

## Energy Efficiency Talking Points

*Note to Lobbyists: We will be refining these talking points over the next few days and reposting updated versions of this document. We will go over the final framing of this issue during our pre-Lobby Day Conference Calls. Check the website to make sure you have these important calls on your calendar – and check back to get an updated version of this document.*

Our goal is to educate lawmakers on Michigan's current EE standard. We will NOT be asking for any specific legislation, but simply educating them about the way EE works, and point out some shortcomings in the program.

### **In 2008, Michigan established an Energy Optimization (or Energy Efficiency) Standard**

- It was part of a comprehensive package of energy bills to start Michigan down a path of cleaner energy
- The EE standard requires utilities to help their customers reduce their energy use, and thus reduce their energy bills
- The goal is to reduce demand for electricity and gas by 1% (as a percentage of retail sales) by 2012.

### **Energy Efficiency is the smartest energy policy for Michigan**

- It provides the cheapest source of baseload power - .03/kwh (Electricity from a new coal plant would cost at least three times this much)
- It's the fastest kind of energy to deploy
- It creates the most jobs per dollar invested
- We've barely scratched the surface – Michigan has LOTS of wasted energy that could be saved through efficiency programs.

### **How EE works**

- All utility customers pay a Energy Optimization Fee on their utility bill (for residential customers it is between .75/month - \$2.70/month)
- The money goes into one of three different “public benefits funds”
  - Residential
  - Commercial
  - Industrial
- The funds are used to provide incentives to encourage customers to invest in energy efficiency upgrades:
  - Insulation for their homes and businesses
  - New windows/doors
  - More efficient heating, air conditioning and lighting
  - More efficient appliances – refrigerators, freezers, washers, dryers
- People access the funds through discounts and rebates from the utilities or retailers
- According to the PSC in their most recent report, “There is no indication that the renewable energy standard or energy optimization standard have had any impact on electricity prices in Michigan.”

- Almost every dollar we spend on coal leaves the state. Virtually every dollar we spend on Energy efficiency stays IN the state.

### **Michigan SAVES is a special EE program for low income residents**

- An energy auditor evaluates the home to determine what efficiency investments will save the most energy and money
- Contractors, banks or even communities can put up the financing so there is no up-front cost to residents
- The energy contractor is paid back with savings from lower utility bill – for example:
  - Un-insulated house: pre-EE utility bill is \$600/month
  - EE improvements include wall and roof insulation & window caulking
  - After EE upgrade, utility bill is \$300/month
  - \$100 of the savings reduces the homeowner's bill to \$500/month
  - \$200 of the savings pays back the lender
  - After loan is paid off, homeowner's utility bill drops to \$300/month

### **Benefits of Energy Efficiency**

- It's the cheapest kind of power to buy
- Utilities make a profit too – Consumers got a \$5 million bonus for exceeding the standard in 2009
- Pumps money into our own economy. IT benefits builders, small businesses, retailers, manufacturers of EE products

### **Shortcomings of our EE program**

- Our existing EE law puts a spending cap on how much the utilities can invest in Energy Efficiency (\$3/household)
- Both Consumers and DTE have met their goals and spending cap early
- This means they can't invest in more EE, even though it's the cheapest form of new energy
- Most surrounding states have raised their EE standard from 1% per year to 2% per year
  - This means that neighboring states will be spending less for their energy than MI – giving them a competitive advantage

The Legislature should allow Michigan's EE programs to work and build a track record of cost-effective and economically beneficial energy production.