



Energy Conservation & Optimization Act Implementation Update

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Department of Commerce, Division of Energy Resources

2021 Energy Conservation & Optimization Act (ECO)

- Authors: S.F. 227 Sen. Rarick / H.F. 164 Rep. Stephenson
- Signed into law by Governor Walz (May 25, 2021)
- ECO Act was result of multiple years of discussion and development
- Primarily modernizes CIP framework to provide more wholistic approach to efficiency programming



- Provides utilities with the opportunity to optimize energy use and delivery through inclusion of:
 - Load management programs
 - Efficient fuel switching programs
- Raises the energy savings goals for the state's electric investor-owned utilities (IOUs)
- More than doubles the low-income spending requirement for all IOUs
- Provides greater planning flexibility for municipal and cooperative utilities
- Includes activities to improve energy efficiency for public schools

ECO Act Implementation (2021-2022)

Guidance Development

- **Stakeholder engagement** process to develop ECO technical guidance took place November 2021 – March 2022
- **Required guidance** issued:
 - December 30, 2021
 - Electric vehicle charging sales to be deducted from utility gross annual retail sales
 - March 15, 2022
 - Guidance for inclusion of efficient fuel-switching, load management, and pre-weatherization measures in CIP
 - Updated guidance for low-income programming in multifamily buildings

ECO Act Implementation (2023–2024)

Utility Implementation

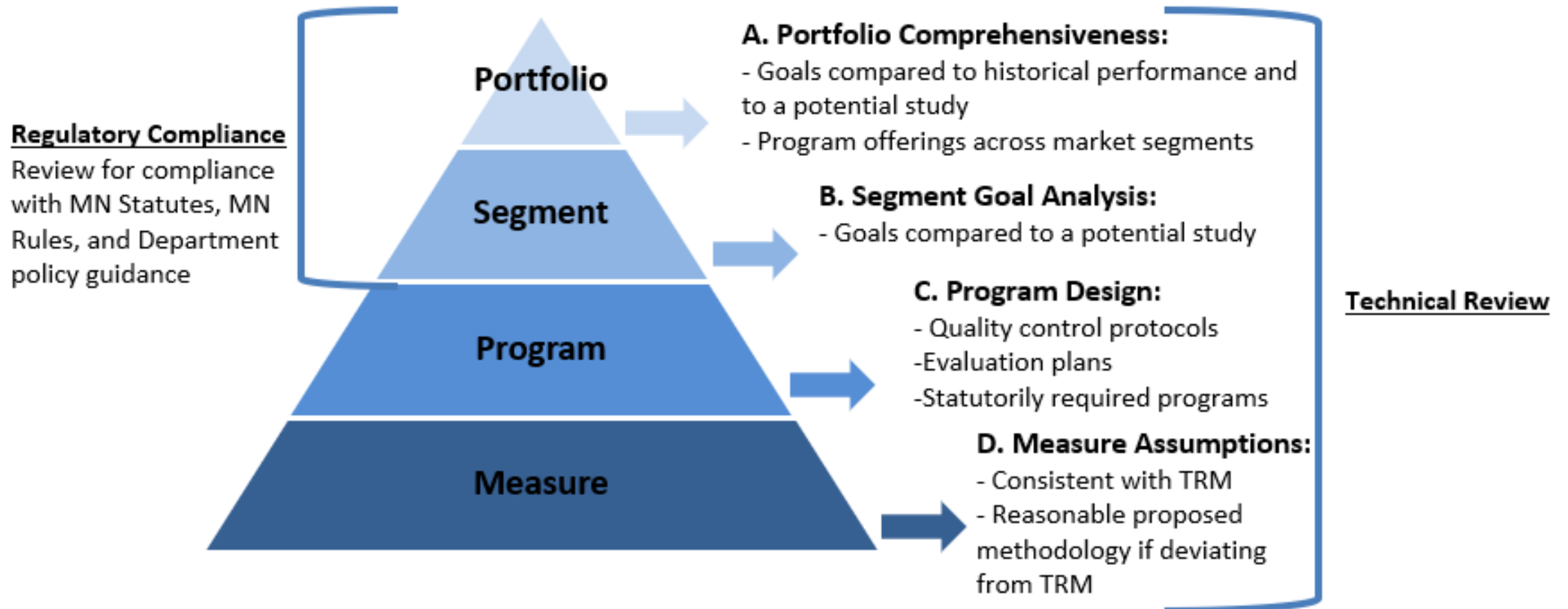
Municipal and Cooperative Utilities

- Based on ECO guidance issued in 2022, implemented plans in 2023 under the new ECO framework
- Savings results for 2023 due June 1, 2024

Investor-Owned Utilities

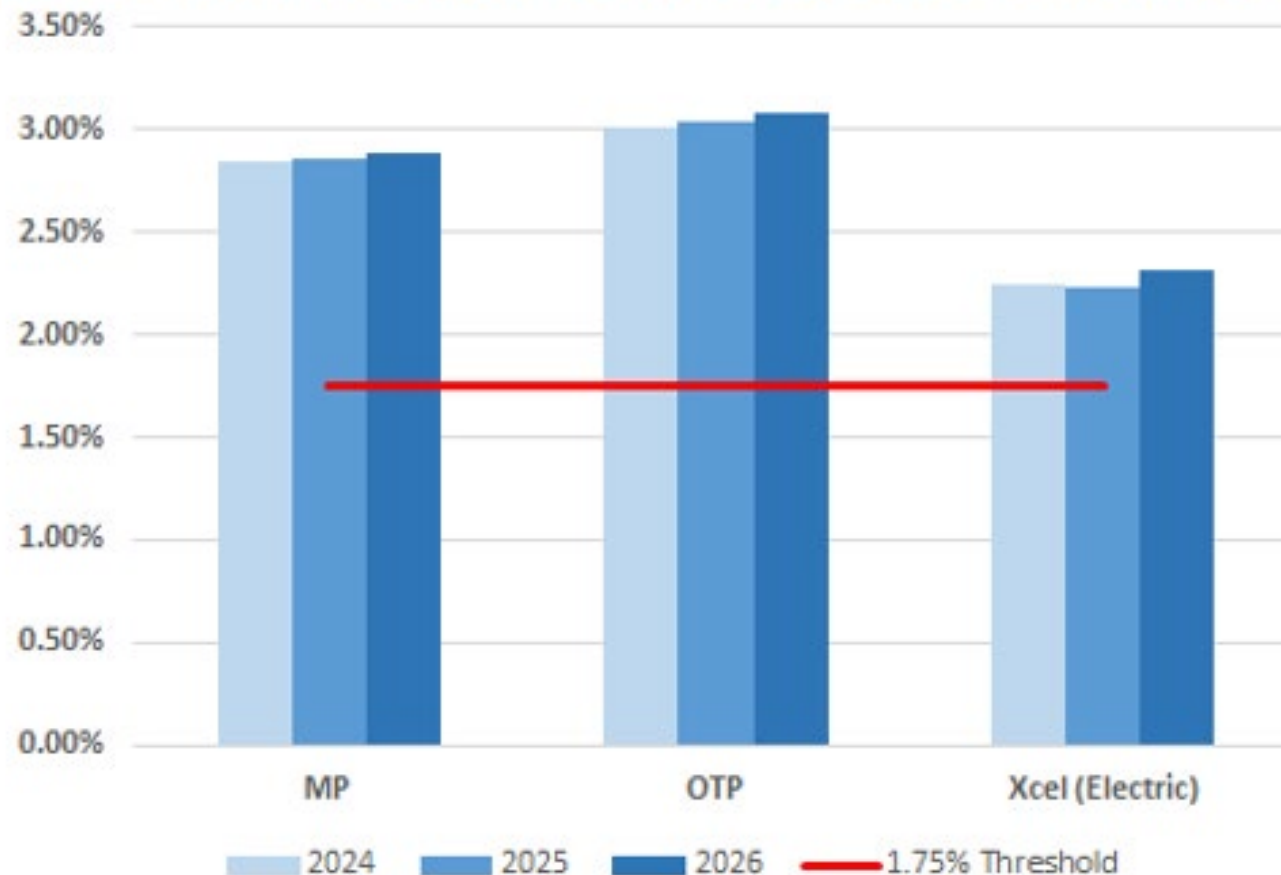
- Integrated ECO guidance into 2024-2026 triennial plans
- Plans approved by Commerce Deputy Commissioner Dec. 1, 2023
 - IOUs filed plans July 1, 2023
 - 8 separate organizations filed comments (including CEE, CUB, Fresh Energy, MN Energy Efficiency for All, City of Minneapolis)

2024-2026 Triennial Plan – Regulatory/Technical Review



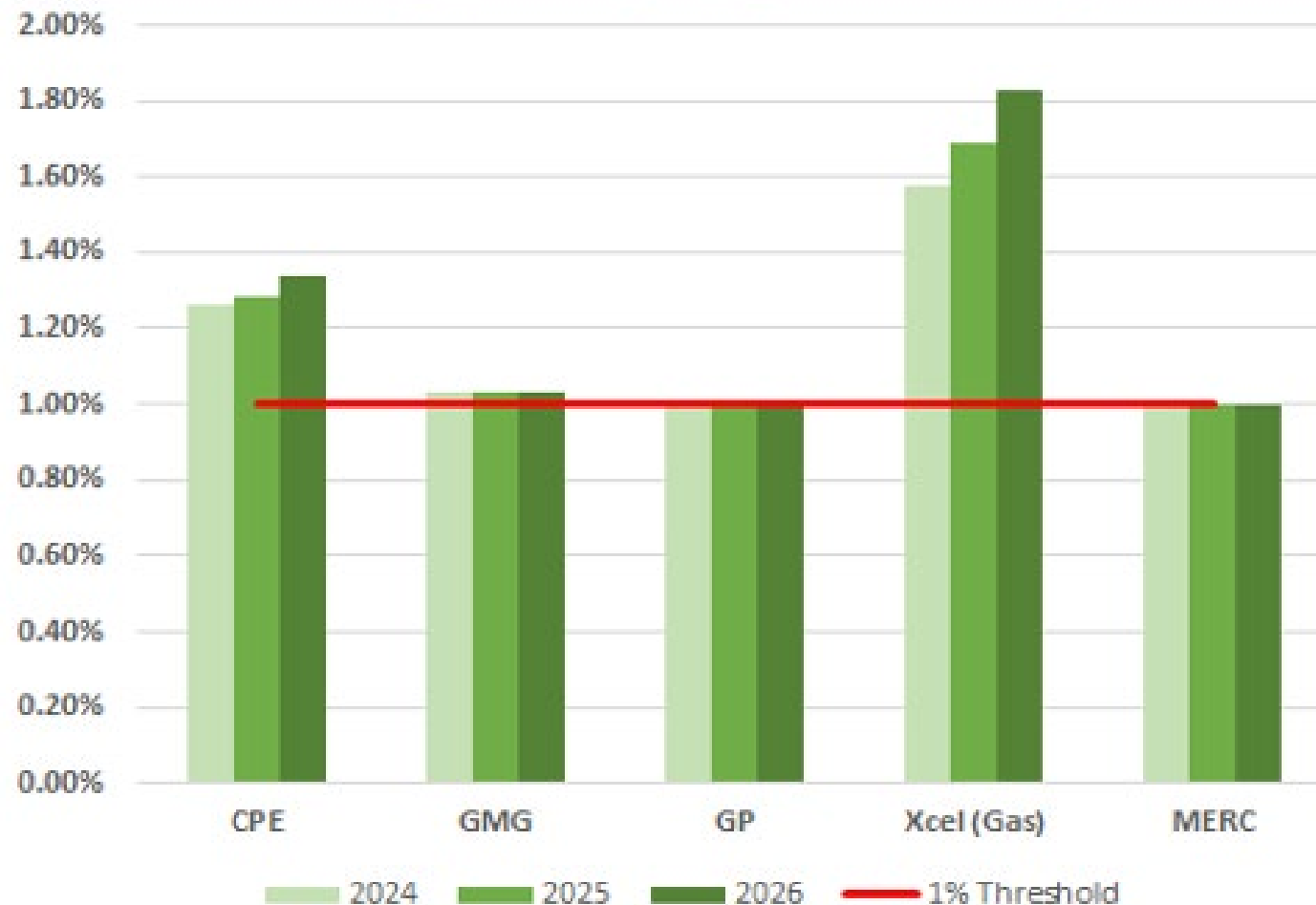
2024-2026 Triennial Plan – Electric IOUs

Electric Triennial Savings Goals (Savings as % of Sales, 2024-2026)



2024-2026 Triennial Plan – Gas IOUs

Gas Triennial Savings Goals (Savings as % of Sales, 2024-2026)



ECO Act Implementation

New Programs

Efficient Fuel-Switching Programs

- Xcel (gas and electric), CenterPoint, and Otter Tail all included efficient fuel-switching programs in 2024-2026 plans. Programs include incentives to switch to electric air source heat pumps, outdoor equipment, and electric vehicles/electric vehicle charging.
- Great River Energy and Connexus included efficient fuel-switching programs incentivizing air source heat pumps.

Load Management Programs

- Xcel and Otter Tail have included load management programs in their ECO portfolios to manage peak demand. Xcel and Otter Tail expect to achieve 101 MW and 61 MW of demand reduction respectively.

Workforce Development

- Xcel will implement a workforce development program through ECO, providing training and internships to enable placement of low-income clients in the energy-efficiency industry.

ECO Stakeholder Engagement Planned for 2024

Commerce ECO stakeholder engagement and discussion planned for 2024 includes:

- Prioritizing Incentives - Evaluating where prioritizing incentives or dual incentives might have the greatest benefits to ratepayers across multiple sectors, including discussion of potential decarbonization, efficiency, cost, and ratepayer impacts.
- ECO Coordination with Federal Programs – Working with internal Department stakeholders and external stakeholders to coordinate the implementation of utility driven ECO programs with upcoming federal and state initiatives.
- Procedural Equity - Debriefing the 2024-2026 triennial plan development and review process, discussing stakeholder experience in responding to utility proposals, and considering possible modifications to the review procedure to foster greater participation.

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Questions?

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