



Energy Optimization

Program Information About Energy Optimization

- Use energy wisely • Reduce the need • Cut energy use • Use energy efficiently • Conserve and save •

In the fall of 2008, the Michigan legislature passed the “Clean, Renewable and Efficient Energy Act,” which requires all utilities, including Great Lakes Energy (GLE), in the state to implement Energy Optimization (EO) programs for their members. The programs are designed to reduce the energy use of participating co-op members—and reduce the need for additional power plants—by encouraging investment in energy efficiency measures.

To cover the cost of these state-mandated programs, all utility customers in Michigan, including all GLE members, will be charged an energy optimization surcharge. The surcharge began appearing on GLE bills in August 2009.

1. Just what is energy optimization?

In a nutshell, it means using energy wisely—getting more value for every dollar you spend on energy. It’s more than cutting waste by turning the lights off, for example. It’s about cutting energy use by using more efficient products, such as compact fluorescent lights (CFLs) instead of the old-fashioned incandescent bulbs, or a new refrigerator instead of a 15-year-old model, or more insulation in your house so you need less fuel to stay warm.

2. Why is this a statewide program?

Many people—environmentalists, academics, politicians and utility folks—have been pushing increasingly hard to stem the growth in electric use as a way to reduce emissions that contribute to climate change, and to delay the need for new power plants. Conservation—such as shutting off lights—is one way; efficiency—replacing bulbs with CFLs—is another. Efficiency is more permanent, since it doesn’t depend on consumer whims, as conservation often does.

3. What programs will be available and when?

Great Lakes Energy will begin rolling out programs over the next several months, and into next year. The first programs available are a low income program for qualified members that includes a home energy audit and installation of energy efficient measures and an Energy Star rebate program. Members that think they may qualify for the low-income program, can contact us for more information. Members interested in the Energy Star rebate program should contact us or visit our website. More residential programs will be available soon, including an online energy audit. Other programs are under development for commercial and industrial members as well.

4. Where can I read about and join these programs?

Information on all available programs will be available in future issues of *Michigan Country Lines* magazine, on our website, gtlakes.com, or you can call us. The MPSC also has information about EO on their website: michigan.gov/mpsc.

5. Is there additional cost to participate in these programs?

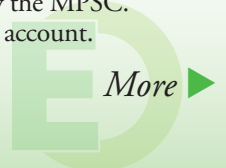
For some programs there is a cost. For example, GLE will offer rebates to members who wish to replace certain appliances and lights with Energy Star products that are rated by the federal government as being energy-efficient. So, in order to receive the rebates, you would have to purchase the appliance or lights associated with the rebate.

6. Will I receive any rebates or credits on my bill for Energy Star products that I already use in my home?

No, but your use of them is saving you money now. If you purchased the products in 2009, check with your tax preparer for available tax credits.

7. What will the charges be?

Michigan’s law requires that EO programs cost no more than about 2.2 percent of the average monthly residential bill, although that will vary somewhat by your usage. The surcharge for GLE residential and seasonal members will be \$.00158 per kWh, or about \$0.79 a month when using 500 kWh. General Service and small commercial & industrial members will be charged \$2.85 per month, large Commercial & Industrial members will be charged \$533.14 per month. All rates were approved by the MPSC. Contact us to learn the specific charge for your account.



8. How much can EO programs save me?

The Michigan Public Service Commission (MPSC) currently estimates that consumers can expect to save an average of \$2.92 each month, enough to offset the EO charge on your bill. Your cooperative will provide information about these programs, and a general guide to estimated savings, as they are made available. It is impossible to predict the exact savings because many factors influence your kilowatt-hour (kWh) use, such as living habits, weather, number of people in the household, condition of your appliances and electrical equipment, and building size. A change in any of these factors can easily affect your consumption.

9. Who is going to pay the EO charges?

Everyone in Michigan will pay. The cost will be added as a separate item on consumer utility bills. Co-ops will strive to keep costs as low as possible, while still meeting mandated goals.

10. I have two accounts and the EO charge for my garage is different than the one for my house. Why?

The 2008 state energy law requires that the EO surcharge for residential and seasonal accounts be based on kilowatt-hour use. All other user groups will pay a flat per meter, per month charge on their bills.

11. Will I still pay the EO surcharge if I decide not to participate in the programs?

Yes, which is another good reason why all co-op members are encouraged to participate. The surcharge is mandated by state law and all utilities providing service in the state are required to implement the charge and programs.

12. How long will this EO surcharge be in effect?

It will be a permanent part of your bill until at least 2016, unless state lawmakers decide to amend the law, or it can be demonstrated that program costs outweigh the benefits. The Michigan Public Service Commission requires that co-ops analyze their EO program finances annually to make sure they are covering the costs. Adjustments to the charge may be necessary if utilities collect more or less than what is needed to cover costs.

13. Why should I participate if I feel the savings will be small?

The EO programs are designed to make economic sense for both electricity users and utilities. Efficiency measures that benefit the utility will be encouraged by rebates or other incentives. All of the programs have been designed to save the member money. The goal is to cut energy consumption for each consumer, so that savings more than cover the additional cost. Plus, delaying the need for new electric generation facilities keeps electric costs lower for everyone.

14. How will these EO programs affect my co-op's total kilowatt-hour sales?

The law requires that a utility's EO programs demonstrate collective kWh reductions from previous year sales of no less than 0.3 percent in 2009, 0.5 percent in 2010, 0.75 percent in 2011 and 1 percent annually starting in 2012. This doesn't mean that sales won't increase, only that the *rate* of increase will be slowed.

15. If my co-op sells less kilowatt hours, will rates go up?

Other than the EO surcharge, rates are not expected to increase because of the EO programs. The intent of these programs is to help stabilize rates by delaying the need to build new power plants. But other factors are likely to force rates higher, such as fuel costs, carbon legislation and increased use of more costly renewable energy.

16. I have an account with another utility; can I take advantage of their EO programs, too?

Yes, you can participate in EO programs through any utility that provides your electricity or natural gas. Your participation in your co-op's programs must be used for the home or business you have on co-op lines.

17. Will my propane gas provider be offering EO programs?

Propane and oil providers are not required to offer these programs.

18. Why isn't the EO surcharge the same for all utilities?

The surcharge is based on the cost of programs needed to meet the goals.

19. I don't agree with this law, who should I contact?

Contact your state legislator or the MPSC. Visit michigan.gov/mpsc or call 1-877-932-6424 to find out who your legislator is.

20. What if we've already done as much as we can to cut energy use?

You may already have done a number of things to save energy and feel you don't need state government help, but others still need encouragement. You'll still pay, even if you can't take advantage of EO programs offered by your utility. But reducing demand on the utility system still benefits you by helping to keep rates lower.

21. How are you going to prove we saved energy?

Efficiency programs offered by utilities will be required to pass tough tests administered by independent third-party evaluators.



Effective 10-22-09. Programs and rates subject to change. Call for details and eligibility.

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