Energy Efficiency
A Good Investment for Iowa

In 2008, the Iowa Utility Board established the state’s energy efficiency standard, setting annual energy savings targets for rate-regulated electric and gas utilities. These goals are developed for each utility every five years, after an assessment of energy usage and potential savings is completed. Historically, Iowa has been a leader in consistent energy efficiency investment. So, how has Iowa benefitted from energy efficiency?

Energy and Cost Savings

Energy efficiency is the cheapest energy resource in Iowa at an average of $19 per megawatt hour. As the chart below shows, new natural gas and coal-fired power plants are considerably more expensive than energy efficiency measures, as are renewable energy sources like wind and solar.

EE standards have proven energy savings. Since the standard was implemented in 2008, electric savings have increased by about 60% and natural gas savings have increased by more than 40%.

Energy efficiency is a cost-effective investment. For every $1 spent on electric energy efficiency programs Iowa residents and businesses reaped $1.56-$3.49 in benefits. For every $1 spent on natural gas energy efficiency programs, Iowa gained $1.03-$2.26 in benefits.

Energy efficiency is a significant job creator. A 2018 study by Clean Jobs Midwest found that more than 20,000 Iowans worked in the energy efficiency sector—that’s 2/3 of all clean energy jobs in the state.

Future of Energy Efficiency in Iowa is Unclear

In May 2018, Iowa Governor Kim Reynolds signed SF 2311 into law, which makes significant changes to the way utilities drive customer energy-savings programs within the state. Among other provisions, the legislation caps utility investments in energy efficiency, resulting in fewer energy efficiency program options and energy savings for Iowans. Compared to previous five-year plan cycles, energy efficiency budgets for 2019-2023 are significantly lower.