

Energy Efficiency: Fact vs. Fiction

Energy efficiency creates economic and social benefits for consumers, businesses and the local economy. As energy efficiency advocates, we must dispel common misconceptions and provide the facts.

Fiction: Energy efficiency programs are costly and burdensome.

Fact: Energy efficiency is the cheapest energy resource in the Midwest.

- Energy efficiency costs just \$14 per megawatt hour on [average](#) in the Midwest
- It is three times as expensive to build new natural gas and coal-fired power plants than to [meet our energy needs](#) through efficiency.
- Energy efficiency investments [create local jobs and boost local economies](#). The money invested in a state stays in the state.
- Energy efficiency programs are required to be cost-effective:
 - In the Midwest, every \$1 invested in energy efficiency creates \$2-3 in benefits.
 - State regulators review and approve utility spending on energy efficiency and only approve programs that yield at least one dollar in benefits for every dollar invested.
- Cost-effective energy efficiency helps [reduce costs for all customers](#).
- 75% of America's clean energy jobs [are in energy efficiency](#).

Fiction: All the low-hanging fruit is gone, and the remaining energy-saving options are very expensive.

Fact: New technologies can increase energy savings, and new EE programs continue to be cost-effective.

- [Program costs often decline](#) over time, as program administrators become more experienced, leading to improved efficiencies. In Michigan, a [2018 report](#) from the Public Service Commission showed that programs implemented that year were even more cost-effective than [in previous years](#).
- Energy efficiency is still the most affordable way to meet our energy needs. Even if programs become more expensive relative to past energy efficiency programs, they are still less expensive than other supply-side options.

Fiction: Energy efficiency fees drive up energy costs for consumers

Fact: Energy efficiency investments reduce utility bills.

- In the long-term, energy efficiency causes bills go down because customers use less energy after energy efficiency measures are installed. The small upfront cost is worth the overall financial benefit.
- Bills typically show the fees for energy efficiency programs, but do not show how much those programs have reduced energy use and overall costs.
- Energy efficiency programs are required to be cost-effective to receive approval from regulators.
- Energy efficiency can [lower peak demand](#) and [reduce the need for grid related investments](#).
- Our energy infrastructure is aging. Energy efficiency helps delay or eliminate the need for significant investments to energy infrastructure.

Across the Midwest,
every **\$1 invested** in
energy efficiency
creates **\$2-3 in benefits**

Fiction: If energy efficiency saves money, businesses will do it on their own.

Fact: Most voluntary programs do not yield any measurable energy savings.

- [Research](#) indicates self-direct and opt-out programs do not result in measurable energy savings.
 - Energy efficiency capital investments compete with other investments to improve productivity, and a company is likely to invest in core business functions before investing in energy efficiency.
 - Business executives are not necessarily energy experts, meaning they might be unfamiliar with the work required to improve the energy efficiency of their operations.
- There are system-wide benefits from energy efficiency that all customers receive. Therefore, all rate classes should participate and pay for this resource since everyone benefits.

Fiction: Customer-funded energy efficiency unfairly burdens individuals who don't participate in the programs.

Fact: Energy efficiency programs benefit all utility customers, including non-participants.

- Lower electric rates are a benefit that applies to the entire system.
- Energy efficiency programs avert the need to build new power plants, which lowers utility costs and, consequently, rates for all customers.
- Energy efficiency reduces pollution, creates jobs, improves health, strengthens national security and [creates numerous other societal benefits](#).

Fiction: Participating in energy efficiency programs are expensive to companies and may force them to relocate to other states.

Fact: Energy efficiency provides businesses overall savings and benefits.

- There is no evidence that companies relocate due to energy efficiency programs.
- Energy efficiency lowers energy bills, and when a business saves money, they have more to invest in other needs, allowing them to become more competitive.
- Energy improvement [fosters industry competitiveness and contributes to economic stability and growth](#).

Fiction: Improving building energy codes is not cost-effective and will price homebuyers out of homes.

Fact: Building energy codes are cost-effective.

- The U.S. DOE has consistently demonstrated that homes built to updated energy codes will [use less energy, saving residents money](#) each month.
- There has been [no correlation](#) between a new energy code and a downturn in new home construction.
- Energy efficient homes regularly [sell quicker](#) and for [a greater profit](#) compared to their less efficient counterparts.

Fiction: Building energy codes have no influence on the health and safety of buildings or occupants.

Fact: Stronger building energy codes lead to the construction of more resilient buildings and improve occupant health.

- Buildings with a stronger thermal envelope and an appropriate ventilation system are able to control the movement of air into and out of the home better, minimizing concentrations of indoor air pollutants and mold that [can have serious negative effects on health](#).
- Homes built to newer energy codes are able to maintain comfortable temperatures for a longer period during a power outage, enabling residents to [shelter in their homes](#) and giving critical flexibility to first responders.

Contact Us

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