



# Minnesota Energy Efficiency

## A Smart Investment for the State

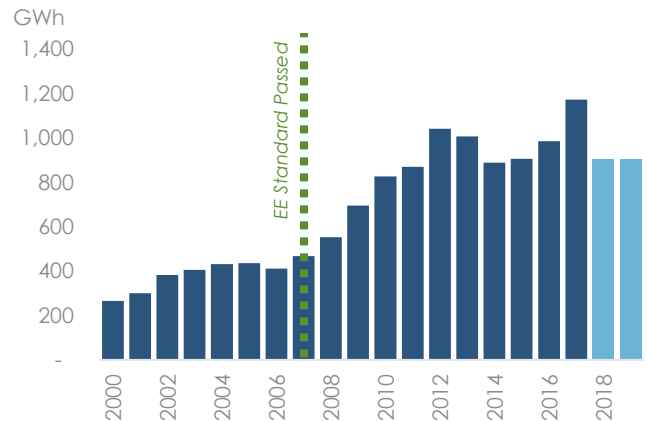
Minnesota has a long and successful history of investing in energy efficiency policies and programs dating back to the 1980's with the first Minnesota energy efficiency policy. Minnesota's landmark Next Generation Act of 2007 amended existing energy conservation law to create an energy efficiency portfolio standard in the state.

### Energy Efficiency Saves Money

**Minnesota spent \$162 million dollars on electric energy efficiency programs in 2016 alone.** This is about 2.5% of utility revenue and about \$30 per customer.<sup>i</sup> On the natural gas side, Minnesota spent \$54 million dollars on gas efficiency programs and saved over 31 million therms. This spending amounts to about \$36 per residential customer.<sup>ii</sup>

Energy efficiency is the most affordable way to meet our energy needs in the Midwest. It is three times less expensive than new natural gas or coal-fired power, and wind generation is twice the cost of energy efficiency.

Electricity Savings in Minnesota through Utility Energy Efficiency Programs



### Energy Efficiency Creates Jobs

Across the Midwest, energy efficiency creates local jobs and strengthens the economy. Energy efficiency is the energy industry's fastest growing and largest job sector. These high-quality jobs include construction and building materials industries, equipment manufacturing, building design and professional energy services. **Minnesota is home to 59,079 clean energy jobs and 76% are in energy efficiency.** What's more, energy efficiency jobs are growing faster in Minnesota than in the rest of the region.<sup>iii</sup>

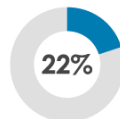
#### Minnesota EE Jobs by the Numbers <sup>vii</sup>



**44,859**  
jobs



**6,408**  
businesses



of all construction jobs are in energy efficiency

**37%**

of all **energy jobs** are in efficiency



**11%** of EE workers are veterans

### Next Generation Energy Act of 2007

The Next Generation Energy Act of 2007 pursued statewide carbon reductions. It was passed with bipartisan support and signed into law by Republican Governor Tim Pawlenty. The law set a goal of reducing carbon dioxide emissions by 80% below 2005 levels by 2050.<sup>iv</sup> It also amended the existing energy conservation law to create an energy efficiency portfolio standard in Minnesota.

Minnesota has an annual energy savings goal of 1.5% of average annual retail sales for all utilities and associations (both electric and gas). The Public Utilities Commission can modify this goal but cannot approve a goal below 1.0% for investor-owned utilities. The law also requires minimum spending levels equal to 1.5% of annual gross operating revenues (GOR) for electric utilities and 0.5% of annual GOR for gas utilities. Utilities are further required to invest a minimum of 0.2% of residential GOR on low-income programs.

**Due to Minnesota's robust energy efficiency program, annual electric savings in the state have continued to increase. Over the past 10 years, savings have increased over 150%.**

### Conservation Improvement Program

Minnesota's Conservation Improvement Program (CIP) has maintained the state's commitment to using energy efficiency to create a prosperous economy and healthy environment for all. Investor-owned utilities file triennial Conservation Improvement Program) plans and annual status reports on their CIP performance and compliance from the past year.<sup>v</sup> Cooperatives and municipal utilities submit annual plan updates and status reports. Through this program, electric and natural gas utilities are required to invest a portion of their state revenues in projects designed to reduce their customers energy consumption and improve efficiency. CIP is funded by ratepayers and administered by the utilities. The MN Department of Commerce, Division of Energy Resources (DER) oversees CIP to ensure customer dollars are being used effectively in achieving the goals.

The CIP efforts have been complimented by the integrated resource planning (IRP) process. The Minnesota Public Utilities Commission requires that utilities file IRPs biennially.<sup>vi</sup> These plans must include a 15-year forecast of future energy needs and must consider all resources to meet those needs.

#### Sources

<sup>i</sup> <http://mn.gov/commerce-stat/pdfs/card-synapse-cost-effectiveness.pdf>

<sup>ii</sup> *ibid*

<sup>iii</sup> E2. 2018. "Minnesota: Energy Efficiency Jobs in America."

<https://www.e2.org/wp-content/uploads/2018/09/MINNESOTA-Dist.pdf>

<sup>iv</sup> Cusick, Daniel. 2018. "Blue wave could bring the Midwest climate band back together." E&E News.

<sup>v</sup> Minnesota Department of Commerce. "Conservation Improvement Program Planning & Performance Reporting

<https://mn.gov/commerce/industries/energy/utilities/cip/planning-policy/>

<sup>vi</sup> <https://www.revisor.mn.gov/rules/7843/>