



The New Political Landscape for Energy Efficiency in the Midwest

December 8, 2016



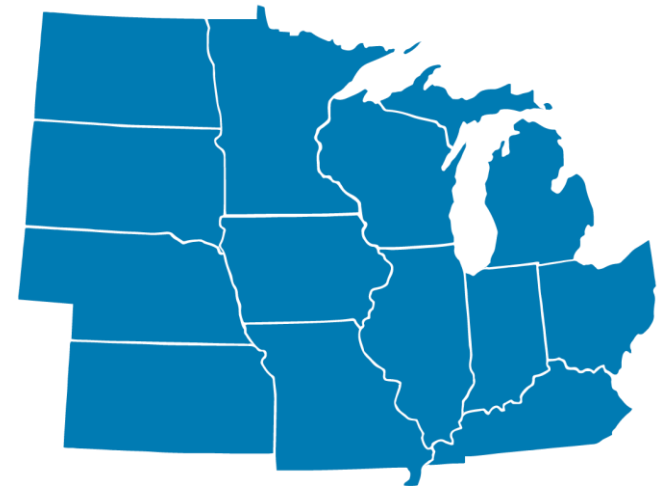
About MEEA

The Trusted Source on Energy Efficiency

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

- Utilities
- Research institutions and manufacturers
- 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.



Presenters

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Agenda

- Overview of Energy Efficiency in Midwest and 2016 Election Results in MEEA States
 - State Governor
 - State Legislature
 - Regulatory Agency
 - Energy Efficiency Outlook
- 2016 Federal Election Results and Implications for Energy Efficiency
- Q&A Discussion

Efficiency Targets & Investment

Electric & Natural Gas



Minnesota

1.5% elec by 2010; 1.0% gas by 2010
(gas goal reduced by commission)

Wisconsin

No specific targets
0.6% elec current est.
0.5% gas current est.

Michigan

1% elec by 2012
0.75% gas by 2012

Indiana

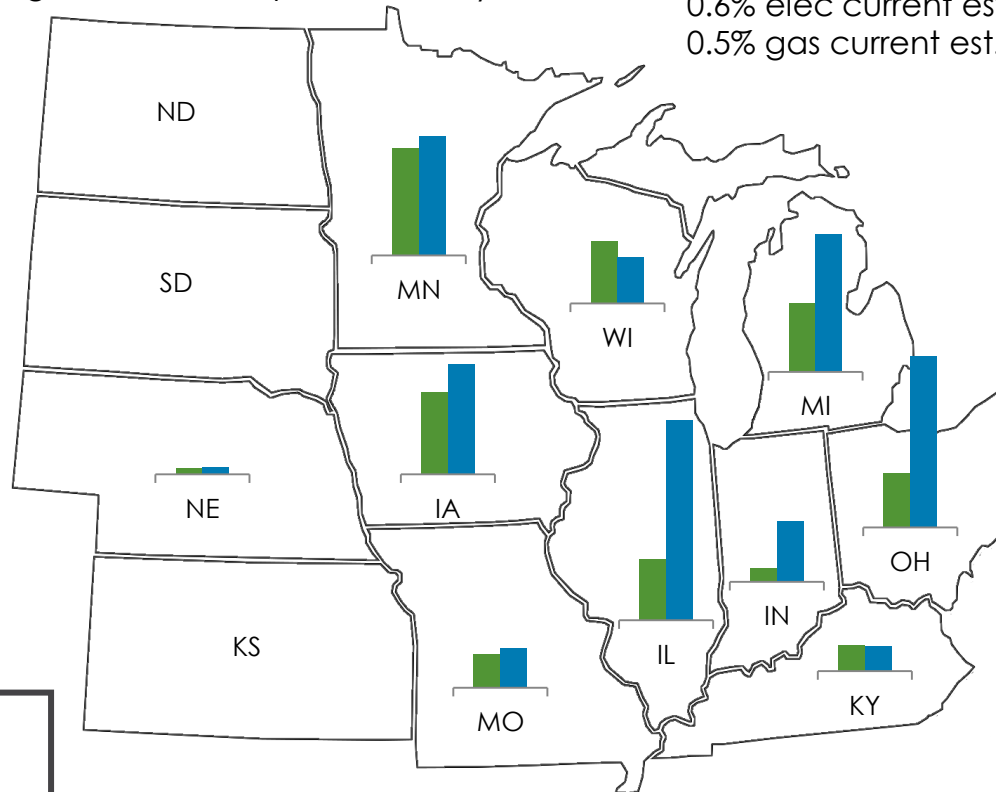
Overtaken 2014
Future legislation & funding unclear

Ohio

Two-year "freeze" after 2014.
Future legislation & funding unclear

Kentucky

Voluntary electric and gas



North Dakota
South Dakota
Nebraska
Kansas

Voluntary energy efficiency only

Iowa

Set on a utility basis
1.2% elec current plans
0.85% gas current plans

Missouri

IRP process;
Voluntary electric

Illinois

2% elec by 2015
1.5% gas by 2017

Total Regional Investment

2010: \$1.03 billion

2016: \$1.81 billion

Time of Midwest EE Policy

- | | | | |
|------|--|------|--|
| 1983 | ● MN: Pilot Legislation | 2008 | ● MI: EERS Legislation (elec & gas)
● OH: EERS Legislation (elec)
● IA: EE Executive Order (elec & gas) |
| 1990 | ● IA: Initial Legislation | | |
| 1991 | ● MN: CIP Requirement Adopted | 2009 | ● IL: EERS Legislation (gas)
● IN: EERS Regulatory Order (elec)
● MO: Voluntary EE Legislation (elec) |
| 1996 | ● IA: Legislation Updated | 2010 | ● WI: EERS Regulatory Order (elec & gas) |
| 2005 | ● WI: Public Benefit Fund Restructured | 2011 | ● WI: EERS Adjusted by Legislation |
| 2007 | ● MN: EERS Legislation (elec & gas)
● IL: EERS Legislation (elec) | 2014 | ● IN: EERS Overturned by Legislation
● OH: EERS “Frozen” by Legislation |

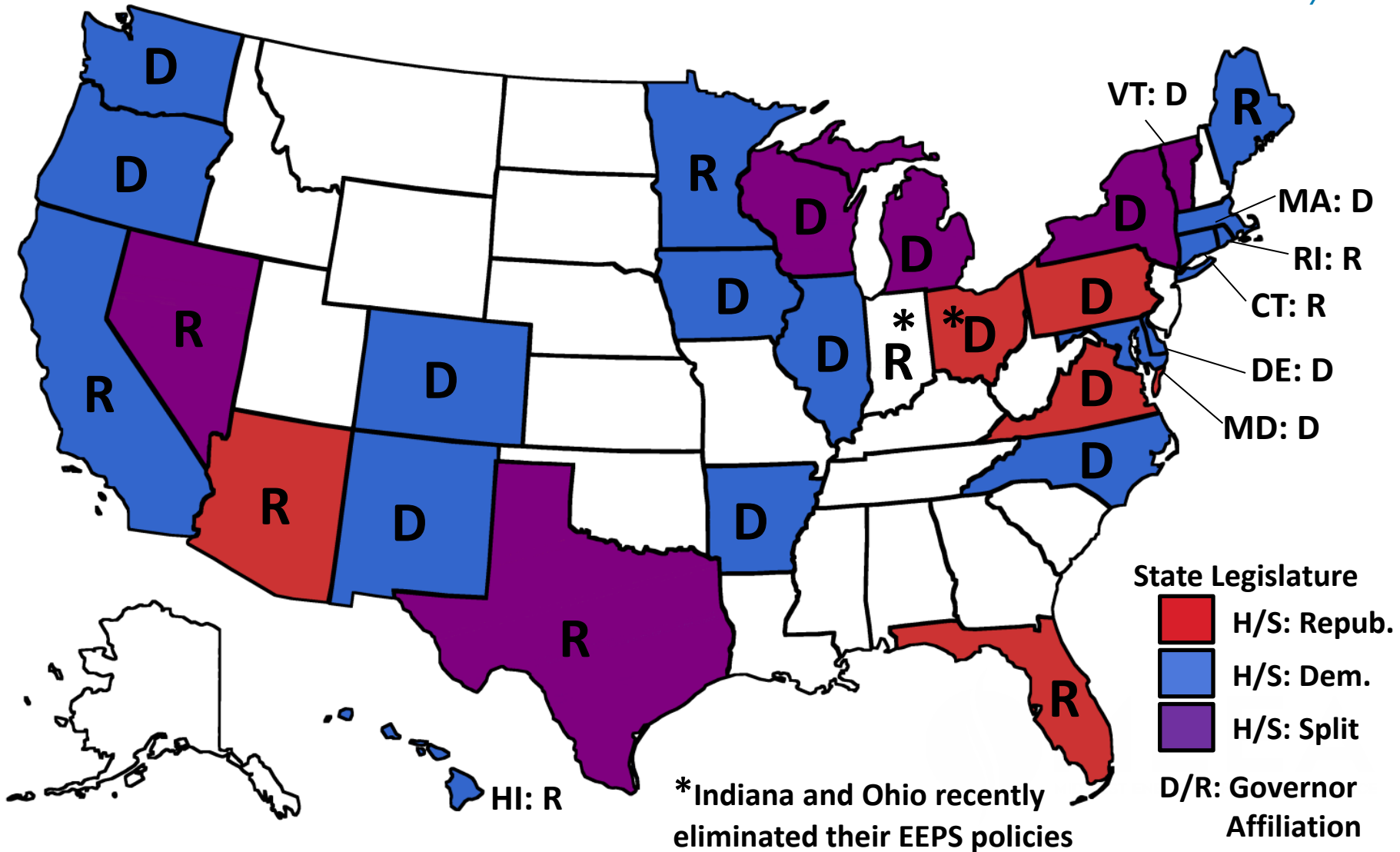
● Legislative

● Executive/Regulatory Order

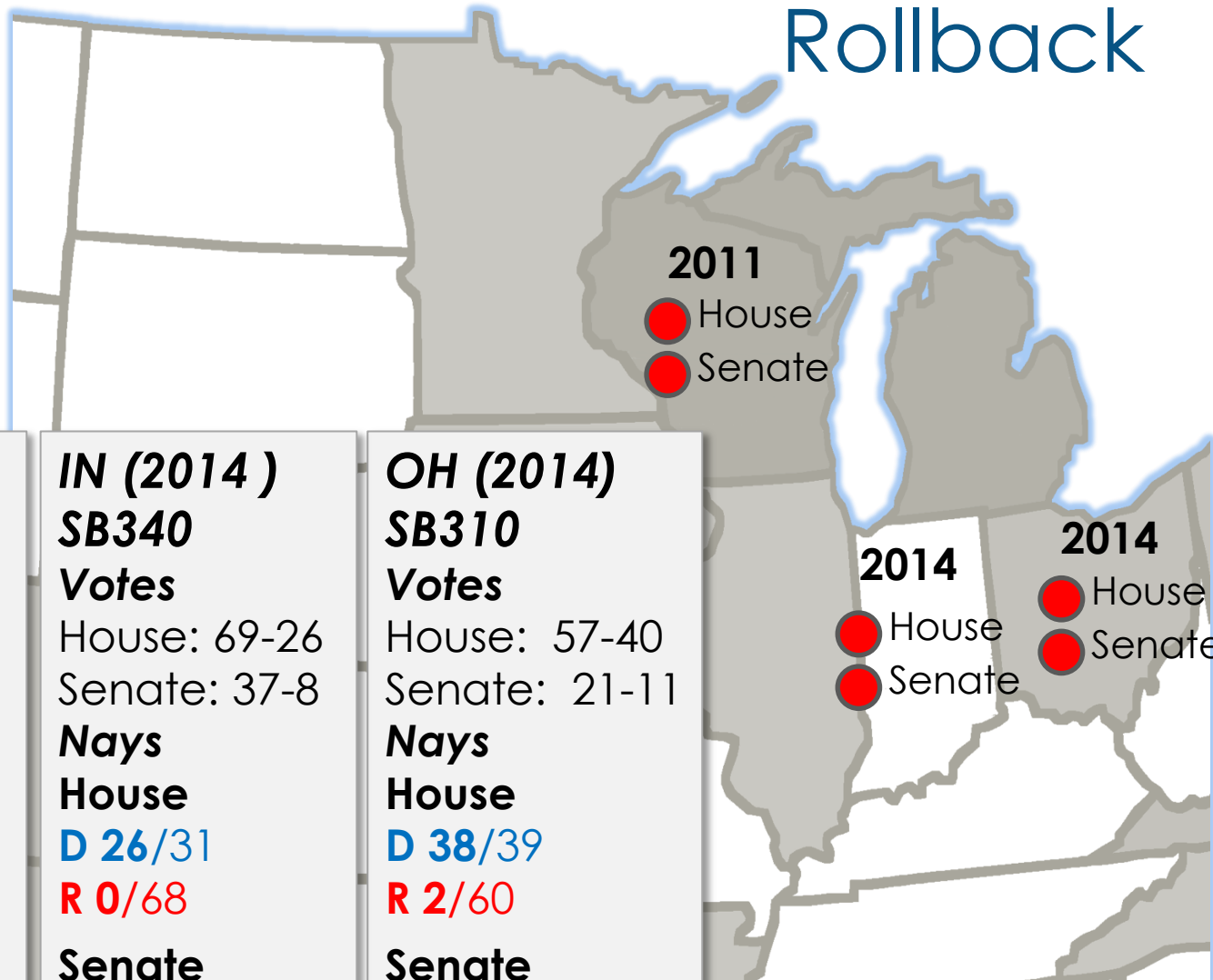
● Rollback

Energy Efficiency is a Bipartisan Issue

State House/Senate and Governor party affiliation
at the time of the **first enactment** of EEPS Policy



Political Majorities at EERS Rollback



WI 2011 AB40

Votes

House: 60-38
Senate: 19-14

Nays

House

D 38/38
R 0/60

Senate

D 14/14
R 0/19

IN (2014) SB340

Votes

House: 69-26
Senate: 37-8

Nays

House

D 26/31
R 0/68

Senate

D 7/13
R 1/37

OH (2014) SB310

Votes

House: 57-40
Senate: 21-11

Nays

House

D 38/39
R 2/60

Senate

D 8/10
R 3/23

Midwest 2016 Election Highlights

- Governor Election Results
 - 3 new Governors: MO, IN, ND
 - Highlights: MO Governor- elect Republican, leaving MN as only Midwestern state with Democratic Governor
- State Legislative Elections
 - Elections in 13 Midwest states
 - Highlights: Illinois only state with Democratic controlled legislature
- Energy Efficiency Outlook
 - EERS mandates
 - Clean Power Plan

Midwest Political Makeup

2016

Governor			Senate		House		Supermajority
State	Name	Party	D	R	D	R	Party
IL	Bruce Rauner	R	39	20	71	47	Democratic
IN	Mike Pence	R	10	40	29	71	Republican
IA	Terry Branstad	R	26	24	43	57	--
KS	Sam Brownback	R	8	32	28	97	Republican
KY	Matt Bevin	R	11	27	53	47	--
MI	Rick Snyder	R	10	27	45	63	Republican
MN	Mark Dayton	D	39	28	61	73	--
MO	Jay Nixon	D	8	24	45	116	Republican
NE	Pete Ricketts	R	Unicameral/Nonpartisan; 49				--
ND	Jack Dalrymple	R	15	32	23	71	Republican
OH	John Kasich	R	10	23	33	64	Republican
SD	Dennis Daugaard	R	8	27	12	58	Republican
WI	Scott Walker	R	14	19	36	63	--

As of June 2016

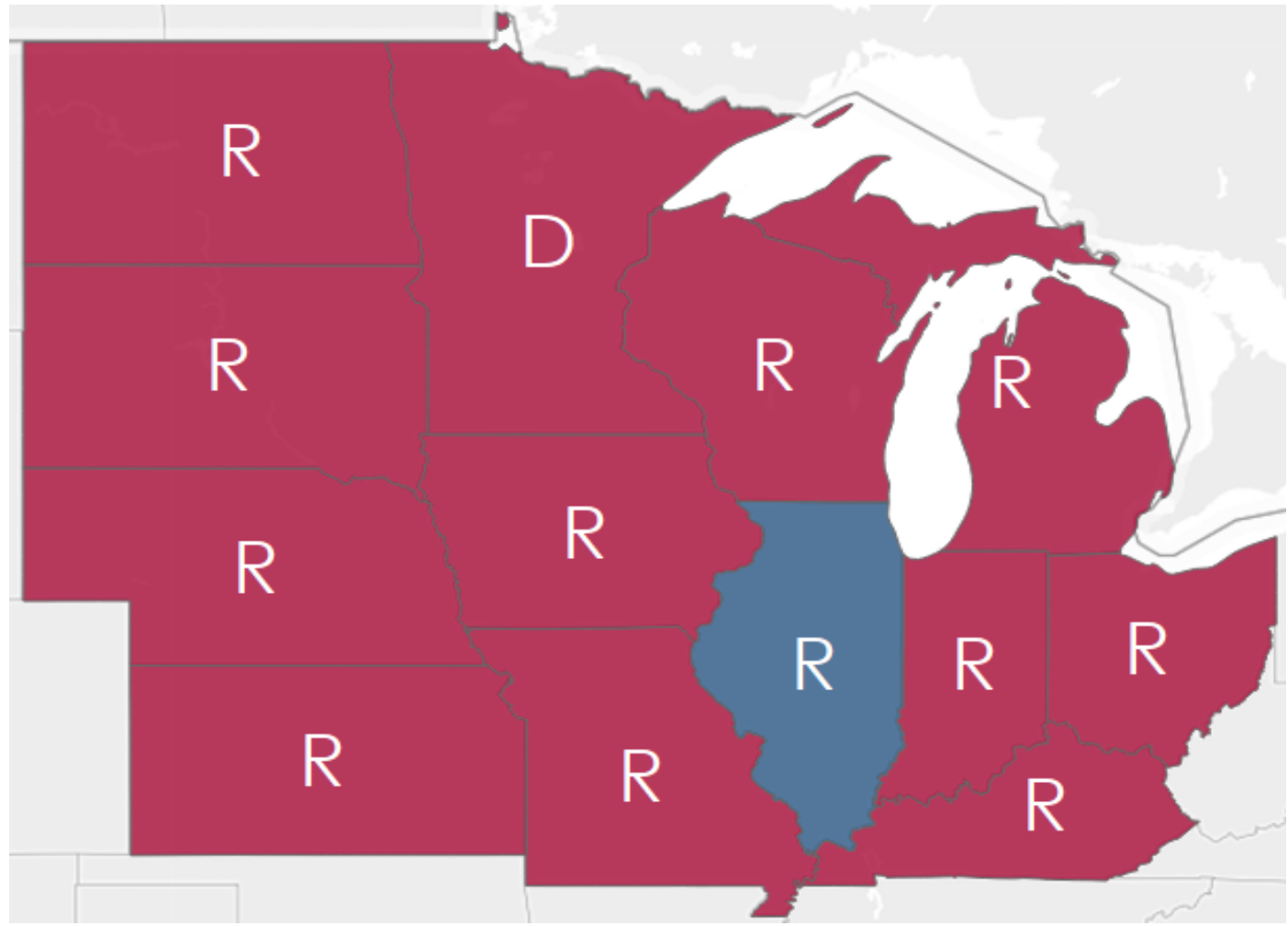
Midwest Political Makeup




2017



Governor			Senate		House		Supermajority
State	Name	Party	D	R	D	R	Party
IL	Bruce Rauner	R	37	22	67	51	--
IN	Eric Holcomb	R	9	41	30	70	Republican
IA	Terry Branstad	R	20	29	41	59	--
KS	Sam Brownback	R	9	31	40	85	Republican
KY	Matt Bevin	R	11	27	36	64	--
MI	Rick Snyder	R	10	27	47	63	Republican
MN	Mark Dayton	D	33	34	57	76	--
MO	Eric Greitens	R	9	25	46	117	Republican
NE	Pete Ricketts	R	Unicameral/Nonpartisan; 49				--
ND	Doug Burgum	R	9	38	13	81	Republican
OH	John Kasich	R	9	24	33	66	Republican
SD	Dennis Daugaard	R	6	29	10	60	Republican
WI	Scott Walker	R	13	20	35	64	--

Midwest 2016 Election Highlights

Party Majorities and Governor Party



Majority party in legislature  Rep  Dem  Mix

Governor party  Dem  Rep



2016 Election Results by State

Illinois Legislature

Year	Senate		House		Supermajority
2016	39	20	71	47	Democratic
2017	37	22	67	51	None

- Republicans gained two seats in the Senate and four seats in the House
- No anticipated changes to committee leadership
- Democrats no longer have supermajority in either chamber

Illinois Regulatory Agency

- Illinois Commerce Commission
 - Brien Sheahan, Chairmain (appointed in January 2015, term ends 2020)
 - John Rosales (appointed to 4 year term in March 2015, term ends 2019)
 - Ann McCabe (appointed in March 2012, term ends March 2017)
 - Miguel del Valle (appointed to 5 year term in Feb 2013, term ends 2018)
 - Sherina Maye Edwards (appointed to a 5 year term in February 2013, term ends 2018)

Illinois

Energy Efficiency Outlook

- Major energy bill (SB 2814) with new EE targets for the electric utilities passed on December 1. Governor Rauner signed it into law on December 7.
- Beginning on January 1, 2018, the utilities (gas and electric) will take over administration of public sector and low-income programs from the Department of Commerce and Economic Opportunity.
- Opt-out provision for customers with more than 10 MW peak demand.
- Anticipate another PACE bill in the next legislative session.

Indiana Governor

Governor-Elect Eric Holcomb (R)

- Eligible for re-election in 2020
- Served as Lieutenant Governor since March 2016
- Former Chairman of the Indiana Republican Party and Chief of Staff to U.S. Senator Dan Coates



Indiana Legislature

Year	Senate		House		Supermajority
2016	10	40	29	71	Republican
2017	9	41	30	70	Republican

- Republicans pick up 1 seat in Senate, lose 1 seat in House
- New chair in House Utility Committee (Ober)
- Same chair in Senate Utility Committee (Merritt)

Indiana Regulatory Agency

- Indiana Utility Regulatory Commission
 - Carol Stephan, Chairwoman (appointed March 2014; reappointed most recently in 2016, retiring as of Jan. 1, 2017)
 - Sarah Freeman (appointed Sept 2016, by Governor Pence, term ends Dec. 31, 2017)
 - Jim Huston (appointed September 2014, term ends March 31, 2017; expected to be reappointed)
 - Angela Weber (appointed March 2014, term ends March 2018)
 - David Ziegner (appointed 1990; reappointed in 2015 for term ending April 2019)

Indiana

Energy Efficiency Outlook

- Regulatory
 - IURC Rulemaking #15-06 to update IRP & EE planning is still open. Draft proposed rule has been circulated; formal rulemaking process should begin in early 2017
 - New Consumer Counselor (OUCC) to be named
- Legislative
 - No energy efficiency legislation expected at this time
 - Renewable energy expected to be more significant legislative issue in Indiana this term
- Utilities
 - Energy efficiency programs continue with funding/savings forecast to be about the same as 2016

Iowa Legislature

Year	Senate		House		Supermajority
2016	25	23	43	57	None
2017	20	29	41	59	None

- Democrats lost control of the Senate
 - Republicans picked up 6 seats, 1 via appointment
- Republicans picked up two additional seats in the House

Iowa Regulatory Agency

- Iowa Utilities Board
 - Geri Huser, Chairwoman (appointed May 2015, term ends April 30, 2021)
 - Elizabeth Jacobs (appointed in 2015 to fill a term that ends April 30, 2017)
 - Nick Wagner (appointed in 2013, term ends April 30, 2019)

Iowa *Energy Efficiency Outlook*

- Technical Resource Manual
 - Developed in response to a settlement agreement in the 2014-2018 planning cases of Iowa's utilities
- Iowa Energy Plan
 - Process began in fall 2015
 - Not likely to be impacted by the election results

Kansas Legislature

Year	Senate		House		Supermajority
2016	8	32	28	97	Republican
2017	9	31	40	85	Republican

- Democrats picked up 12 seats in the House.
- More subtle shift in the state Senate.
- House Energy and Environment Committee chair Rep. Dennis Hedke is retiring.

Kansas *Regulatory Agency*

- Kansas Corporation Commission
 - Jay Scott Emler, Chairman (appointed May 2015, term expires March 2019)
 - Pat Apple (appointed March 2014, term ends March 15, 2018)
 - Shari Feist Albrecht (appointed in June 2012. She served as Chair from January 9, 2014, to January 14, 2016. Her term expired on March 15, 2016)

Kansas

Energy Efficiency Outlook

- Growing recognition of the economic development benefits to the state from clean energy.
- State legislature less conservative, may be more favorable towards energy efficiency legislation.
- MEEA is tracking Great Plains acquisition of Westar, as well as utility filings under Kansas Energy Efficiency Investment Act (KEEIA).

Kentucky Legislature

Year	Senate		House		Supermajority
2016	11	27	53	46	None
2017	11	27	36	64	Republican

- House flipped from Democrat to GOP control, with Republicans picking up 18 seats.
- Senate numbers did not change.

Kentucky Regulatory Agency

- Kentucky Public Service Commission
 - Michael J. Schmitt, Chairman
(appointed June 2016, term expires June 30, 2019)
 - Robert Cicero, Vice Chair (appointed April 2016, term expires June 30, 2020)
 - Daniel E. Logsdon (appointed February 2015, term ends June 30, 2017)

Kentucky

Energy Efficiency Outlook

- Democrats lost majority control in state house for the first time in 95 years.
- New Republican majority in state house gives GOP “trifecta”: majority control of governorship, state senate, and state house. Governorship changed from Democrat to Republican in 2015.
- Legislative and regulatory activity impacting EE unlikely in the short-term.

Michigan Legislature

Year	Senate		House		Supermajority
2016	11	27	45	62	Republican
2017	11	27	47	63	Republican

- No state Senate elections held
- In Michigan's 17th House District, Rep. Bill Levoy, a key Democratic energy efficiency ally, lost his seat to Republican challenger Joseph Bellino

Michigan *Regulatory Agency*

- Michigan Public Service Commission
 - Sally Talberg, Chairwoman (appointed June 2013, term ends July 2019)
 - Rachael Eubanks (appointed July 2016, term expires July 2017)
 - Norman Saari (appointed August 2015, term ends July 2021)

Michigan *Energy Efficiency Outlook*

- Senate and House stayed roughly the same
- The Michigan Legislature might pass an energy package in lame duck session.
 - The Governor is likely to sign
- Going forward, we have lost a key Democrat ally in the House – Bill LaVoy (D – 17th House District)
- Sally Talberg was appointed the MPSC Chair shortly before the election – new authority under energy bill(s)

Minnesota Legislature

Year	Senate		House		Supermajority
2016	38	28	61	73	None
2017	33	34	57	76	None

- Republicans gained one seat, and control of, the Senate.
- No anticipated changes to leadership in Senate Environment and Energy Committee.
- Chair of the House Environment and Natural Resource Policy and Finance Committee did not seek re-election.

Minnesota Regulatory Agency

- Minnesota Public Utilities Commission
 - Beverly Jones Heydinger, Chairwoman (appointed July 2012, term ends January 2017)
 - John Tuma (appointed February 2015, term ends January 4, 2021)
 - Nancy Lange (appointed March 2013, term ends January 2019)
 - Dan Lipschultz (appointed January 2014, term ends January 2020)
 - Matthew Schuerger (appointed February 2016, term ends January 2022)

Minnesota

Energy Efficiency Outlook

- Indefinitely suspended public engagement around Clean Power Plan (CPP) compliance, but state on track to meet emissions reduction goals of CPP
- Possible effort to strengthen the state's EERS
- Social cost of carbon for cost-effectiveness tests still under consideration

Missouri Governor

- Governor Elect Eric Greitens (R)
 - Defeated Attorney General Chris Koster (D)
- Eligible for re-election in 2020
- Former Navy SEAL, Rhodes Scholar, and White House fellow
- Founder of Mission Continues, nonprofit that connects veterans with volunteer work



Missouri Legislature

Year	Senate		House		Supermajority
2016	7	24	45	115	Republican
2017	9	25	46	117	Republican

- No changes to partisan balance in the Senate.
- Democrats gained one seat in the House.
- No anticipated changes in leadership in relevant House or Senate committees.

Missouri Regulatory Agency

- Missouri Public Service Commission
 - Daniel Hall (appointed September 2013, term ends 2019)
 - Bill Kenney (appointed January 2013, term ends 2019)
 - Maida Coleman (appointed August 2015, term ends August 2021)
 - Scott Rupp (appointed April 2014, term ends 2020)
 - Stephen Stoll (appointed December 2011, term ends 2017)

Missouri *Energy Efficiency Outlook*

- Regulatory
 - The Public Service Commission will be releasing new Missouri Energy Efficiency Investment Act rules this month. Public comment period to follow.
- Executive
 - New governor has said little on energy policy. To be seen if he continues implementation of Gov. Nixon's state comprehensive energy plan

Nebraska Legislature

Year	Senate		Supermajority
2016	12	35	Republican
2017	15	32	Republican

- While Nebraska legislature is technically non-partisan, candidates have opportunity to declare party affiliation
- Republicans maintain supermajority despite Democrats gaining 3 seats

Nebraska Regulatory Agency

Year	Public Service Commission	
2016	1	4
2017	1	4

- 2017 Nebraska Public Service Commissioners
 - Frank E. Landis, Jr. (R)
 - Crystal Rhoades (D)
 - Vice Chair Tim Schram (R) Incumbent
 - Rod Johnson (R)
 - Mary Ridder (R)
 - Defeated Chair Gerald L. Vap

Nebraska

Energy Efficiency Outlook

- Republican majority remains solid despite the Democrats having picked up three seats.
- Nebraska's investment and prioritization of energy efficiency is not expected to change as a result of the election

North Dakota Governor

- Governor Elect Doug Burgum (R)
- Eligible for re-election in 2020
- Former President of Great Plains Software and Head of Business Solutions for Microsoft



North Dakota *Legislature*

Year	Senate		House		Supermajority
2016	15	32	23	71	Republican
2017	9	38	13	81	Republican

- Republicans picked up 6 seats in the Senate.
- Republicans picked up 10 seats in the House.

North Dakota Regulatory Agency

Year	Public Service Commission	
2016	0	3
2017	0	3

- 2017 North Dakota Public Service Commissioners
 - Julie Fedorchak (R)
 - Won reelection
 - Randy Christmann (R)
 - Brian Kalk (R)

North Dakota

Energy Efficiency Outlook

- Republican majorities strengthened in state legislature.
- Legislative or regulatory activity impacting energy efficiency unlikely in the short-term.

Ohio Legislature

Year	Senate		House		Supermajority
2016	10	23	34	64	Republican
2017	9	24	33	66	Republican

- Senate
 - Assistant Minority Whip Lou Gentile (D) lost reelection to Frank Hoagland (R)
 - Change in Senate President from Keith Faber (R) to Larry Obhof (R)
- Republicans gained two seats in the House, 1 of which was previously vacant

Ohio Regulatory Agency

- Ohio Public Utilities Commission
 - Asim Haque, Independent, Chairman (appointed 2013, appointed to Chairman 2016, term ends April 2021)
 - Lynn Slaby, Republican (appointed 2012, term ends April 2017)
 - M. Beth Trombold, Republican (appointed 2013, term ends April 2018)
 - Thomas Johnson, Republican (appointed 2014, term ends April 2019)
 - Vacant
 - Howard Petricoff, Democrat (appointed June 2016, resigned before Senate vote)

Energy Efficiency Outlook

- Ohio currently under 2 year freeze of energy efficiency resource standard
 - If no bill is passed, standards return January 1, 2017
- HB 554 passed out of the House on December 6
 - Reduces energy savings targets to a 1% energy savings requirement through 2025 and a 2% requirement through 2027
 - Expands industrial “opt-out”

South Dakota Legislature

Year	Senate		House		Supermajority
2016	8	27	12	58	Republican
2017	6	29	10	60	Republican

- Democrats lost 2 seats in both the Senate and House, further solidifying Republican Supermajority

South Dakota Regulatory Agency

Year	Public Service Commission	
2016	0	3
2017	0	3

- 2017 South Dakota Public Utilities Commissioners
 - Gary Hanson (R)
 - Kristie Fiegen (R)
 - Chris Nelson (R)
 - Defeated Democratic challenger

South Dakota

Energy Efficiency Outlook

- Republican majorities strengthened in state legislature.
- South Dakota's investment and prioritization of energy efficiency is not expected to change as a result of the election

Wisconsin Legislature

Year	Senate		House		Supermajority
2016	14	18	36	63	None
2017	13	20	35	64	None

- Republicans gained one seat in the Senate
 - Minority Caucus Leader Julie Lassa (D) defeated by Patrick Testin (R)
- Republicans gained two seats in the House, one of which was previously vacant

Wisconsin *Regulatory Agency*

- Wisconsin Public Service Commission
 - Ellen Nowak, Chair (appointed 2011, term ends May 2017)
 - Phil Montgomery (appointed 2011, term ends February 2017)
 - Michael Huebsch, (appointed 2015, term ends January 2021)

Wisconsin *Energy Efficiency Outlook*

- Wisconsin's investment and prioritization of energy efficiency is not expected to increase as a result of the election
 - 2016 brought ~8% reduction in EE budget and some concern that ratepayer funds would be redirected to rural internet expansion
- Focus on Energy funds to be utilized for rural broadband expansion

Trends to Watch in 2017

- Legislative Debates on Energy Efficiency
- Industrial Opt-outs
- Political positioning for 2018 elections
 - Term-limited Governors – KS, MI, MN, OH, SD
 - Governor up for re-election – IL, WI, NE

National Election Results and Clean Power Plan Outlook

Federal Election Results

Year	Senate (100 members)		House (435 members)	
2016	44	54	186	246
2017	46	51	194	240

U.S. Senate Election Results for Midwest

- Incumbents Re-elected
 - Iowa: Chuck Grassley (R)
 - Kansas: Gerry Moran (R)
 - Kentucky: Rand Paul (R)
 - Missouri: Roy Blunt (R)
 - North Dakota: John Hoeven (R)
 - Ohio: Rob Portman (R)
 - South Dakota: John Thune (R)
 - Wisconsin: Ron Johnson (R)
- Republican Hold
 - Indiana: Todd Young (R)
- Democratic Gain
 - Illinois: Tammy Duckworth (D) defeated Incumbent Mark Kirk (R)

President-Elect Donald Trump Cabinet Announcements

- Cabinet Members
 - No announcement as of yet for Secretary of Energy
- Cabinet-level officials
 - Environmental Protection Agency: Scott Pruitt (Attorney General of Oklahoma)

Clean Power Plan

What We Know

- The CPP is currently stayed by the Supreme Court, and is being reviewed by the Court of Appeals for the D.C. Circuit.
- President-elect Trump has indicated he would like to “rescind” the Clean Power Plan.
- Transition team has not offered specifics on the new administration’s desired course of action.

Clean Power Plan

Potential Outcomes

Administration may:

- Decline to defend rule in court
- Decline to enforce CPP
- Request a voluntary remand from the D.C. Circuit
- Withdraw the rule

Congress may:

- Pass legislation invalidating the CPP

Clean Power Plan

Medium-Term Considerations

- CPP in current form unlikely to be implemented or enforced. Note that several states on track to meet CPP targets.
- Under *Mass v. EPA*, EPA must regulate GHGs, unless Congress passes legislation prohibiting it.
- Carbon regulation under Clean Air Act may return in different form.
- Air quality regulations under the Clean Air Act regularly take years to be implemented.
- Questions over other components of President Obama's Climate Action Plan

Question and Answer

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