

Energy Waste Reduction Program Framework Collaborative

Independent Administrator



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June 17, 2024

Agenda

- Review the legislation and set the expectations for the outcome of meeting – Katie Smith MPSC Staff
- Presentation on Current Program Offerings – Rusty Campbell CleaResult, contractor to Michigan Community Action, Current State Implementation Contractor
- Review changes to comply with legislation and collaborative discussion and thoughts – Katie Smith MPSC Staff
- Review of Compliance Payments – Karen Gould MPSC Staff
- Next Steps – Katie Smith MPSC Staff

□ Section 91(2) of Act 229, MCL 460.1091(2)

[t]he commission shall initiate a proceeding by July 1, 2024 to adopt a framework energy waste reduction [EWR] program that shall be utilized by the independent energy waste reduction program administrator in administering a program on behalf of a provider, and to determine the appropriate amount of alternative compliance payments for effective administration of energy waste reduction programs consistent with that framework.

Commissions Own Motion

- ❑ Opened Docket U-21654
- ❑ Contested Case
- ❑ Directed the Commission Staff (Staff) to host a collaborative to address the framework EWR program related to the independent administrator and alternative compliance payments.

Presentations and Discussion of the following

- ❑ Current program offerings.
- ❑ Discussion on the development of the framework that will reflect the changes and amendments as a result of Act 229 for plans beginning January 1, 2026.
- ❑ The factors that should be considered to develop an alternative compliance payment for new entry to the State Administrator.
- ❑ Voluntary Efficient Electrification (EFEL) and how it can potentially be incorporated into the framework.
- ❑ Other thoughts, issues, and ideas as brought forth during the collaborative will be discussed and considered during the framework development process.

Meeting Expectations

- ❑ Interested parties and persons may voice thoughts and ideas throughout and during designated discussion times as provided in the presentations.
- ❑ Staff will take notes and review the recorded meeting to incorporate ideas into the framework document.
- ❑ This collaborative is for the sole purpose of reviewing current programs, incorporating new legislation, and receiving new thoughts and ideas for improvement of state administered programs.

Energy Waste Reduction Program Offerings

June 17, 2024



Agenda

- Overview
- Income Qualified
- Residential
 - Core programs
 - Pilots & Education
- Commercial & Industrial
 - Prescriptive & Custom
 - Pilots & Education



Overview



- Current utility participants
 - Alpena
 - MGU
 - UMERC
 - Xcel Energy/NSP
- Portfolios are consistent for respective electric and natural gas offerings
- Classes – Income Qualified, Residential, Commercial & Industrial (C&I)
- Marketing & Demand Generation
- Evaluation, Impact & Satisfaction

Income Qualified

The Income Qualified (IQ) Program was designed to provide income-constrained customers with low- to no-cost, energy-efficient equipment and home envelope upgrades. This is accomplished by leveraging strategic partnerships and encouraging the braiding of multiple funding sources through a robust contractor networks, community-based organizations and public housing.



Measure Examples

- Air and duct sealing
- Heating and cooling systems
- Heating and cooling add-ons (such as boiler reset controls, thermostats, ECM fans and pumps)
- Insulation
- Water heaters
- Windows and doors
- Home Energy Assessment
- Manufactured Home Initiative
- Lighting
- Refrigerators
- Direct installs

Residential Core



ENERGY STAR Products & Appliances

- Financial incentives for purchase of ES products such as LED bulbs, showerheads, aerators, clothes washer, clothes dryer, dishwasher, dehumidifier
- Energy efficiency kits for convenient customer opportunities including interior/exterior measures

Home Performance initiatives

- Serves as an initial stride towards enhancing energy efficiency and provides opportunity for homeowners to gain insights into their home's energy consumption dynamics.
- Provides residential customers with education resources and rebates for energy efficient home improvements including direct installation of qualifying instant savings measures such as thermostats, showerheads, aerators, pipewrap.

Appliance Recycling

- The Appliance Recycling Program offers convenient ways for participating utility customers to remove older inefficient appliances off the power grid. These include drop-off events and in-home collection of refrigerators, mini-refrigerators, freezers, room air conditioners and dehumidifiers.

Measure Examples

- Air and duct sealing
- ENERGY STAR® certified products (such as air purifiers, clothes dryers, room A/Cs and TVs)
- Heating and cooling systems
- Heating and cooling add-ons (such as boiler reset controls, thermostats, ECM fans and pumps)
- Insulation
- Water heaters
- Windows and doors
- Home Energy Assessment
- Manufactured Home Initiative
- Direct installs

Residential Pilots & Education



Pilots

- Low-Moderate Income pilot targeting Efficiency United MI customers in target counties; offer limited time offer for smart home bundles depending on a customers' fuel type partnering with Michigan Saves where appropriate.
 - Gas Bundle: smart thermostat, high efficiency furnace, & high efficiency water heater
 - Electric Bundle: smart thermostat, heat pump, & high efficiency water heater

Education

- The Efficiency United energy efficiency education program is a collaborative partnership between CLEAResult and the National Energy Foundation (NEF). Think! Energy with Efficiency United assists teachers and their students to Think! about energy, Talk! about energy, and Take Action! now about our energy for the future. The program objectives are to expand and promote energy awareness through an educational in-school program and to obtain actual energy savings through student and educator household behavior changes and the use of energy-efficient devices provided in the *Take Action Kit*.





C&I Prescriptive and Custom

Efficiency United's C&I Prescriptive and Custom Program provides incentives for high-efficiency equipment upgrades in non-residential facilities.

- Prescriptive rebates for qualifying new equipment, equipment retrofits, and new construction projects.
- Custom offerings allow businesses to take a more unique and innovative look at energy efficiency and customize it to their specific business needs.

Prescriptive Measure Examples

- Boilers, chillers, heat pumps, and other HVAC equipment
- Building comfort controls
- Motor controls (e.g., VFDs)
- Building shell and HVAC related insulation
- High efficiency air compressors
- Compressed air system retrofits (e.g., efficient nozzles)

Custom Measure Examples

- Productivity improvements
- Process steam trap replacements/retrofits
- High pressure steam vessel insulation
- Condensate system improvements
- Steam to hot water conversions



C&I Pilots & Education

Pilots

- The Pilot Program has been oriented toward technology demonstration efforts to test new equipment in “real world” situations and perform verification of the energy savings. For 2023, the pilot programs for both the electric and gas portfolios continued the “new technology” path and also invested in testing retro-commissioning measures to quantify savings opportunities at customer locations and determine the steps required to achieve these savings.

Education

- The C&I Program annually allocates funds to pay for education initiatives for customers and Trade Allies. In 2023, this budget was used for technical assistance studies, in-person trainings, assessments for retro-commissioning, and to promote on-demand digital-based training.

Questions?



What's New?

□ Section 77

- 1.5% Electric Savings Target with an 8 year average measure life
- .875% Gas savings Target

□ Section 80 – Low-Income Expenditures

- (3) An electric provider's annual expenditures to implement the low-income energy waste reduction programs and measures shall be at least 25% of total energy waste reduction program spending. If an electric provider's expenditures on the effective date of the amendatory act that added this section are below this level, the electric provider shall annually increase expenditures to equal or exceed this level by January 1, 2029.
- (4) A natural gas provider's annual expenditures to implement the low-income energy waste reduction programs and measures shall be at least 35% of total energy waste reduction program spending. If a natural gas provider's expenditures on the effective date of the amendatory act that added this section are below this level, the natural gas provider shall annually increase expenditures to equal or exceed this level by January 1, 2029.

Voluntary Efficient Electrification (EFEL)

- ❑ Section 72
 - (1) Beginning January 1, 2025, an electric provider may implement an efficient electrification measures plan under section 71(6).

- ❑ If a utility utilizing the Independent Administrator would like to have an EFEL plan:
 - ❑ What would that look like?
 - ❑ Is it feasible for the administrator?
 - ❑ The cost would be separate from the EWR plan costs.

- ❑ Thoughts?

Compliance Payments

- ❑ Currently Utility Providers may join the Independent Administrator for a compliance payment amount determined on a per utility bases.
- ❑ Each utility is unique in size, service territory, customer mix, etc.
- ❑ Initial thoughts are to continue with developing compliance payments for each utility that joins.

Next Steps

- ❑ The Staff shall file by August 2, 2024, its proposed framework with supporting testimony addressing the energy waste reduction program and alternative compliance payments.
- ❑ Interested persons shall submit timely petitions to intervene no later than 5:00 p.m. (ET) on August 9, 2024.
- ❑ Follow-up discussion may be set based on interest after Staff testimony is filed.

Energy Waste Reduction Framework for the State Administrator, Efficiency United

Pursuant to Public Act 295 of 2008 as amended by Public Act
229 of 2023, Section 91

August 02, 2024

Framework for new entry to the State Administrator, Efficiency United

This framework is for consideration of utilities planning to utilize the State Administrator, Efficiency United for purposes of conducting EWR programming for EWR plans as required by Public Act 295 of 2008 as amended by Public Act 229 of 2023 that shall be submitted to the Michigan Public Service Commission (MPSC).¹

Prospective Utility Provider

1. In biennial years each provider submits a Notification of Intent to Elect State Administrator, Efficiency United (Attachment B)
 - a. Provider submits Notification to Efficiency United, cc to MPSC Staff.
 - b. Provider shall file Notification in current EWR plan filing docket.
 - c. Staff assesses Notification, makes self-direct and gas transport adjustments as applicable, and compiles a table of targets for Efficiency United.
 - d. Electric Providers will have a minimum EWR savings target of 1.5% of the previous year's retail sales.
 - e. Natural Gas Providers will have a minimum EWR savings target of .875% of the previous year's retail sales.
 - f. Efficiency United provides utility with an Alternative Compliance Payment amount as discussed in the Alternative Compliance Payment section of this framework.

2. In the non-biennial years each provider submits a Provider Update to Efficiency United to update payment and target information of annual sales data (Attachment C)
 - a. Provider submits to Efficiency United, cc to MPSC Staff.
 - b. Staff assesses update, makes self-direct and gas transport adjustments as applicable, and compiles a table of targets for Efficiency United.
 - c. Efficiency United provides utility with any adjustments made to the Alternative Compliance Payment for that year.

¹ Framework applies to an electric or gas utility entering the State Administrator Efficiency United to administer Energy Waste Reduction (EWR) Plans under the provisions of MCL 460.1091.

State Administrator, Efficiency United

The State Administrator, Efficiency United, develops an EWR plan that is unique to the provider's service territory but utilizes the economies of scale of providing administration to multiple providers. Efficiency United uses consistent branding, provides exceptional customer service, program oversight, and evaluation of programs. Efficiency United develops an annual report for the providers electing the State Administrator. Efficiency United develops one combined report for all providers electing the State Administrator, but individual utility program results are presented throughout the report. The annual report should be filed by the Commission-regulated providers in their annual reconciliation docket. These reports are also available on the Commission [website](#). Each provider will have programming that includes but is not limited to the following:

a. Income Qualified

- This is accomplished by leveraging strategic partnerships and encouraging the braiding of multiple funding sources through a robust contractor networks, community-based organizations, and public housing.
- Potential Measures include, but not limited to, air and duct sealing, heating and cooling systems, heating and cooling add-ons (such as boiler reset controls, thermostats, ECM fans and pumps), insulation, water heaters, windows and doors, Home Energy Assessment, Manufactured Home Initiative, lighting, refrigerators, and direct installs.
- The Income Qualified program must be a minimum of 25% of the electric providers total EWR plan budget and a minimum of, 35% of a gas providers EWR plan budget.

b. Residential

- Energy Star products and appliances
- Home Performance initiatives
- Appliance Recycling

- Potential Measures include, but not limited to, air and duct sealing, ENERGY STAR® certified products (such as air purifiers, clothes dryers, room A/Cs and TVs), heating and cooling systems, heating and cooling add-ons (such as boiler reset controls, thermostats, ECM fans and pumps), insulation, water heaters, windows and doors, Home Energy Assessment, Manufactured Home Initiative, and direct installs
- c. Commercial and Industrial
- High-efficiency equipment upgrades in non-residential facilities
 - Prescriptive upgrades included, but not limited to, boilers, chillers, heat pumps, and other HVAC equipment, building comfort controls, motor controls (e.g., VFDs), building shell and HVAC related insulation, high efficiency air compressors, compressed air system retrofits (e.g., efficient nozzles)
 - Custom offerings included, but not limited to, productivity improvements, process steam trap replacements/retrofits, high pressure steam vessel insulation, condensate system improvements, and steam to hot water conversions
- d. Pilots and Education
- Residential Smart Home bundles
 - In-school energy awareness education
 - Commercial and Industrial new technologies and testing retro-commissioning measures
 - Education initiatives for customers and Trade Allies

Alternative Compliance Payment

The alternative compliance payment is the amount of funding or budgeted spend that a provider shall pay the State Administrator, Efficiency United, to develop and administer the providers EWR plan for a minimum of 2 years. Each utility provider has a set of unique circumstances relating to service territory and customer mix therefore the Alternative Compliance Payment will be calculated on a per utility basis and shall be presented on a percentage bases and will be no

lower than 2% of the provider's previous year's retail sales. The percentage may change each election period and may differ between each provider based on the unique aspects of each provider.

Voluntary Efficient Electrification (EFEL)

The State Administrator Efficiency United is capable of providing EFEL plans for utilities and those program costs will be determined separate from the EWR plan EFEL plans are voluntary therefore if a utility providers decides this is in the best interest of their customers, the utility provider may elect to utilize the State Administrator, Efficiency United, or may choose to implement an EFEL plan by independent administration, or by contracting with another EFEL service provider. EFEL plans of regulated utility providers must be submitted to the Commission for approval through the contested case process as part of an Energy Optimization (EO) plan, either with the provider's election to Efficiency United, or as an amendment adding the EFEL plan to their most recent plan proceeding.

**PROVIDER NOTIFICATION OF INTENT TO ELECT *EFFICIENCY UNITED*¹
 TO IMPLEMENT ENERGY WASTE REDUCTION SERVICES FOR 2024/2025**

Form A

DATE:

PROVIDER NAME, address and contact information, including email address, for a provider representative:

This is a renewal. This is a new election. Election is for years (two year minimum):
 2026 2027 2028 2029

Electric Utility	Annual Sales Data Informs Program Design for the Program Year			
Program Year	Total Retail Sales Revenue 2024	Total Retail MWh 2022	Total Retail MWh 2023	Total Retail MWh 2024
2026				
Program Year	Total Retail Sales Revenue 2025	Total Retail MWh 2023	Total Retail MWh 2024	Total Retail MWh 2025
2027				

Gas Utility	Annual Sales Data Informs Program Design for the Program Year			
Program Year	Total Retail Sales Revenue 2024	Total Retail Mcf 2022	Total Retail Mcf 2023	Total Retail Mcf 2024
2026				
Program Year	Total Retail Sales Revenue 2025	Total Retail Mcf 2023	Total Retail Mcf 2024	Total Retail Mcf 2025
2027				

- Total retail sales revenue and volumes should have basis in figures reported on MPSC Form P-521 or P-522, FERC Form No. 1/3-Q, Form EIA-861, or Form EIA-861(S), as applicable to the provider.
- Include all eligible retail, choice, transportation, and self-direct customers. Data in the following tables is used for applicable adjustments.
- Gas volumes should be converted from therms assuming 10 therms = 1 Mcf.
- Data for the second plan year may be estimated by copying the first plan year data if forecasts are not available.
- Annual sales data will be submitted annually with Form B as updated data becomes available.

¹ 2008 PA 295, as amended by 2023 PA 229, Sec. 91, allows providers the option of meeting energy waste reduction program compliance requirements by making a payment each year to an independent energy waste reduction program administrator selected by the Michigan Public Service Commission (MPSC). The payment amount is to be determined by the MPSC. The program run by the independent energy waste reduction program administrator is called *Efficiency United*. **Providers must make a two-year commitment. An option to renew is provided.**

Efficiency United will prepare a single EWR report annually for purposes required by section 97 (1) of PA 295, as amended, that may be used by all providers electing the alternative compliance payment option. Rate-regulated providers that opt to use *Efficiency United* must also file a financial reconciliation with the MPSC annually.

EU Provider Notification of Intent cont.

Breakdown of 2024 Total Retail Sales			
	Residential Customers	Commercial Customers	Industrial Customers
Number			
Volume MWh			
Electric Revenue			

Number	
Volume Mcf	
Gas Revenue	

Self-direct Customers Retail Sales	
Number of Customers Elected for 2026	
Total Revenue 2024	
Total MWh 2024	

Natural Gas Transportation Volume	
Total Mcf 2024	

 Signature of Provider Representative

 Signature of Efficiency United Representative

 Date

 Date

Submit form to: Brian McGrain
bmcgrain@micommunityaction.org
 Efficiency United
 2173 Commons Parkway
 Okemos, MI 48864

Attach copy to: Current EWR Plan Filing
 Election is contingent upon MPSC approval.

Dave Walker
walker12@michigan.gov
 EWR Section, MPSC

