



Conservation Improvement Program (CIP)

Public utilities operating in Minnesota are required to invest a portion of their state revenues in projects designed to reduce their customers' consumption of electricity and natural gas, and to generally improve efficient use of energy resources. Through the Conservation Improvement Program (CIP), the Department of Commerce Commissioner ensures that the four investor-owned (and state regulated) electric utilities and the six natural gas utilities serving Minnesota invest the required amount in a cost-effective conservation program. ¹

What are the goals of CIP? The goals of utility conservation programs are to:

- Promote consumer and industry awareness of energy conservation and its positive effect on the environment.
- Reduce utility bills for homes and businesses.
- Generate innovations in developing energy efficient products and technologies, and Promote new energy resource development.

How much state revenues go into CIP? None. The state conservation programs require no state funding. State law requires regulated electric utilities to invest 1.5 percent of their state revenues in CIP (except Xcel Energy, which must invest 2 percent). Regulated natural gas utilities are required to invest 0.5 percent of their state revenues into conservation programs. The cost of CIP programs is billed back to customers of these utilities.

What about rural electric cooperatives and municipal utilities? Beginning in 2002, rural electric cooperatives and municipal utilities were required to spend the same amount as regulated utilities (1.5 percent for electric, and .5 percent for natural gas) on energy conservation programs. The utilities may spend up to 50 percent of their CIP dollars on demand side management (DSM) activities that do not reduce energy use but that increase the efficient use of the electric system.

¹ Text and information about the Conservation Improvement Program come from the Minnesota Department of Commerce website, under the topic "Utility Conservation." Retrieved on February 10th, 2005, from: <http://www.state.mn.us/cgi-bin/portal/mn/jsp/content.do?contentid=536884781&contenttype=EDITORIAL&agency=Commerce>.

What is my utility's Conservation Improvement Plan? Each utility develops its own conservation plan, offering a variety of energy-saving opportunities to their business and residential customers. Both electric and natural gas utilities implement energy-saving projects such as providing rebates for ENERGY STAR natural gas furnaces and providing compact fluorescent lamps—technologies that require less energy to deliver the same amount of heating and lighting as standard equipment.

Electric utilities also offer load-management projects, which reduce the need for energy at peak use times, and thus use the existing electric system more efficiently. An example is Xcel's Saver's Switch project for central air conditioners, which reduces power supplied to that appliance during periods of peak energy demand. Contact your local utility for specifics.

What kinds of projects get approved for CIP funding? When reviewing a utility's CIP plan, the Department of Commerce Commissioner looks for projects that are cost effective and that reach a broad spectrum of the utility's customers including residential, commercial, industrial and agricultural. Special projects that specifically meet the needs of low-income customers are also required. Projects are encouraged that emphasize energy and demand savings goals, implement cost-effective renewable technologies, and expand natural gas energy saving to commercial and industrial users.

For more information about the Utility Conservation Improvement Program, call the Minnesota Department of Commerce and ask about the Conservation Improvement Program: 651-296-8900.

Links:

Minnesota Department of Commerce: <http://www.state.mn.us/cgi-bin/portal/mn/jsp/content.do?subchannel=-536881736&sc2=-536881993&id=-536881351&agency=Commerce>.