Energy Optimization Standard
2008 PA 295

Paul Proudfoot
Director, Electric Reliability Division
Michigan Public Service Commission
Department of Licensing and Regulatory Affairs

Michigan Senate
Energy and Technology Committee
October 18, 2011

MICHIGAN PUBLIC SERVICE COMMISSION

Energy Optimization Plans

- Subpart B of 2008 PA 295 requires providers of electric or natural gas service to establish Energy Optimization (EO) programs for their customers.
- Energy providers subject to the EO provisions of the Act exclude electric Alternative Electric Suppliers (AESs) and natural gas retail marketers.

Overall Goals

- Reduce future cost of service for both gas and electric customers.
- Delay need for constructing new capacity.
- Cost effectiveness.

Energy Optimization Implementation

- Initially the Commission approved Energy Optimization Plans for nine electric investor-owned utilities, 10 electric cooperatives, 41 municipal electric companies, and six gas companies.
- The Commission Staff is currently reviewing plans proposed by providers for the next two years.

Energy Optimization Implementation

- Building an initial and continuing partnership with the providers has contributed to the successful implementation of 2008 PA 295.
- The providers all deserve to be congratulated on their efforts to make Energy Optimization a success.

State Program Administrator

- Section 91 of PA 295 creates an option for utilities to offer energy optimization services through an energy optimization program administrator selected by the Commission (Efficiency United).
- The administrator is funded directly by the participating utilities using funds collected from customers.

Self-Direct Option

- Section 93 of PA 295 creates an option for self-directed EO programs for large electric customers
- 79 customers participated statewide in 2010
- 2010 load reduction of 53,000 MWh

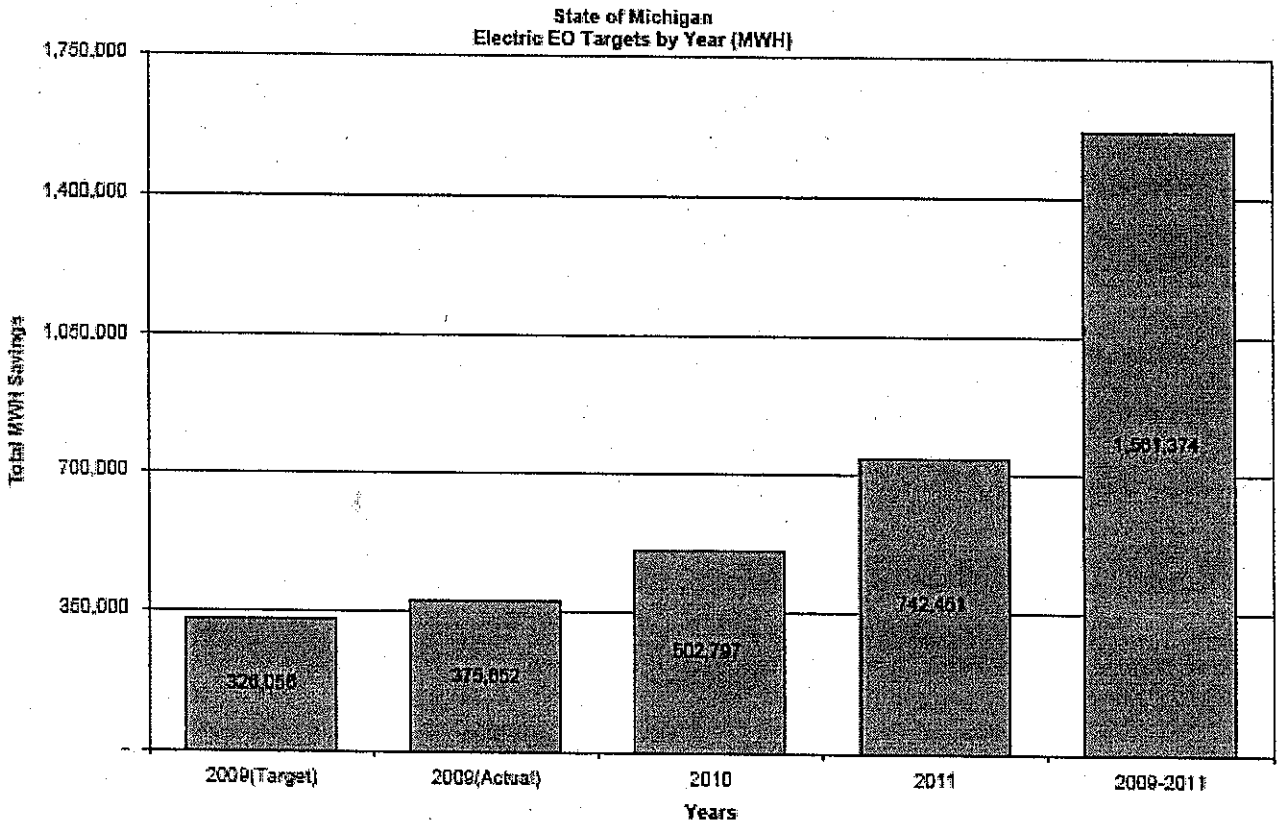
Energy Efficiency

- Utilities began enrolling customers in EE programs as early as July 2009.
  - Electric targets are 0.75% of retail sales in 2011, ramping up to 1.0% in 2012,
  - Natural gas targets are 0.5% of retail sales in 2011, ramping up to 0.75% in 2012.

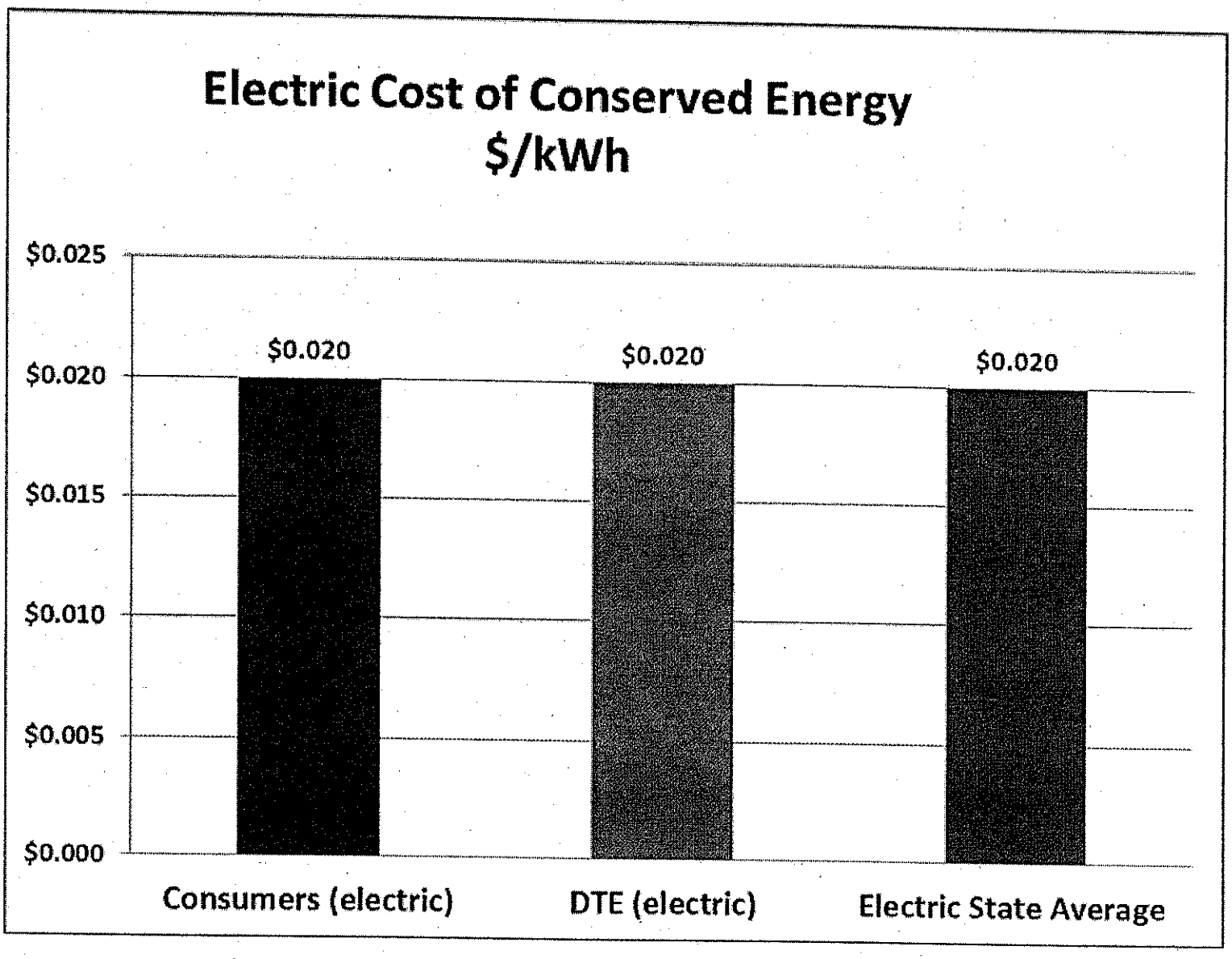
Energy Efficiency

- 2011 financial resources available to programs for all customer classes (residential, commercial & industrial):
  - Consumers Energy (electric): $47.2 Million
  - Consumers Energy (gas): $33.5 Million
  - DTE (electric): $35.7 Million
  - MichCon (gas): $26.5 Million
  - Electric Cooperatives: $5.1 Million
  - Utilities contributing to the State Selected Administrator: $15.2 Million
  - Total: $163.2 Million

Electric Targets

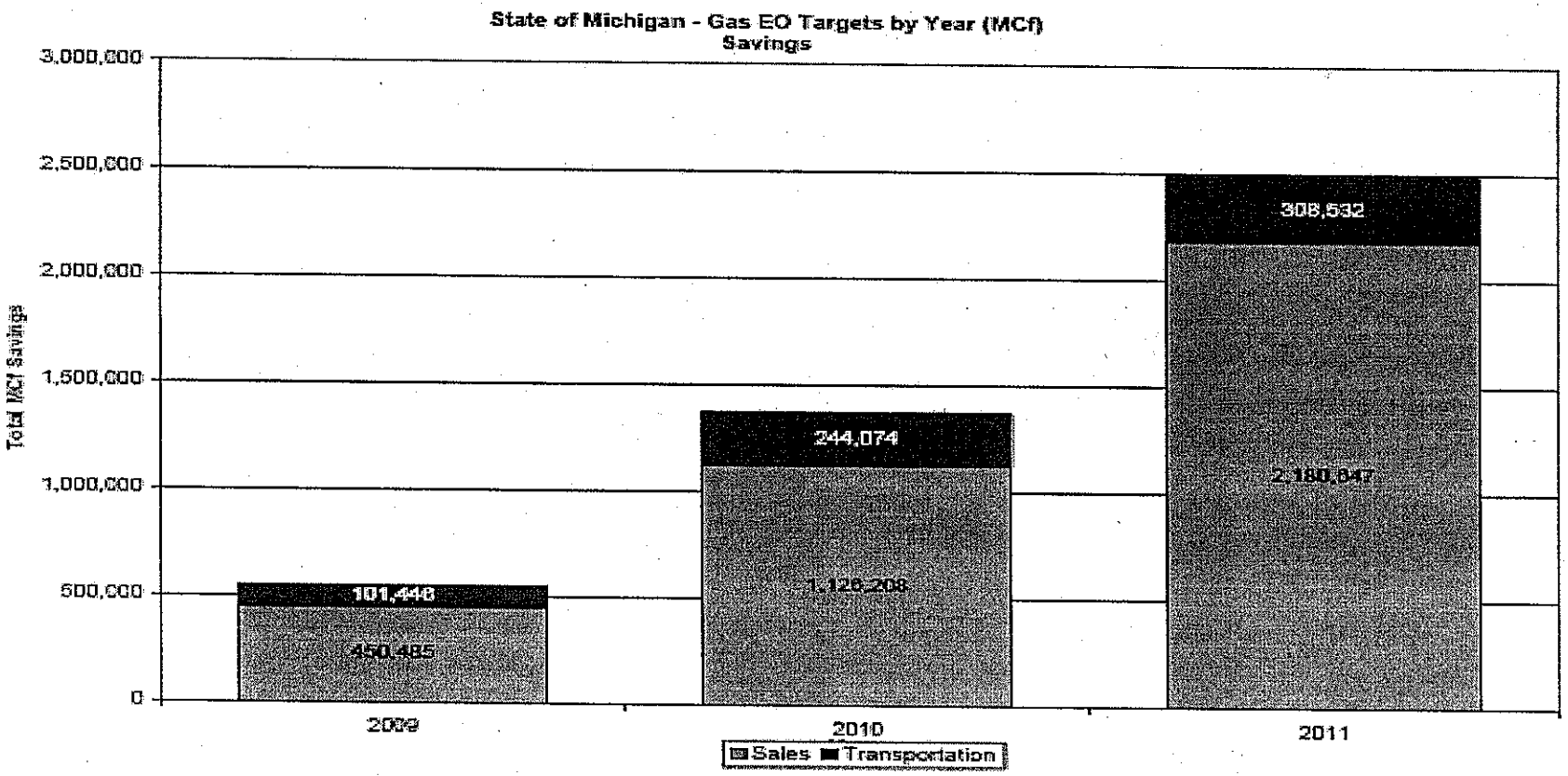


Source: 2010 MPSC Report on the Implementation of PA 295 Utility Energy Optimization Programs, http://michigan.gov/documents/mpsc/eo_legislature_report2010_339568_7.pdf

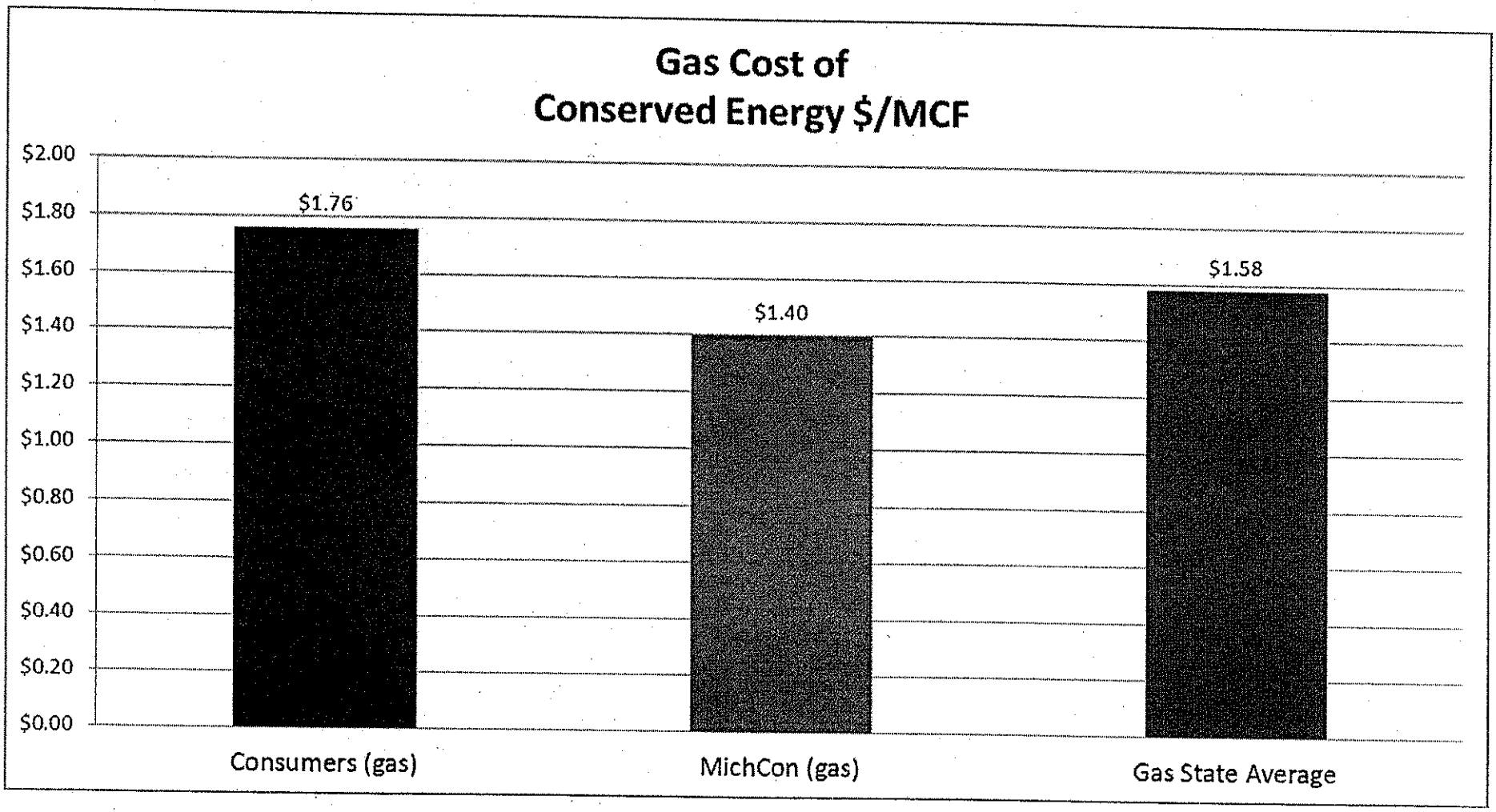


MICHIGAN PUBLIC SERVICE COMMISSION

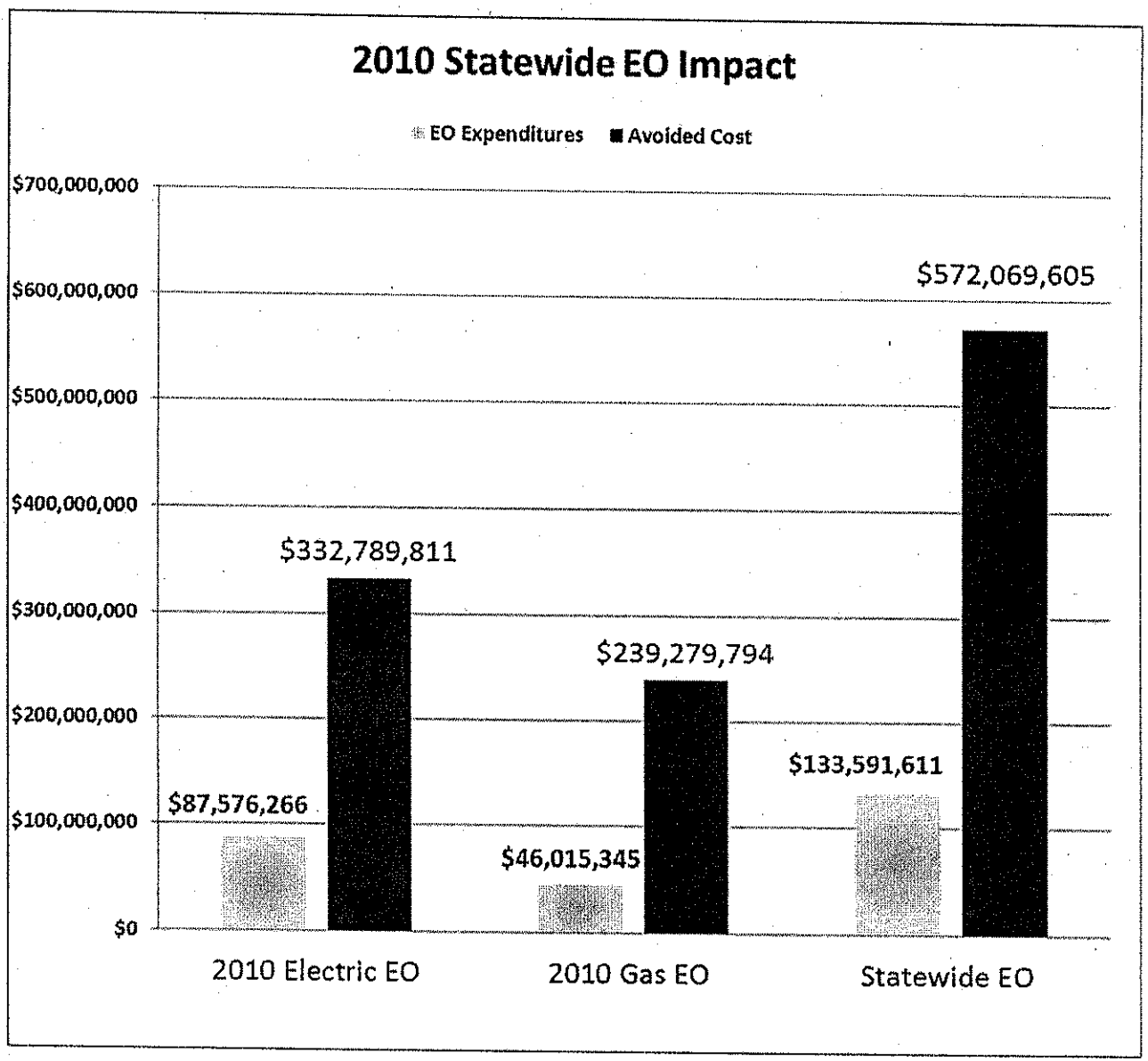
Gas Targets



- Source: 2010 MPSC Report on the Implementation of PA 295 Utility Energy Optimization Programs, http://michigan.gov/documents/mpsc/eo_legislature_report2010_339568_7.pdf



MICHIGAN PUBLIC SERVICE COMMISSION



MICHIGAN PUBLIC SERVICE COMMISSION

Energy Efficiency Programs

- Utility company surcharges fund efficiency programs.

- Average impact on residential customer bills:
  - ❖ Consumers Energy
    $1.09 per month on your natural gas bill
    $1.13 per month on your electric bill

  - ❖ Detroit Edison/MichCon
    $2.00 per month on your natural gas bill
    $1.22 per month on your electric bill

Residential Energy Efficiency

- Residential EE programs generally offer incentives (rebates or buy-downs) for:
  - Efficient Lighting
  - Energy Star Appliances
  - HVAC and water heater upgrades
  - Home energy audits & weatherization
    - Phase I: Walk through audit and kit containing low-flow shower head, CFLs, pipe wrap
    - Phase II: blower door test – home envelope: insulation, CFLs, programmable thermostat, duct sealing, Energy Star appliances, etc.
  - Multi-family upgrades
  - Appliance recycling
  - New construction (Energy Star Homes)
  - Educational meetings and materials

Questions?

www.michigan.gov/mpsc

MICHIGAN PUBLIC SERVICE COMMISSION