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May 31, 2024

Omaha Public Power District
Board of Directors
444 S 16th St.
Omaha, NE 68102

To the Omaha Public Power District (OPPD) Board of Directors,

The Midwest Energy Efficiency Alliance (MEEA) welcomes this opportunity to submit comments in review of the OPPD's Strategic Directive 7 (SD-7) annual review. Our comments focus on the energy efficiency portion of OPPD's sustainability portfolio.

MEEA, a nonpartisan nonprofit regional member-based organization, serves as a collaborative network promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. MEEA's members include manufacturers, state and local governments, utility companies, research institutions and advocacy groups across the Midwest. MEEA engages in energy efficiency work across 13 Midwest states, including Nebraska and the Great Plains states. Nebraska is a unique case not only in the Midwest, but across the country, as it is the only state in the nation whose residents get their electricity entirely from publicly owned utilities. In the case of OPPD, this means a heightened responsibility, and thus, an opportunity, to enhance the quality of service to over 400,000 customers and part owners.

For many of OPPD's customers, sustainability and carbon emissions reductions are key considerations. It is clear through actions such as Strategic Directive 7 that OPPD is in agreement. The Omaha-Council Bluffs Metropolitan Statistical Area, including the [City of Omaha](#), OPPD's largest body of customers, recently submitted a [Priority Climate Action Plan](#) (PCAP) to the U.S Environmental Protection Agency, after receiving a planning grant from the Climate Pollution Reduction Grant (CPRG) program. Drafted with significant stakeholder engagement, the PCAP not only represents multiple municipal governments, but the customers OPPD serves directly. Within this plan, enhancing energy efficiency is listed as a key strategic priority, outlining the goal to improve total citywide building energy efficiency in all sectors by 5% by 2030 and focusing efforts on Low Income and Disadvantaged Communities. Expansion of OPPD's energy efficiency tax incentives and rebate programs are listed as identified action items to meet regional climate goals. OPPD has the opportunity to steward regional climate and energy equity efforts while making strides towards internal sustainability goals.

We are glad to see the growth in energy efficiency that OPPD has made since 2020 as shown in the October 17, 2023 [Monitoring Report, SD-7 Environmental Stewardship](#) (hereafter "Monitoring Report"). While the specific data on MWh of energy saved are

labeled with their carbon savings rather than the MWh numbers, the graph shows over a doubling of energy efficiency savings (and concurrent carbon dioxide savings) since 2020, with approximately 52,000 MWh saved in 2023. However, the current portfolio has almost half of savings coming from LED lighting upgrades, which is unlikely to be sustained over the long term. With the savings from lighting programs declining due to federal lighting standards, we are heartened to see the growth in the Business Prescriptive and Smart Thermostat Programs. Continued growth in these large savings programs, as well as growth of the niche programs, will be important in coming years to supplant the loss of lighting savings. A robust energy efficiency portfolio should have a diverse collection of programs to reach all customer segments and income levels.

Reviewing OPPD's current [Corporate Operating Plan](#), OPPD has noted strong growth in electricity use in the industrial sector. OPPD should proactively consider how the utility can support its industrial customers with energy efficiency programs. Besides the standard Business Custom programs which can be used to change out pumps, motors and other process equipment, there are low-cost industrial energy awareness programs like [50001 Ready](#) and [Strategic Energy Management](#) (SEM) that OPPD could implement to provide a pathway for additional energy savings and customer engagement from that sector.

It is useful to look at OPPD in comparison to other similarly sized utilities from the region to benchmark energy efficiency levels. Of course, every utility territory has its own market adoption levels and other factors that influence the potential savings. Additionally, statutory and regulatory differences between states can drive a lot of variation between utilities' energy efficiency portfolios. It is still worth considering how OPPD compares to some of its regional peers, however.

For this comparison, we drew on compiled data from the federal Energy Information Administration's form EIA-861. It is important to note that the levels of energy efficiency self-reported to EIA by OPPD do not match the levels of energy efficiency that OPPD shows in the Monitoring Report. The table below compares the approximate values shown in the Monitoring Report to the savings totals from EIA.

Table 1: Comparison between Monitoring Report and EIA-861 energy efficiency savings for OPPD

| Year | Monitoring Report (approx.) | EIA-861 | Difference |
|------|-----------------------------|---------|------------|
| 2018 | N/A | 33,443 | -- |
| 2019 | N/A | 15,741 | -- |
| 2020 | 22,500 | 12,806 | (9,694) |
| 2021 | 33,000 | 12,148 | (20,852) |
| 2022 | 42,000 | 14,951 | (27,049) |
| 2023 | 52,000 | N/A | -- |

Source: OPPD Monitoring Report; EIA-861



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If OPPD is doing three times as much energy efficiency as the utility is reporting to EIA, there are internal process issues that the utility should address. We do not attempt to diagnose the cause of this discrepancy, but we strongly encourage OPPD to ensure that energy efficiency savings are accurately reported to EIA annually so that the utility – and the state of Nebraska – can get proper recognition for what is truly being achieved. Graphs shown subsequently will use EIA data, but we will try to comment on how that also relates to the numbers from the Monitoring Report.

To find points of comparison, we identified two Midwestern utilities of similar size in terms of MWh sales of electricity to customers. These utilities, as shown in the table below, are Louisville Gas & Electric Co. from Kentucky (LGE; aka LG&E and KU) and Indianapolis Power & Light Co. (IPL; aka AES Indiana) from Indiana. Though these utilities have different ownership structures from OPPD and have somewhat larger customer bases paralleling the higher population of those cities, they are still useful for a benchmark comparison. Data is compared using calendar year 2022, which is the latest year for which there is available reviewed annual data from EIA-861.

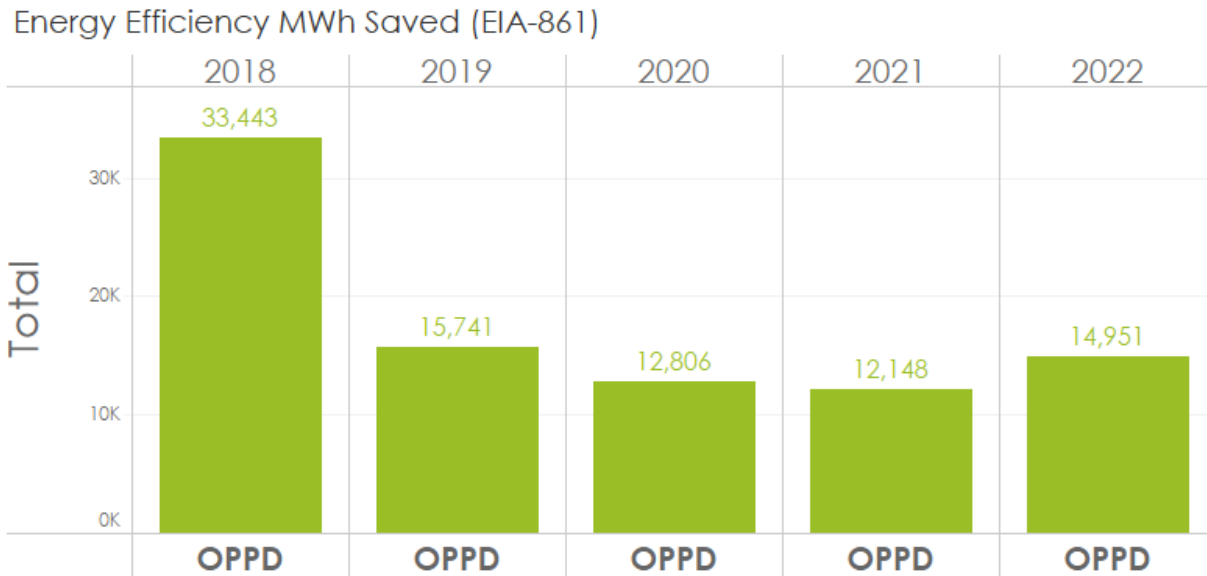
Table 2: Identification of comparison utilities based on megawatt-hour sales

| Data Year | Utility Number | Utility Name | Service Type | State | Ownership | Thousand Dollars | Megawatt-hours | Customer Count |
|-----------|----------------|-------------------------------|--------------|-------|-----------------------|------------------|----------------|----------------|
| 2022 | 11249 | Louisville Gas & Electric Co | Bundled | KY | Investor Owned | 1,230,031.0 | 11,354,702 | 430,394 |
| 2022 | 14127 | Omaha Public Power District | Bundled | NE | Political Subdivision | 1,099,107.0 | 12,105,977 | 401,397 |
| 2022 | 9273 | Indianapolis Power & Light Co | Bundled | IN | Investor Owned | 1,561,723.0 | 13,236,418 | 519,319 |

Source: EIA-861, 2022; Sales_Ult_Customers_2022.xlsx data file

The first thing to observe from the EIA data is that energy efficiency at OPPD is half of the levels that were reported five years previously as shown in Figure 1 below. (If we were to compare to the numbers from the Monitoring Report, OPPD would be doing about 25% more EE as compared to 2018.) MEEA would like to see energy efficiency grow concurrently with demand growth, which OPPD's Corporate Operating Plan notes at an overall electric sales increase of 9.5% from 2023 to 2024. If customers are using more energy, OPPD should be looking for more ways to help them save.

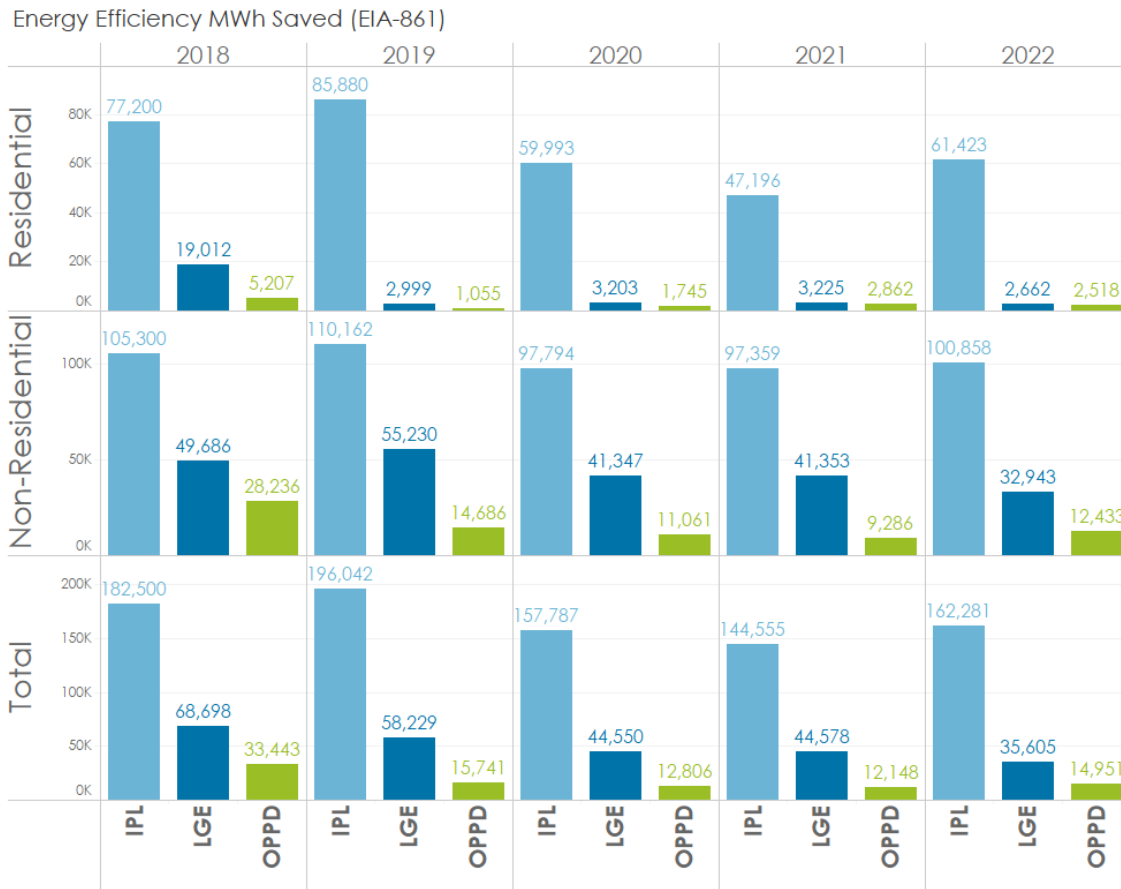
Figure 1: OPPD total energy efficiency savings as reported to EIA



Source: EIA-862, 2018-2022; Energy_Efficiency_YYYY.xlsx data files

Comparing OPPD against the energy efficiency of LGE and IPL, there are two considerations that particularly stand out in Figure 2 below. First, if we look at the 2022 column, we can see that IPL's energy efficiency portfolio is made up of approximately 40% residential savings and 60% non-residential (commercial & industrial) savings. LGE and OPPD have less balanced portfolios, with only 17% of OPPD's savings coming from residential customers and only 7% for LGE. However, OPPD's budgeted retail electricity sales for 2024 are 29.3% residential and 70.6% non-residential, according to the Corporate Operating Plan. Portfolios should ideally be designed to seek savings from customers proportionally to the energy use of those customer sectors, and it appears that OPPD is somewhat underperforming on savings from the residential sector. The strong cost-effectiveness of non-residential programs and the scale of savings per project makes these programs attractive and valuable to the utility, but residential energy efficiency reaches the most individual customers and has the most direct impact in the day-to-day life of utility customers.

Figure 2: Time series of energy efficiency savings among comparison utilities



Source: EIA-862, 2018-2022; Energy_Efficiency_YYYY.xlsx data files

The second comparison is that in spite of having comparable electricity sales, IPL achieved over 10 times the level of total electric energy efficiency that OPPD achieved in 2022. There are some regulatory mechanisms in Indiana to promote energy efficiency (i.e., lost revenue recovery and performance incentives), which are not applicable or available to a public power utility in Nebraska. These mechanisms remove some of the barriers for an investor-owned utility to offer energy efficiency. Those incentives are not driving savings, however, just the willingness of the utility to engage in energy efficiency. The savings are driven primarily by the level of investment the utility is making, which results from the selection of energy efficiency resources in the utility's integrated resource planning. IPL's annual investment in energy efficiency resources was about \$35 million in 2022 and has been approved at the same level for 2024.

There is not as large of a difference between LGE and OPPD in terms of energy savings or the proportion of savings between customer classes. EIA-861 energy efficiency data shows a little more than twice as much energy efficiency at LGE than at OPPD – though the numbers from the Monitoring Report would suggest that the utilities are more evenly



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matched in savings. It would be useful for OPPD to review the program offerings from IPL (IURC [Cause 45898](#); [direct testimony of Katie Heard](#)) to understand the types of programs and program designs that IPL is using to achieve its greater savings levels. Similarly, a review of LGE's portfolio (KPSC [Case 2022-00402](#); [direct testimony of John Bevington](#)) will be informative as to their program considerations. MEEA would be happy to facilitate conversations with these utilities if the OPPD Board is interested in hearing directly about how they accomplish their energy efficiency goals in a mid-sized Midwestern city.

Although serving a different scale of customers, Kansas Evergy, an investor-owned utility in Nebraska's neighboring state, is preparing to launch the state's first utility-scale energy efficiency programs, dedicating over \$40 million to residential and customer incentives. Kansas is currently ranked 49th nationwide for energy efficiency policies and programs. An investment of this caliber, resulting from the *voluntary* Kansas Energy Efficiency Investment Act (KEEIA), represents a wider acceptance of the value of energy efficiency – for both customers and utilities – to meet the energy needs of the future while reducing customers' day-to-day costs. While OPPD does not have access to the regulatory incentive systems of larger IOUs, the benefits of energy efficiency investments continue to outweigh upfront costs.

Energy efficiency does not just save money for customers. It brings down the cost of service for the entire utility system because energy efficiency is the lowest cost energy resource. Besides cost savings, energy efficiency has a strong role in maintaining the reliability and resilience of the energy system, which is especially critical when OPPD is expecting demand to continue to rise. OPPD would be best serving its part owners by continuing to grow and enhance its energy efficiency offerings, reaching deeper into untapped customer segments and continuing to diversify its portfolio of offerings.

We hope the board finds this information helpful throughout the SD-7 annual review process. If you have any questions about these comments, MEEA or energy efficiency, please contact MEEA's Nebraska state lead, Clara Stein, Policy Associate, at cstein@mwalliance.org or (312) 783-7243.

Thank you again for this opportunity to comment.

Regards,

Paige Knutsen, Executive Director
Midwest Energy Efficiency Alliance