

# Minnesota Energy Efficiency Legislation – 2007

- Next Generation Energy Act – 2007
  - Converts Conservation Improvement Program from “spending” to “savings”
  - Energy Savings Goals – 1.5 percent of gross retail energy sales annually beginning in 2010.
    - It is to be accomplished through conservation programs, rate design and “other methods”
    - It requires an inventory of most effective conservation programs and technologies to guide utilities
    - It allows for the award of grants for R&D that identify new energy conservation technologies and strategies
    - It requires the PUC to establish criteria and standards for decoupling. Authorizes pilot programs for up to 3 years.

•Requires DOC Commissioner to establish an inventory of most effective conservation programs and technologies to guide utilities.

•Minnesota has long recognized energy efficiency as an energy resource of first priority. In 2006, ACEEE ranked MN among top ten states for its energy efficiency programs.

• A significant factor in that ranking was the strength of MN's Conservation Improvement Program. Minnesota has strengthened its commitment to Energy Efficiency and cleaner energy, consistent with the 5 principle recommendations found in the National Action Plan for Energy Efficiency.

• In 2007, with a consensus of Legislators, the Governor's office, regulators, utilities and other stakeholders the Minnesota legislature passed the Next Generation Energy Act. It includes significantly more aggressive energy efficiency measures.

•Next Generation Energy Act :

Converts the CIP from *spending* based to *realized savings*.

Sets an energy *savings* goal of 1.5 percent of gross retail energy sales annually and it is to be calculated on the most recent 3-year weather normalized average. It is to be done through conservation programs, rate design and “other methods.”

Some other efficiency provisions of the bill:

•Allows DOC Commissioner to award grants for applied R&D that identify new energy conservation technologies and strategies.

•Revises sustainable building standards

•Allows for recovery of costs. Requires the PUC to review incentive plans associated with CIP and adjust incentives in light of revised energy savings goals

•The new legislation provides that utilities may propose to implement qualifying customer-based programs that achieve one percent savings, and may propose system infrastructure improvements that create additional savings to help achieve the overall state goal . In contrast, the existing CIP program would achieve estimated annual savings of approximately 0.8 percent of retail electric sales.