

Michigan has long ranked near the top of Midwestern states for both electric and gas energy efficiency (called energy waste reduction or EWR in Michigan). With the passage of transformative energy legislation in 2023, Michigan doubled down on its recognition that energy efficiency is a critical component for the state’s decarbonization goals. Utilities now must reach goals that are amongst the highest in the nation, with incentive structures to encourage electric utilities to reach 2.17% in annual savings and gas utilities to reach 1.25% in savings. Michigan also stands out because all utilities—including municipal and cooperative utilities—must participate and offer energy efficiency programs to their customers, meaning all Michiganders have the ability to access energy efficiency.

MICHIGAN EE QUICK FACTS

**Michigan is a leader in energy efficiency.
Here’s what’s in the cards:**

Energy Savings Target



Electric
Electric utilities must reach 1.5% in annual savings.

Gas
Gas utilities must reach .875% in annual savings.


EE Spend per Capita



2021 electric EE \$ per residential customer: \$30.86

2021 gas EE \$ per residential customer: \$37.62

Building Energy Codes



Commercial:
2015 IECC and ASHRAE 90.1-2013 with amendments.

Residential:
2015 IECC with amendments.

Stakeholder Collaboration



Staff at the Public Service Commission convene the Energy Waste Reduction Collaborative, the Low-Income Energy Waste Reduction Working Group & many more topic-specific stakeholder groups.

Energy Efficiency Financing



Michigan is the only Midwestern state with a green bank, Michigan Saves. The state also has a robust commercial PACE program.

Fuel-Switching



Fuel-switching is now allowed under the 2023 energy legislation. Electric munis and co-ops, and all gas utilities can claim savings from efficient electrification measures toward their EWR goals.

JOBS AND ECONOMICS

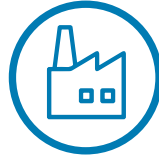
Strong EE policies lead to utility investment and job growth throughout the Michigan economy. The Michigan EE industry employs more state residents than any other energy sector and most employers are small businesses providing local jobs.



75,085 EE jobs, out of **140,322** total energy jobs or **103,936** clean energy jobs



Veterans comprise **8%** of the EE workforce



18,032 EE businesses

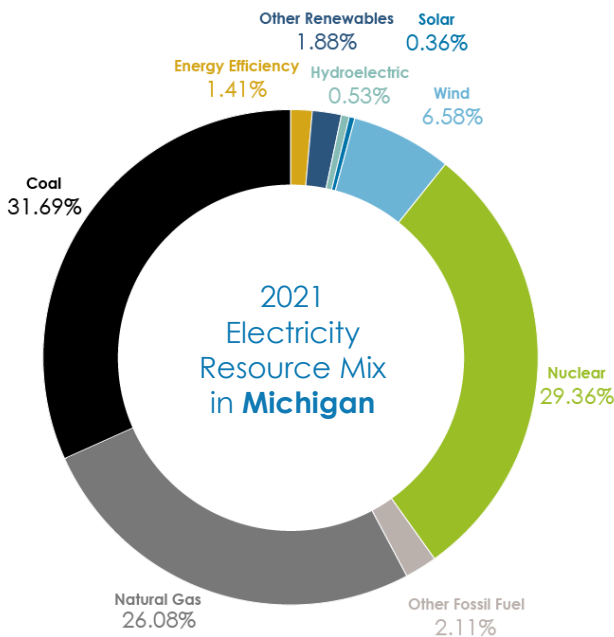


95% of those are **small** businesses (fewer than **100** employees)

STATE ENERGY PLANNING

Michigan has a formalized integrated resource planning process where utilities submit plans to the MPSC for approval. The 2023 energy legislation modified this process, as utilities now must include assessments on: potential increased electrification, environmental justice impacts, affordability impacts and long-term greenhouse gas emissions forecasts.

The state also has clean energy goals, as laid out in the 2022 MI Healthy Climate Plan. The plan sets a goal for the state to reach economy-wide carbon neutrality by 2050, which includes additional targets on decarbonizing industry, improving the efficiency of buildings and reducing the carbon intensity of electricity generation. In response to this plan, the state enacted legislation to mandate utilities achieve a clean energy portfolio of 80% by 2035 and 100% by 2040.



Utility Cost Range of Electricity Resources
\$ per megawatt-hour, 2023

Resource	Cost Range (\$/MWh)
Energy Efficiency (Midwest Avg)	15 ●
Solar PV - Utility Scale	24 — 96
Wind - Onshore	24 — 75
Gas Combined Cycle	39 — 101
Coal	68 — 166
Gas Peaking	115 — 221
Nuclear	141 — 221

Source: Lazard, 2023; LBHL, 2018

INCLUSIVITY: INCREASING ACCESS TO EE

Whether in affordable housing or rural communities, under-resourced customers need comprehensive program options to reduce their energy burdens. The 2023 energy legislation emphasizes increasing low-income energy waste reduction programming and accessibility. Electric utilities must direct at least 25% of their portfolio spending on low-income EWR programs; gas utilities must spend 35%. Additionally, the law requires utilities to reduce barriers to ensure more low-income customers can participate in EWR programs and mandates the MPSC study how to better expand opportunities for public engagement in its decision-making processes.

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