

Representative Patty Acomb  
Climate and Energy Finance and Policy Committee  
Minnesota State Office Building  
451 State Office Building  
St. Paul, MN 55155

Dear Chair Acomb and Members of the Climate and Energy Finance and Policy Committee,

The undersigned utilities and advocates endorse HF 4574, which will provide critical updates to the Energy Conservation and Optimization Act (ECO) and recommend its passage in the 2024 Minnesota Legislative Session.

The Energy Conservation and Optimization Act of 2021 was a historic, bipartisan **energy policy that modernized Minnesota's utility energy efficiency policies**. Designed by a broad bipartisan range of lawmakers, utilities and advocates, ECO offers significant energy efficiency advantages for the state, energy providers, and most importantly, everyday energy users:

- Households benefit by gaining more access to energy efficient technologies which save money on their electricity bills;
- Utilities benefit from more opportunities to encourage optimization of energy usage and delivery through offering efficient fuel switching programs; and
- Minnesota benefits from more local efficiency and clean energy jobs that cannot be outsourced, lower utility system costs, reduced greenhouse gas emissions and greater energy independence with less reliance on fuel imports.

We support legislative efforts this year to **further streamline ECO's implementation**, strengthen its impact, and build upon the policy's core principles. The legislative proposal we support improves upon ECO in the following ways:

- Streamlines the regulatory and administrative process;
- Clarifies that utilities can continue to market their efficient fuel switching programs;
- Clarifies provisions which are confusing to implement in practice;
- Lifts efficient fuel switching caps to provide certainty that utility rebates are available for participants in the Inflation Reduction Act
- Expands opportunities for consumer-owned utilities to spend on efficient fuel switching

These provisions will streamline and improve the implementation of ECO and strengthen the overall impact of this historic legislation. We ask for your support for the HF 4574 as we seek passage of this important bill this session.

Please do not hesitate to reach out to any of the following utilities or organizations if you have any questions or wish to discuss further.

Sincerely,





March 8, 2024

Representative Zack Stephenson  
449 State Office Building  
St. Paul, MN 55155

Re: Support for HF 4574 – ECO program modifications

Dear Representative Stephenson,

I am writing on behalf of the Citizens Utility Board of Minnesota (CUB) to express support for HF 4574, which makes modifications to the Energy Conservation and Optimization (ECO) Act.

CUB is a 501(c)(3) nonprofit advocate for Minnesota's residential utility consumers. We advocate for affordable and clean home energy for all Minnesotans. Our outreach staff consults with hundreds of Minnesotans each year about their utility bills and their options to make their energy use more efficient and affordable. Many are seeking to either reduce the cost of their utility service or to reduce their environmental impacts (or both), and we frequently refer people to their utilities' ECO programs as a way to meet these goals.

CUB strongly supports the ECO Act, and we appreciate the work of the Center for Energy and Environment, the utilities, and others to streamline the legislation and expand opportunities for efficient fuel switching. Efficient fuel switching – particularly, beneficial electrification – is essential to meeting the state's greenhouse gas emission reduction goals, and the rebates that utilities provide through ECO are important in helping reduce the upfront cost of switching to electricity. At the same time, CUB is conscious of rising energy costs, and we want to be sure that ratepayer funds are well spent. This bill allows, for the first time, investor-owned electric utilities to earn a financial incentive for electrification measures, on top of the inherent incentive that electric utilities have to support measures that increase electricity demand and sales revenue. We appreciate the willingness of advocates to find a compromise that puts a sunset and reasonable parameters on this incentive. This, included in the author's amendment, will help ensure that utilities are not excessively rewarded, at ratepayers' expense, to promote efficient fuel switching. With this change, CUB supports the bill.

Thank you very much for your work on this important topic.

Sincerely,

Annie Levenson-Falk  
Executive Director

cc: Chair Acomb, Republican Lead Swedzinski, and Members, Climate and Energy Finance and Policy Committee  
Mike Molzahn, Committee Administrator  
Joe Birkholz, Office of Governor Tim Walz