A Coordinated Approach to Program Management

Part One: EAP/WAP/CIP Foundations

Michelle Gransee, John Harvanko, Jessica Burdette
May 19, 2016
A Coordinated Approach: In 3 Parts

Part 1:  
EAP/WAP/CIP Program Foundations

Part 2:  
National Best Practices for Effective Programs

Part 3:  
Program Partnerships within A16 Proactive
A Coordinated Approach

• Welcome
• Agenda
  – Energy Assistance Program: John Harvanko
  – Weatherization Assistance Program: Michelle Gransee
  – Conservation Improvement Program: Jessica Burdette
  – Next Session Preview: David Carrol
Energy Assistance Program

May 19, 2016

John Harvanko
Agenda

1. EAP background & mission
2. EAP BSM & Coordinated Responsibility Model
3. EAP management methodology & communication
4. Program service history & services
5. EAP/WX transfer
6. EAP & WAP coordination
7. Ongoing EAP/WAP coordination
EAP Background

- LIHEAP is the name of the Federal grant authorizing energy assistance; called EAP in MN
- LIHEAP is a federal block grant administered by the U.S. Dept. of Health and Human Services (DHHS)
- EAP starts October 1
  - Small amount of start-up funds are issued to start program
  - HHS funds arrival is unpredictable - usually late October
- Unpredictable timing of funding makes it hard to plan
- Other programs funds are used when EAP is out of money (before and after)
EAP Mission

Improve low income Minnesota households’ capacity to positively affect their well-being by meeting immediate home energy needs and reduce home energy needs

By

Maintaining affordable, continuous, and safe home energy for low-income Minnesota households
Background
- LIHEAP statute provides two primary purposes; 1) to meet the immediate home energy needs of low-income households that pay a high portion of household income for home energy and 2) reduce home energy needs, and thus need for energy assistance
- LIHEAP’s mission is part of the broader societal response to poverty.
  - Based on the human development, or capabilities approach, supported by the United Nations, poverty can be characterized in this way:
  - Households in poverty lack (in some or various way/s) the capability to positively affect their well-being
  - EAP uses this understanding to define people in poverty as those who lack of income, education and health, thus making individuals susceptible to crisis’ that makes them unable to positively affect their well-being.

EAP Mission
*Improve low income Minnesota households’ capacity to positively affect their well-being by meeting immediate home energy needs and reduce home energy needs*

The Business Strategy Model (BSM)
The Business Strategy Model (BSM) provides a shared vision. The shared vision ensures we are serving the same goals and are all working together. The BSM helps build a high-performing team, helps provide consistent messages to key stakeholders and guide day-to-day decisions and actions. The PAC and EAP staff’s each have a BSM. They share intentions, values and markets and differ in the offerings. EAP BSM was replaced the EAP Effort Definition, which was originally created 2004.

Elements of a Complete Vision
The BSM creates a shared vision by defining key elements of the business. The pyramid model below illustrates the concept. The combination intentions, values, means and environments come together to create the vision:

<table>
<thead>
<tr>
<th>Definitions of key elements of the business</th>
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<tr>
<td><strong>Intentions</strong></td>
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<td><strong>Values</strong></td>
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<td><strong>Means</strong></td>
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Coordinated Responsibility Model

- EAP employs a “Coordinated Responsibility Model”
- Model assumes HHDs, vendors, & EAP have a role in assuring heat for low-income HHDs during the winter
  - **Program** responsible to provide heating payment supplements, case management and advocacy for households, and maintaining influence with vendors.
  - **Energy vendor** responsible to be as flexible as possible so energy payments leverage the highest possible level of service to the household.
  - **Household** responsible to make reasonable and planned payments for energy service, access government aid when necessary and communicate with vendors and government service providers.
EAP Management Methodology

EAP uses a shared management approach which enables a high performance work team. EAP management approach uses Business Needs Centric Development and the following techniques and sub-techniques:

- Joint Development
- Incremental Development
- Modeling
- Internal Controls Framework
- Project Management
Communication

- **The Energizer**
  All formal communications except for rare emergency
  Typically a weekly communication (Tuesday)
  Require Coordinator and staff attention
  Carries the weight of the Manual

- **Spark**
- eap.mail@state.mn.us
- eHEAT.doc@state.mn.us
- EACA & MinnCAP Director meetings
- Rarely - other approaches
## EAP Business Cycle Gantt

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<thead>
<tr>
<th>Activity</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
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<td>EAP Policy Manual</td>
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- High Demand Period
- CWR
- End

### Timeline
- April
- May
- June
- July
- August
- September
- October
- November
- December
- January
- February
- March
- April
- May
- June

### Key Milestones
- Initial Monitor Visits
- Full Monitor Visits
- Previous FFY Closeout
- Leveraging Report
- EAP PAC
- Policy development
- State Plan
- EAP Policy Manual

### JADs

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**Note:** The Gantt chart represents a business cycle plan for EAP (Employee Assistance Program) activities, highlighting key milestones and timelines. The chart includes a legend for specific events and a timeline spanning several months, from April to June.
This table shows Minnesota’s EAP funding amount, households served and grant averages for FFY2007 to FFY2016 (FFY is Oct. 1 to Sept. 30). The last column is the national LIHEAP funding amount for the same time period.

<table>
<thead>
<tr>
<th>Federal Fiscal Year (Sept 1-Oct 30)</th>
<th>Number of Releases</th>
<th>Minnesota Total Amount (Federal &amp; State funds)</th>
<th>Total Served in Minnesota</th>
<th>Average Minnesota Primary Heat Grant Amount</th>
<th>Total Amount Nationally (in billions)</th>
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<td>2016</td>
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<td>$113,197,916</td>
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<td>2014</td>
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<td>164,783</td>
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<td>$164,221,521</td>
<td>153,721</td>
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<td>$103,063,362</td>
<td>126,218</td>
<td>$516</td>
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<td>2007</td>
<td>5</td>
<td>$82,007,483</td>
<td>120,765</td>
<td>$515</td>
<td>$2.16</td>
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</table>

1 A release is an occurrence of a transfer of funds from USDHHS to Minnesota EAP
2 To date
3 Projected to date
4 Planned to date
5 To date
6 Includes $20,000,000 in State funds
7 Includes $1,000,000 in State funds
EAP Services

- **Primary Heat (PH)** provides grants to reduce energy burden and are paid to energy vendors on behalf of household.

- **Crisis** for households in no-heat or near no-heat situations
  - **Crisis** benefit is an additional grant for bill payments
  - **ERR** (Energy Related Repairs) for furnace repair/replacement

- **Assurance 16** are funds to work directly with households
  - Conduct **outreach**
  - Develop & maintain network and make **referrals**
  - Conduct **advocacy** with energy **vendors** and others
  - Conduct **targeted projects** to impact HHD’s energy security

- **EAP/WX** transfer to Weatherization
  - 5% transfer at state level for mechanical work
Primary Heat (PH)

Intentions of PH benefit

- Grants to lower HHD energy burden
- Highest benefit to lowest income & highest energy costs

Context

- Grants range from $100-$1400 depending on family size, income & fuel consumption
- Average grant target is $500
- **PH is used first** to address a HHD energy emergency
Crisis

Intentions of Crisis benefit

- To prevent life-threatening & no-heat situations in a timely manner by
  - Preventing shut-off
  - Reconnecting
  - Enabling delivery

Crisis benefit amount

- PH funds are first applied to HHD account - then Crisis funds if PH funds are insufficient to alleviate emergency
- For connected utilities & delivered fuels: up to $500 (FFY16 increased to $1000)
- For self-supplied biofuel: $250 (FFY16 increased to $500)
ERR (Energy Related Repair)

Intentions of ERR benefits

- To address hazardous & life threatening situations or cases where a home has no heat due to malfunctioning or nonfunctioning heating systems
- Response to ERR request must meet required timelines (within 24 hours or 18 hours if life-threatening)

Context

- For EAP-eligible homeowners, not renters
- SP must have a written procurement policy
Assurance 16

Intentions of A16

- Encourage & enable HHDs to reduce home energy needs and, as a result, the need for EAP, including:
  - Enabling / assisting HHDs to be more self-sufficient in their energy use
  - Helping to develop HHD resilience, or flexibility, in the face of energy-related and other unexpected hardships
Assurance 16

A16 Development

- A16 historically was under-utilized by SPs
- MinnCAP Directors asked for improvements
- For 3 years developed A16 with PAC, EACA, at JADs, etc
- Significant changes made, development continues
- Changes include better definition of allowable process while leaving room for creativity, innovation and agencies to design activities for their communities
- A16 Workgroup has met regularly for last 2 years
Assurance 16

A16 development changes include:

- Better definition of allowable activities
- Focus on assisting households for accessibility
- Focused outreach
- Using normally unspent portion of funds for agencies to develop innovative proactive projects (Proactive)
Assurance 16

Great improvements as a result of this collaborative development

- More use of funds
- Innovated projects with more impact on HHDs
- Improved accountability

A16 is on a multi-year development process and will ultimately practice continuous improvement
EAP/WX Transfer

- Typically 5% (FFY16 10%) of EAP funds
- EAPWX funds are used to provide “low-cost residential” weatherize activities
- Funds are aligned with DOE rules
EAP/WX Coordination

EAP & WAP coordination is needed for effective and efficient operation of both programs

- Both are administered by Commerce
- Many EAP SPs also provide WAP services
- Both programs use the centralized eHEAT database
- Same application for both EAP & WAP
- EAP processes the applications & determines eligibility
- Same HHDs are eligible for both (generally)
- EAP & WAP SP coordination & communication is key to ensure timely, appropriate benefits & services to HHDs
  - Local SPs have a written EAP-WAP Coordination Agreement to ensure effective communication and a joint understanding of EAP and WAP policies and procedures
Ongoing EAP/WAP Coordination

- ERR referrals are made to EAPWX when ERR is not available
- EAP refers income eligible households to WAP
- State offices are meeting to discuss ways to align ERR and WAP procurement policies, if possible or necessary
- EAP is including WAP staff input at EAP JADs for relevant topics (e.g. EC motors, furnace efficiency choices, procurement). This helps to have shared understanding and to be in alignment
Q & A
Weatherization Assistance Program
Michelle Gransee
05.19.2016
Weatherization Assistance Program
Energy Conservation Services Act of 1979

Established to:

• Serve low-income and near-poor individuals and families.

• Special focus on elderly or handicapped.

• Reducing energy consumption and the impact of high energy costs.
Weatherization Services

- Air Sealing
- Insulation
- Heating system repair / replacement
- Lighting upgrades
- Ventilation
- Health & Safety items
MN State WAP Responsibilities

- Training
- Inspections & Monitoring
- Communication
MN State WAP Team

- SEO Manager, Clean Energy & Programs - Michelle
- WAP Program Coordinator – Jake
- WAP Program Administrator - Jodi
- Monitors - Dean, Ivan, Bill, Brian
- Training & Technical Asst - Ben
- Fiscal – Jana; Data – Steve; Contracts - Kari
WAP Structure: Flow of Funds

Federal
President, Congress, and DOE

Grantee
States, Territories, and Tribes

Sub-grantee
Local Service Providers

Contractor
Sub-contractors and Crews

Client
WAP Structure

Federal
President, Congress, and DOE

Grantee
50 States, 6 Territories, and 3 Tribes

Sub-grantee
Local Service Providers

Contractor
Sub-contractors and Crews

Client
WAP Structure

- **Federal**
  - President, Congress, and DOE

- **Grantee**
  - 50 States, 6 Territories, and 3 Tribes

- **Sub-grantee**
  - 25 MN Service Providers

- **Contractor**
  - Sub-contractors and Crews

- **Client**

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Service Provider by organization type:

- Community Action Agencies - 19
- Native American Tribes - 4
- Non-Profits - 2
WAP Structure: Collaboration

Federal
President, Congress, and DOE

Grantee
50 States, 6 Territories, and 3 Tribes

Sub-grantee
25 MN Service Providers

Contractor
Sub-contractors and Crews

Client

Partnerships between Service Providers
WAP Structure: Crews/Contractors

Federal
President, Congress, and DOE

Grantee
50 States, 6 Territories, and 3 Tribes

Sub-grantee
25 MN Service Providers

Contractor
Sub-contractors and Crews

Client
WAP Structure

Federal
President, Congress, and DOE

Grantee
50 States, 5 Territories, and 3 Tribes

Sub-grantee
25 MN Service Providers

Contractor
Sub-contractors and Crews

Client
1683 houses served (PY14)
Funding Levels

MN DOE Funding
Funding Levels
PY 2015

How Minnesota compared to other states:
-about half the size of New York (largest)
-larger than the bottom 16 Grantees combined
Statutory Authority

- Congress
  - 10 CRF 440

- Department of Energy
  - Weatherization Program Notices (WPN)
  - Memos

- MN Department of Commerce
  - State Plan
  - Policy Manual
  - Reference Materials

- Service Providers
  - Contracts
  - Policy Manual
  - Work Orders
Standard Work Specifications

Standard Work Specifications Tool

Health & Safety  Air Sealing  Insulation  Heating & Cooling  Ventilation  Baseload

Standard Work Specifications for Home Energy Upgrades

Standard Work Specifications (SWS) are a major component of the Guidelines for Home Energy Professionals project and define the minimum requirements to ensure that the work performed during home energy upgrades is effective, durable, and safe. The SWS can be used as an industry guide for workers, training instructors, homeowners, and program administrators involved in the home performance industry.
Results (PY14)

• 1683 homes weatherized
• 544 standalones
• $500 to $10,000 / home
• 4684 Minnesotans Served

Photo credit: Dakota CDA
Questions?
Conservation Improvement Program Overview

Jessica Burdette
State Energy Office Manager, Efficiency & Operations

May 19, 2016
Why Energy Efficiency?

• System-wide Benefits
• Resource Management
• Economic Benefits
• Ratepayer Benefits
• Emissions Reductions
Efficiency as a Resource

Energy Savings Policy Goal:

“The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources...”

Minnesota Statute §216B.2401
Amended by Article 12, Sec. 2 of HF 729 (4th)
History of the Conservation Improvement Program (CIP)

1980:
PUC directed to initiate a pilot to demonstrate the “feasibility” of investments in EE.

1989: All Public utilities were required to operate conservation improvement programs. Oversight transferred from PUC, low-income requirements added.

1991: A specific level of spending was required (1.5% electric, 0.5% gas) & munis and coops were included.

1983: Utilities with revenues greater than $50 million were required to operate at least 1 conservation program. Required “significant” investment.

1994: Prairie Island settlement required [Xcel] to spend 2.0% of their annual GOR. Programs began to be evaluated against a pre-set goal.

2007: Next Generation Energy Act

2010: 1.5% Savings Goal for Utilities takes Effect
Next Generation Energy Act

The greatest impact of the 2007 NGEA was the change from an annual spending requirement to an annual energy savings goal:

Utility Energy Savings Goals:
- 1.5% annual savings goal for all utilities
- Adjustable to 1% by Commissioner of Commerce
- Supply side efficiency projects up to 0.5%
Commerce CIP Responsibilities

• **Regulatory Compliance:**
  – IOU CIP Triennials and Status Reports
  – Muni and Coop CIP Annual Reports and Plans
  – Utility Program Modifications
  – Policy Development

• **Evaluation, Measurement & Verification:**
  – Smart Measures and Reporting Requirements
  – M&V Protocols and Custom Project Reviews

• **Technical Assistance and Outreach:**
  – Stakeholder Engagement/Utility Collaboration
  – Training and Education
  – Data Analysis and Report Development

• **Conservation Applied Research and Development (CARD):**
  – Annual RFP to identify technologies and strategies to maximize energy savings
  – Portfolio of approximately 60 CARD projects managed by Staff
Utility CIP Responsibilities

- Meet the energy savings goal through end-use efficiency programs:
  - 1.5% = Electric Utilities
  - 1% = Natural Gas Utilities

- Meet the energy savings investment goal:
  - 2% = Xcel Energy
  - 1.5% = All other electric utilities
  - .5% = Natural Gas utilities
Wide Array of Utilities

9 investor owned utilities
  - 65% of electricity sales, majority of gas sales

44 distribution cooperatives
  - 20% of electricity sales (6 G&Ts)

130 municipal utilities
  - 15% of electricity sales
Programs – CIP Portfolio (Example)

Segment

Residential
Commercial & Industrial
Low-Income

Program (or Project)

Residential Lighting Program
Commercial Compressed Air Program
Low-Income Weatherization

Measure

LED Lighting
Compressed Air Leak Repair
Air Sealing and Attic Insulation
Possible CIP Program/Projects:

1. Direct and Indirect
2. Capital equipment improvements
3. Operations and maintenance practices
4. New construction and existing buildings
5. Behavior-based change
6. Consumer education
7. Electric utility infrastructure efficiency
8. Distributed generation (CHP and PV)
9. Load management/demand response
Low Income CIP

• All utilities must provide low income programs:
  – Electric IOUs must spend .2%
  – Natural gas IOUs must spend .4%
  – All munis/coops must spend .2%

(% based on 3-year average GOR from residential customers)
### Low Income CIP

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<tr>
<th>Electric Utilities (IOUs, Munis, Coops)</th>
<th>2014 Spending</th>
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<td>Low Income Weatherization</td>
<td>$2.3 million</td>
</tr>
<tr>
<td>Specialty Low Income</td>
<td>$2.9 million</td>
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<tr>
<td>Total:</td>
<td>$5.2 million</td>
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<table>
<thead>
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<th>Natural Gas Utilities (IOUs and Munis)</th>
<th>2014 Spending</th>
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<td>Low Income Weatherization</td>
<td>$4.3 million</td>
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<tr>
<td>Specialty Low Income</td>
<td>$840,000</td>
</tr>
<tr>
<td>Total:</td>
<td>$5.1 million</td>
</tr>
</tbody>
</table>

Annual Investment Approx. = $10 million
CIP Performance

Electric Utility - Energy Efficiency Performance

- Expenditures, $M
- Savings, GWh/yr

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.8%</td>
<td>0.8%</td>
</tr>
<tr>
<td>2009</td>
<td>2.6%</td>
<td>1.1%</td>
</tr>
<tr>
<td>2010</td>
<td>2.2%</td>
<td>1.4%</td>
</tr>
<tr>
<td>2011</td>
<td>2.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2012</td>
<td>3.0%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2013</td>
<td>2.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>2014</td>
<td>2.8%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

2014 Investment = $149,687,489 (2.8% Gross Operating Revenue)
2014 Savings = 982,418,756 kWh (1.7% Electric Sales)
CIP Performance

Natural Gas Utility - Energy Efficiency Performance

2014 Investment = $46,375,047 (2.6% Gross Operating Revenues)
2014 Energy Savings = 3,085,095 (1.1% of Natural Gas Sales)
National Recognition

2015 ACEEE State Energy Efficiency Scorecard Rankings
- Minnesota ranks #10 overall
- Ranks #6 for utility demand-side management programs
CIP Challenges/Opportunities

• Challenges
  – Changing cost-effectiveness
  – Hard to reach markets
  – Sustained achievement of the annual goal

• Opportunities
  – New technologies
  – Increased customer awareness
  – Collaboration among stakeholders
Thank You!

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Next Session Preview

A Coordinated Approach to Program Management

Part Two: National Best practices for Effective Programs

David Carrol