MEEA
MIDWEST ENERGY EFFICIENCY ALLIANCE

Energy Efficiency
A Good Investment for Minnesota

Minnesota has long been a regional leader in energy efficiency. The state began requiring utilities to offer efficiency in 1983 with the Conservation Improvement Program (CIP). In 2021, the legislature passed the Energy Conservation and Optimization (ECO) Act, which sought to modernize and expand CIP. ECO increases the savings standard for investor owned utilities (IOU), increases minimum spending for low-income programs and allows for fuel-switching in efficiency portfolios. Minnesota utilities have consistently surpassed their mandated energy savings levels, with many electric utilities saving more than 2%. The state is consistently a leader, just trailing Illinois and Michigan in annual energy savings.

MINNESOTA EE QUICK FACTS

Minnesota is a leader in energy efficiency industry. Here's what's in the cards:

Energy Savings Target

Electric IOUs: 1.75%
Electric COUs: 1.5%
Gas IOUs: 1.0%

EE Spend per Capita

2023 electric EE $ per customer: $45.71

2021 gas EE $ per residential customer: $43.98

Building Energy Codes

Commercial: ASHRAE 90.1-2018, with Minnesota amendments
Residential: 2012 IECC, with amendments.

Beginning in 2026, Minnesota must adopt each new edition of the IECC, or a similar more efficient standard.

Stakeholder Collaboration

The Department of Commerce has historically held many stakeholder groups as topics arise, like on electrification, ECO Act implementation and gas integrated resource plans.

Fuel-Switching

The ECO Act allows utilities to fuel-switch if the measure results in a net-reduction of source energy, results in a net-reduction of greenhouse gas emissions and is cost-effective.

Energy Efficiency Financing

Minnesota offers Commercial Property Assessed Clean Energy loans. There have been attempts to pilot an on-bill financing program, but those have not yet been approved.

JOBS AND ECONOMICS

Strong EE policies lead to utility investment and job growth throughout the Minnesota economy. The Minnesota EE industry employs more state residents than any other energy sector; most employers are small businesses providing local jobs.

44,511 EE jobs, out of **94,026** total energy jobs or **65,663** clean energy jobs

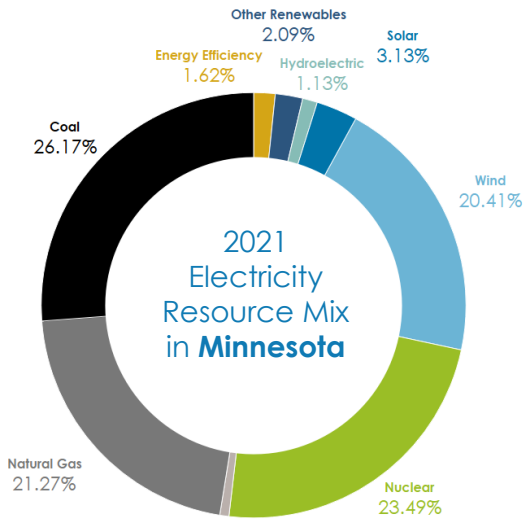
Veterans comprise **10%** of the EE workforce

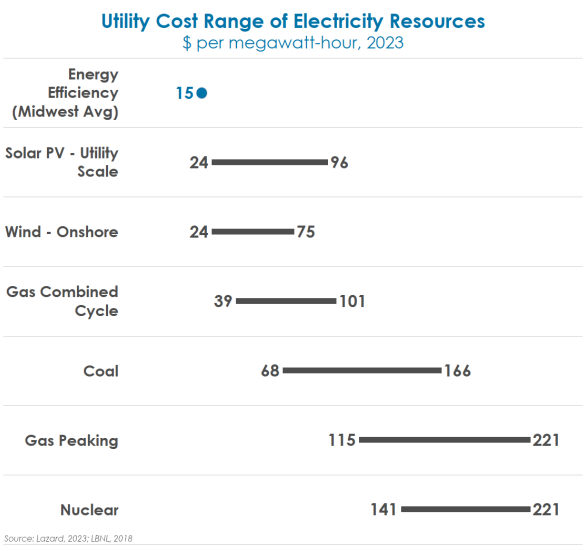
6,908 EE businesses

95% of those are **small** businesses (fewer than **100** employees)

STATE ENERGY PLANNING

Every two years, electric utilities are required to submit integrated resource plans (IRP), which must consider demand-side resources, including conservation and demand response. The state Public Utility Commision recently ordered that gas utilities will also be required to submit IRPs. After a robust stakeholder process, there are now planning parameters in place and Xcel is set to submit the state's first gas IRP in 2026. Furthermore, in 2023, Minnesota enacted a carbon-free mandate into law. The state's electric utilities now must generate or procure 100% carbon-free resources by 2040. Lastly, the state has documents guiding it through this energy transition: Minnesota's 2025 Energy Action Plan from 2016 and Minnesota's Climate Action Framework from 2022.





INCLUSIVITY: INCREASING ACCESS TO EE

Whether in affordable housing or rural communities, under-resourced customers need comprehensive program options to reduce their energy burdens. Minnesota is one of only a few states in the region to require minimum energy efficiency spending in the low-income sector. The ECO Act raised these requirements, and utilities significantly surpassed these levels in the recent 2024-26 triennial plans. Work remains to ensure that under-resourced Minnesotans are accessing EE programs, which will help to improve the health and safety of homes, bolster structural resilience and reduce energy burdens.

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