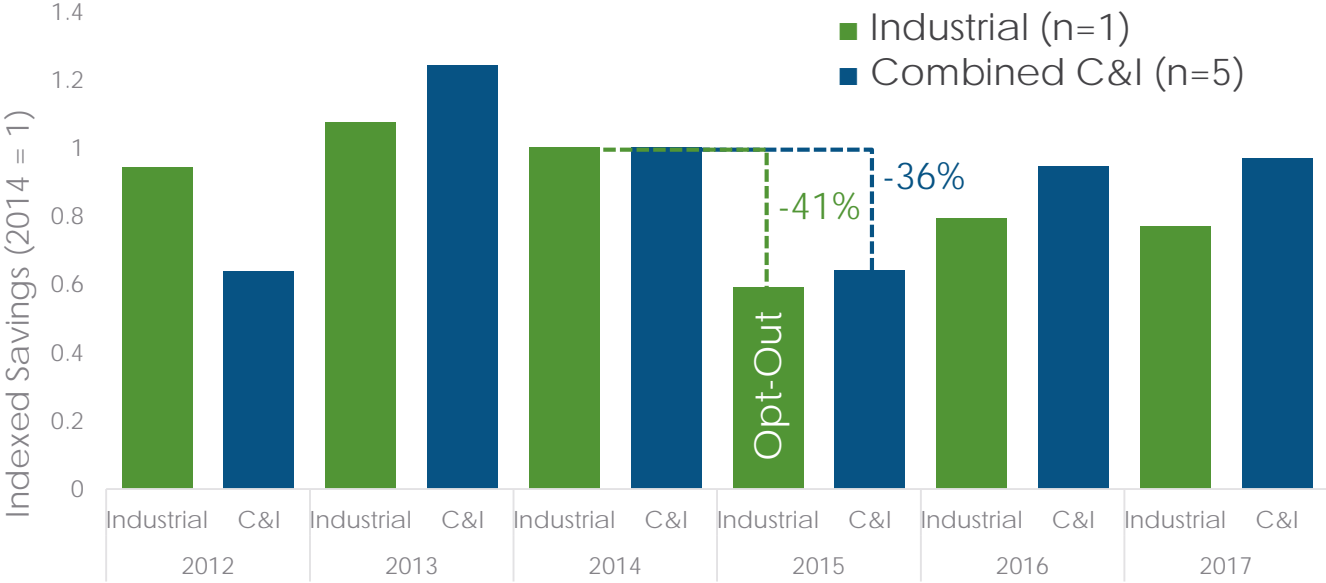
Indiana Statewide Electricity Savings – All Sectors



Case Study

Indiana

Indiana Industrial/C&I Sector Electricity Savings



Case Study

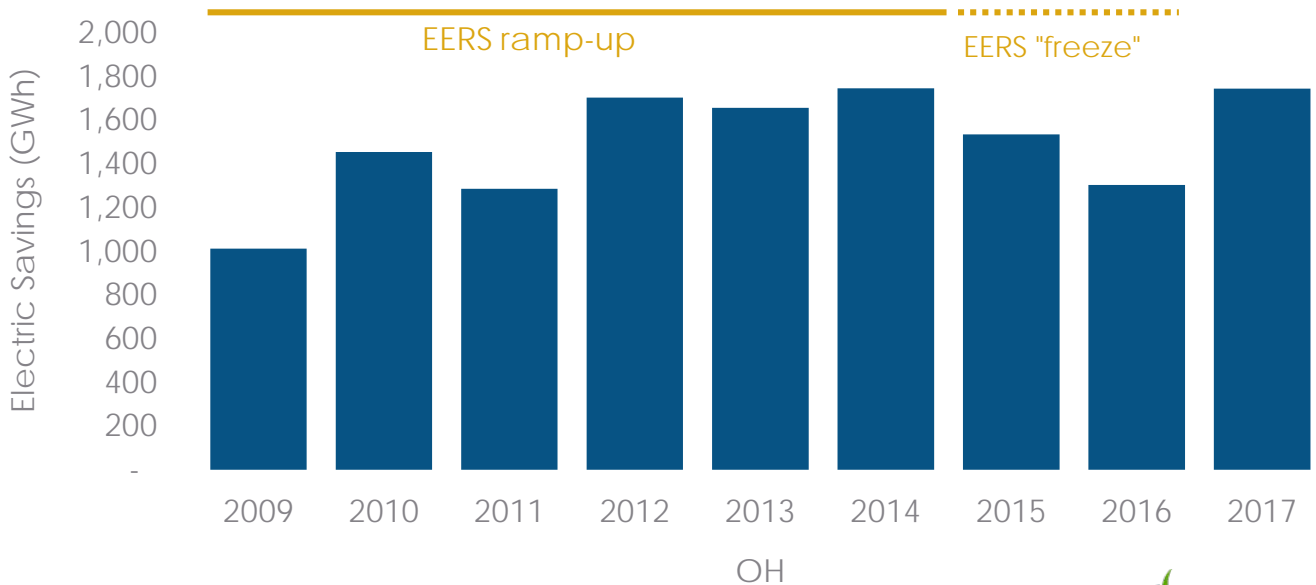
Ohio

- 2009 EERS
- 2014 Mandate Freeze
- 2017 4.5 GWh Opt-Out
- 2019 Opt-Out expansion and complete EEPS sunset

Case Study

Ohio

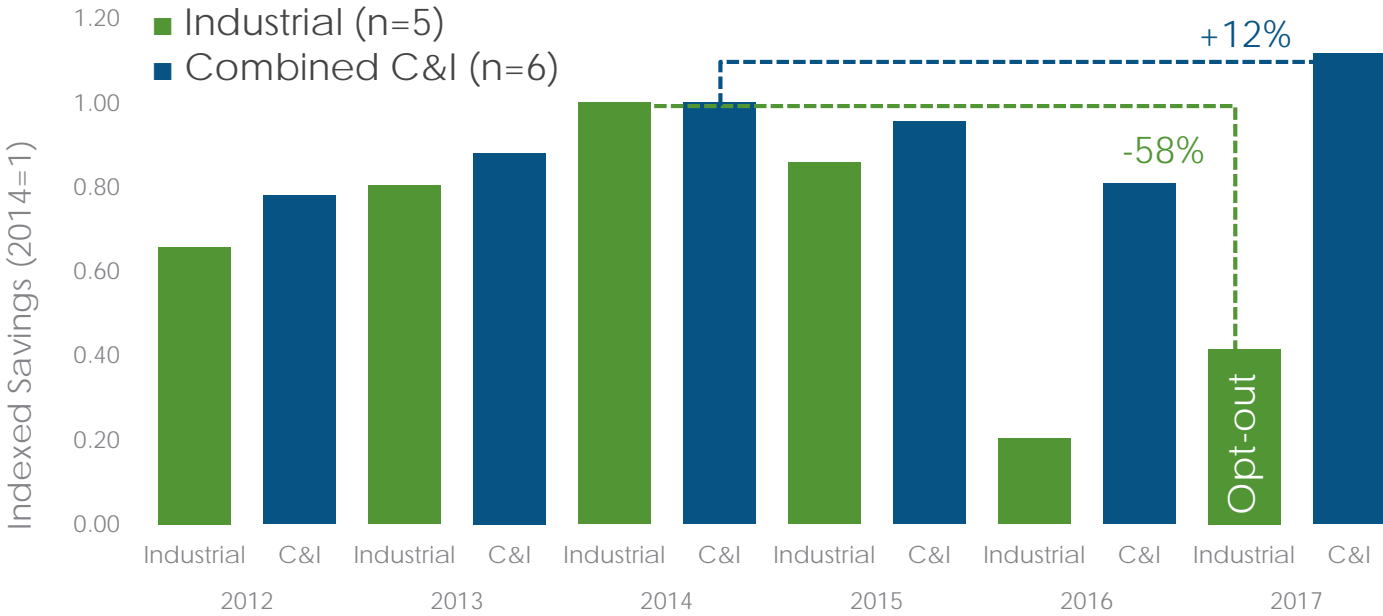
Ohio Statewide Electricity Savings – All Sectors



Case Study

Ohio

Ohio Industrial/C&I Sector Electricity Savings



Case Study

Illinois

- 2016 Future Energy Jobs Act
 - 10MW Exclusion
 - Impacts remain to be seen
- Anticipated impacts
- Existing Natural Gas Self-Direct

Case Study

Iowa

- Iowa EE planning background
- Breaking point – SF 2311
- All-customer opt-out
 - Tied to Rate Impact Measure Test

Industrial Energy Efficiency

We Need A Better Way Forward

- The current model
 - Utilities lose out
 - Customers lose out
- Policies and program design must align to ensure workable, sustainable energy saving options exist for largest energy users

Strategic Energy Management

Program Design Recommendations

- Utility-initiated, customer-driven custom programming
- Incorporate cohort or peer-to-peer best practice sharing opportunities
- Normalize the customer's energy usage to production
- Tiered low, medium and high-level SEM program offerings
- Host informational events and offer rebate bonuses to spur investment

Policy Recommendations

Better Storytelling

- Utility: Separate industrial energy efficiency investment and savings - No more C&I or “non-res”
- Utility: Prevent opt-outs through customer messaging:
 - Customer’s bill savings benefits of energy efficiency programs beyond individual measure benefits and
 - Proportionality of customer’s energy usage/payments compared to that of other customers
- Policymakers: Flexible Regulatory Framework

Thank you!



Nick Dreher

Policy Director

Midwest Energy Efficiency Alliance

ndreher@mwalliance.org

