MICHIGAN

DEVELOPING AN INNOVATIVE ENERGY EFFICIENCY FINANCING PROGRAM

Overview
The goal of Michigan’s effort was to stimulate new markets for uptake of energy efficiency and renewable energy. Michigan sought to develop an on-bill financing program that allows consumers to pay for clean energy upgrades over time through additional charges on their utility bill. The program is designed to remove substantial barriers to consumer investments in energy efficiency and renewable energy.

The state launched an initial pilot program and developed a final plan for the statewide implementation of an on-bill energy efficiency residential financing program known as Michigan Saves. The on-bill financing program is expected to increase market share for energy efficiency and conservation for the residential sector initially, followed by the commercial and industrial sectors. The Clean Energy States Grant helped build capacity of state officials responsible for helping to implement both the Michigan Saves initiatives and other utility-led programs that aim to achieve long-term energy savings.

Clean Energy States Grant Goals
At the outset of the Clean Energy States Grant program, the state was already exploring options for the Michigan Saves on-bill financing program for the residential sector. The NGA Center’s grant funds were originally proposed to provide support for a state-run administration agency to manage the roll out and implementation of Michigan Saves. State officials involved in developing the Michigan Saves program recognized that improved training and education of state staff would be needed to ensure a robust roll out of Michigan Saves statewide.

However, state budget cuts, along with reduced Public Service Commission (PSC) funding dedicated to Michigan Saves, virtually eliminated capacity and training funds. As a result, much of the NGA Center’s Clean Energy States Grant was reprogrammed to support state staff capacity building around energy efficiency.

The NGA Center’s Clean Energy States Grant helped accomplish the following objectives:

- Expanded staff expertise and training to educate state officials from the PSC and Department of Labor, Energy and Economic Growth (DELEG) on advanced energy efficiency programs and audits guidelines. Such training will help them review utility plans designed to increase energy efficiency as well ensure robust implementation of Michigan Saves.

Accomplishments and Challenges
With the state economy deteriorating during the grant period, Michigan refined the goals of the Clean Energy States Grant to focus the grant resources on improving staff expertise to help advance the development and implementation of the Michigan Saves program. Michigan state staff participated in a series of stakeholder advisory group meetings that refined the Michigan Saves program design, implementation, financing, and partners. The Michigan Saves team held a series of open meetings to solicit feedback from utilities, vendors, lending institutions, energy consumers, and other stakeholder groups. These meetings provided important input for the development of Michigan Saves. In addition, they helped better integrate the program with ongoing utility energy efficiency programs.

Funding from the NGA Center’s Clean Energy States Grant program allowed the Michigan staff to attend the National Weatherization Training Conference in Indianapolis, Indiana. This national conference introduced staff to experts from the Building Performance Institute (BPI) program and allowed staff to receive a BPI Residential Building Analyst Training Course. This training educated Michigan staff on advanced weatherization auditing techniques for existing home structures. Training related to financing was identified to help staff target the program to sectors and develop alternative financing programs for markets that are best served by other financing mechanisms.

The core challenge that was unforeseen was initial uncertainty within the state about the effectiveness of the Michigan Saves effort and how it would be integrated within other state programs. Second, economic conditions have made it difficult for Michigan staff to obtain training and education related to clean energy financing.

Next Steps
Michigan is preparing to use the statewide capacity and support for Michigan Saves built through these training opportunities to move forward in implementing the program. The following goals are anticipated to be achieved:

- Evaluate the recently launched Michigan Saves pilot in Cherryland, MI;
• Continue to build movement for Michigan Saves through ongoing Stakeholder Advisory Group meetings;

• Continue to improve coordination the Michigan PSC and DELEG staff; and

• Develop the Web site and other outreach material (www.michigansaves.org).

While capacity building on energy efficiency is already having a positive impact through Michigan Saves programs, Michigan expects the steps listed above to have a direct, quantifiable impact on its broader job creation and energy savings goals.