

# Energy Efficiency Initiatives in the Midwest

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NGA Center for Best Practices

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# About NGA

## Office of Federal Relations

- Collective voice of governors in DC
- Builds consensus on Federal issues
- National policy focus

## Center for Best Practices

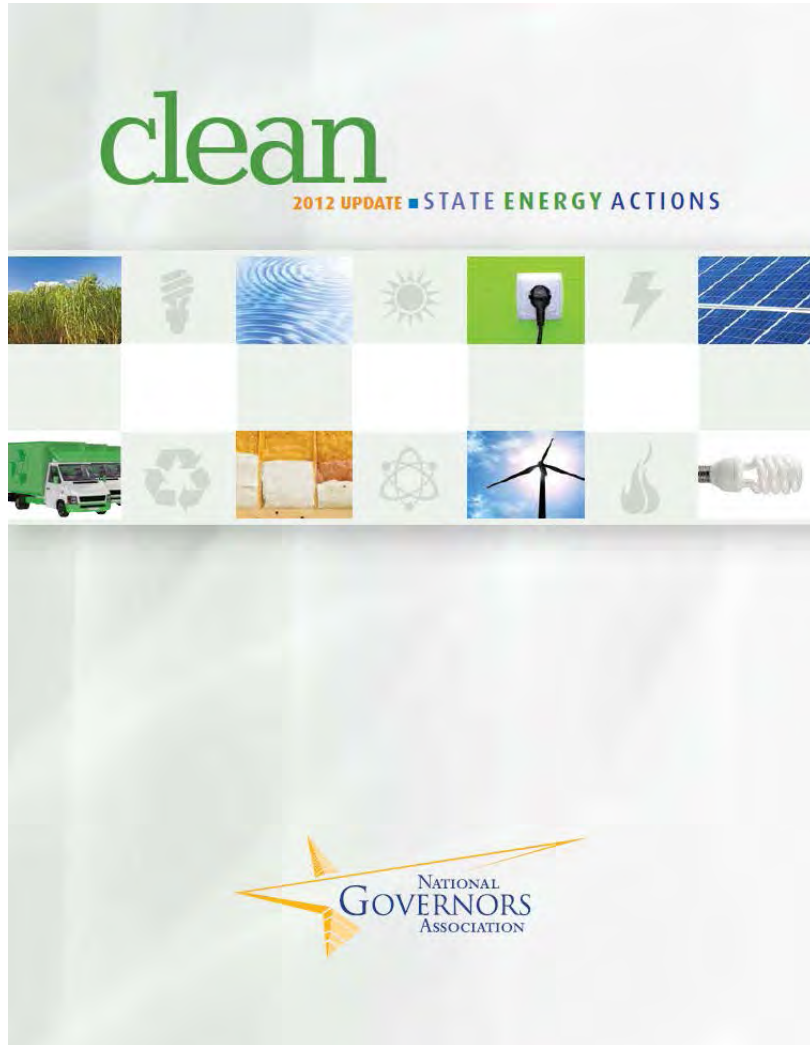
- Comparative policy shop for state level efforts
- Provides governors and staff technical assistance

## Office of Management Consulting & Training

- Internal management consultants
- Training and advice for governors, chiefs of staff, schedulers, spouses, et al



# State Clean Energy Action Report



- Examines clean energy activities by all 55 states, territories and commonwealths -- updates reports from 2008, 2010, 2011
- Helps states identify existing/emerging policy models in 7 categories:
  - energy efficiency
  - clean electricity
  - **alternative fuels and vehicles**
  - lead by example initiatives
  - greenhouse gas emissions
  - clean energy research, development and demonstration
  - clean energy economic development.
- Sources defined by each state – may include natural gas, advanced coal, nuclear



**Center Divisions**

**Center Divisions**

- Center Issues
- Center Publications
- Meeting & Webcast Materials
- Front & Center Newsletters

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**Policy Search**

**State**

- All States
- Alabama
- Alaska
- American Samoa

**Policy Level**

- All Policy Levers
- Executive Order
- Legislation
- Utility Ruling

**Category**

All Categories

**Sub Category**

All Sub Categories

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State	Policy Level	Category	Sub Category
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• **NEW!**

Online database compiles clean energy activities by all 55 states, territories and commonwealths -- 2008 to 2012, with updates planned every two months.

- Searchable by state, category, subcategory and policy lever (executive order, legislation, utility ruling and other).

[nga.org/cms/cleanenergysearch](http://nga.org/cms/cleanenergysearch)

# State Trends in Energy Efficiency

- Energy efficiency and “lead by example” continue to be popular targets of state action
- From September 2011 to October 2012:
  - 45 states (7 from MW) took action relating to energy efficiency
  - 34 states took actions relating to lead-by-example, including 6 from MW
- Of 130 bills introduced in state legislatures in 2013 pertaining to energy efficiency, 58 covered either lead-by-example or energy performance contracting
- Energy efficiency ranked as top common area of interest in recent NGA survey of governors’ energy advisors

# EE in the Midwest – Recent Highlights: Financing Retrofits

- **Illinois** created an Energy Impact Illinois program that provides rebates and partners with local banks and credit unions to offer low-interest loans for energy efficiency improvements
- **Michigan** established a Better Buildings for Michigan program that uses a community-based approach and offers incentives and loans for residential and commercial efficiency improvements



# EE in the Midwest – Recent Highlights: Lead by Example Initiatives

- **Illinois** allowed public sector participants in that receive EEPS funding to aggregate projects; created energy reductions targets for public universities; and directed Financing Authority to work with DCEO to develop financing program for local governments
- **Kentucky** created a website to allow the public to track the real-time savings results from its state buildings energy management program

# EE in the Midwest – Recent Highlights:

## Other Actions

- Illinois and Iowa among 5 states selected for NGA Policy Academy on Industrial Efficiency & CHP
- Indiana updated its building energy codes to the 2012 IRC
- Ohio passed law to allow CHP to qualify for EE standard
- Wisconsin created a large energy user program that offers financial incentives to businesses to install energy-efficient equipment

To Sum Up: EE activity in Midwest occurring across all sectors (residential, commercial, industrial, MUSH) and with support from bipartisan set of governors



# EE in the Midwest – What’s the Rationale?



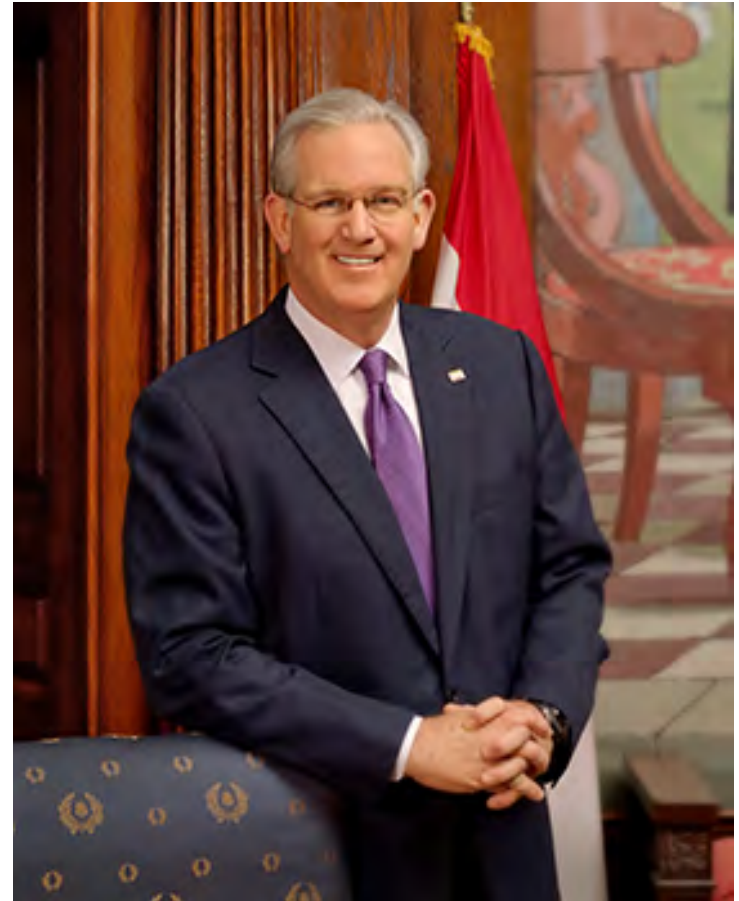
“Energy efficiency doesn’t mean doing less; it means doing as much or more but using less energy to get it done. Energy efficiency is the best example of a no-regrets policy Michigan can have. It makes us more reliable, more affordable and protects our environment.”

Michigan Governor Rick Snyder’s  
Special Message on Energy,  
November 28, 2012

# EE in the Midwest – What’s the Rationale?

“My administration is committed to making state government more efficient, effective and responsive...By reducing energy use in state buildings through innovation and conservation, we are protecting our natural resources and being good stewards of taxpayer dollars.”

Missouri Governor Jay Nixon,  
April 22, 2013



# Executive Orders – One Tool in the Toolbox

- 36 executive orders around EE & RE between 2008-2012
- Efficiency improvements in state buildings are excellent fit for direct executive action
- 24 orders from 21 states on “lead by example” initiatives – including 6 MW states



ISSUE BRIEF

## Using Executive Orders to Advance Energy Efficiency and Renewable Energy

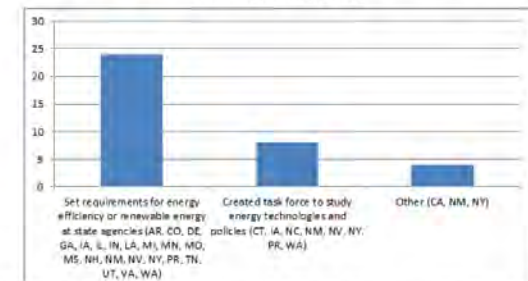
### Summary

Governors have used executive orders to create, support, and complement policies to expand the production and consumption of energy from renewable resources and to lower the demand for energy by using energy more efficiently. Those efforts are playing a role in making the nation as a whole more energy independent by diversifying each state's portfolio of energy resources. While the exact authority for executive orders and their scope differ by state

according to the constitutional and statutory bounds in place in the state,<sup>1</sup> executive orders have proven to be a flexible tool that governors have used to directly affect the direction and implementation of energy policy in a variety of areas.

Since 2008, governors have issued 36 executive orders related to energy efficiency or renewable energy (see figure below).<sup>2</sup>

Governors' Executive Orders on Energy Efficiency and Renewable Energy  
Number of Orders (2008-2012)



<sup>1</sup> National Governors' Association, "Governors' Powers and Authority," <http://www.nga.org/civildem/management/resources/governors-powers-and-authority.html> (revised December 20, 2013).  
<sup>2</sup> Amanda Eberly and Sue Gaudin, State Clean Energy Action: 2011 Update (Washington, DC: National Governors' Association Center for Best Practices, 2013). A list of all 36 executive orders is available here <http://www.nga.org/files/live/sites/NGA/files/pdf/2013/150/Governors%20ExecutiveOrders.pdf>. A complete list of state policies covering energy efficiency and renewable energy, including executive orders, is available through NGA's State Clean Energy Action Database.

# Executive Orders – One Tool in the Toolbox

- Executive orders providing flexibility for achieving EE targets
  - Recent “lead by example” orders require state agencies to develop plans for making cost-effective EE improvements, but allow agencies to identify best method - with ESPC on the table
  - States still going for low-hanging fruit (lighting, thermostats, retro-commissioning) where available
- Minnesota Executive Order 11-12 calls out ESPC specifically:
  - “State agencies shall identify and implement best management practices and cost-effective energy efficiency...improvements utilizing Guaranteed Energy Savings Contracts, the State Energy Improvement Financing Program, or other implementation and financing mechanisms that may be appropriate.”

# Lead by Example – Legislative Approaches

- The lead by example program in **Oklahoma** was first a proposal within the governor's 2011 energy plan, then codified in legislation
- The 2011 legislation establishing **Connecticut's** Department of Energy & Environmental Protection directed the new agency to work with the state Department of Administrative Services to develop a plan to reduce energy use in state buildings
  - State created a new, standardized ESPC program open to all state agencies and municipalities