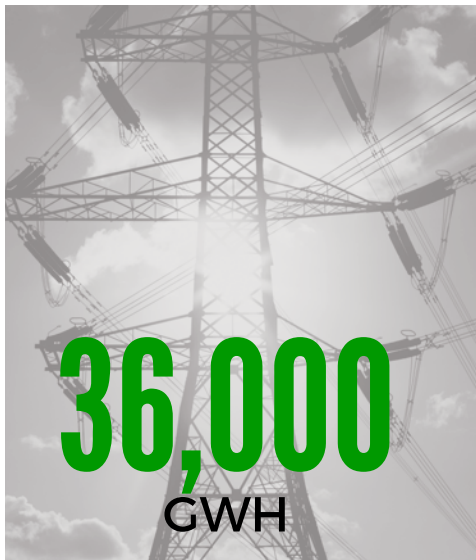




20 FOR MN

MINNESOTA

A PROPOSAL TO CREATE QUALITY JOBS AND
LIMIT POLLUTION BY REDUCING ENERGY USE
BY 20% IN MINNESOTA'S SCHOOLS,
HOSPITALS, AND PUBLIC BUILDINGS



Estimated lifecycle energy savings when assuming average effective useful life (EUL) of equipment is 12 years.



Estimated direct jobs (in job years) created from 2016 to 2030. This does not include indirect and induced jobs. 2/3 of these jobs are blue collar.

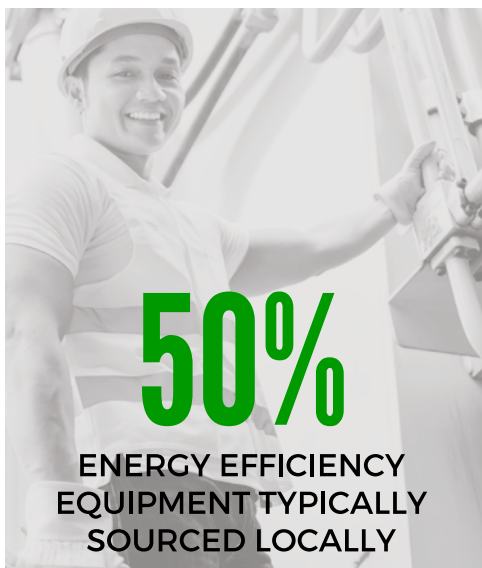


Estimated consumer energy bill savings of \$3.1 billion from 2016 to 2030 assuming 1 percent annual increase in commercial rates.

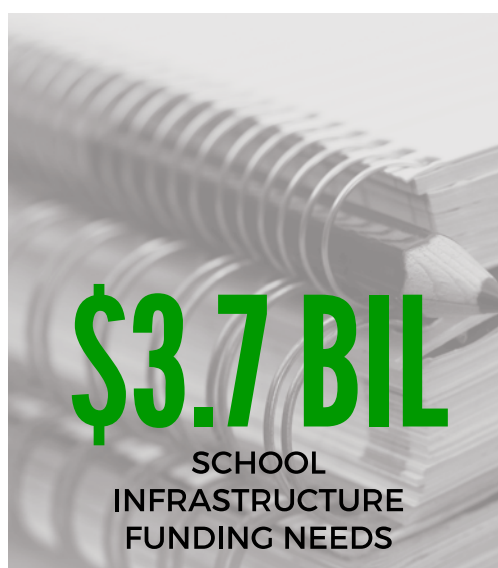
REDUCE ENERGY
USE BY 20% IN
SCHOOLS,
HOSPITALS, AND
PUBLIC BUILDINGS

SUPPORT GOOD
JOBS WITH FAMILY-
SUPPORTING
WAGES AND
BENEFITS

REALIZE
SIGNIFICANT
COST SAVINGS



Source: U.S. EPA



Source: ASCE



Source: U.S. EPA

SUPPORT
JOBS IN
THE LOCAL
ECONOMY

IMPROVE
CONDITIONS OF
MINNESOTA'S
SCHOOL AND
HOSPITAL
FACILITIES

REDUCE
WASTE IN
MUNICIPAL
BUDGETS

Menu of Financing Options

Minnesota can leverage and expand its existing programs to meet a 20 percent reduction in school, hospital, and public building energy use. State law requires electrical utilities to invest 1.5 percent of gross operating revenue in Conservation Improvement Program (CIP) activities and the 2007 Next Generation Energy Act established an Energy Efficiency Resource Standard with an annual target of 1.5 percent reduction in energy use for utilities. A study from the Minnesota Department of Commerce shows the aggregate net societal benefit of these efficiency measures to date was \$3.3 billion between 2008 and 2013.

- **Green Banks** - State green banks are institutions that provide financial products to assist homes, businesses, and institutions with developing clean energy by leveraging low cost, private-sector capital. Financing costs for these programs are typically lower because the state backing lowers their risk. Kentucky, Pennsylvania, and Iowa are some states that have successfully operated green banks for energy efficiency.
- **Bonds** raise private revenue that can be used to finance energy improvement projects. Conventionally used for infrastructure construction, various bonding options exist for energy efficiency. For example: (1) General obligation (GO) and revenue bonds include tax-exempt interest rates, (2) Qualified Energy Conservation Bonds are subsidized by the federal government and potentially offer even lower interest rates.
- **Close tax loopholes** - The California Clean Energy Jobs Act (Proposition 39) amended the corporate income tax code to close a tax loophole. Projected revenue is allocated both to the General Fund and the Clean Energy Job Creation Fund for five years. This measure makes up to \$550 million annually available for eligible projects to implement renewable energy generation and energy efficiency in schools.
- **On-bill financing** leverages the relationship between consumers and their utility providers to access funding for energy improvements. It allows customers to invest in energy efficiency retrofits or upgrades and pay back the cost through charges on their utility bills.
- **Carbon allowance revenue** - In a mass-based plan, states can sell or auction off allowances and use the revenue to fund the proposed program.
- **Emission Rate Credit (ERCs)** - In a rate-based plan, states can qualify school and hospital efficiency projects to generate ERCs, which can be sold to power plants with compliance targets.
- **Federal funding** for energy efficiency is sometimes available through block grants, such as occurred under the American Recovery and Reinvestment Act. Numerous programs have tailored grants and loan assistance to schools, including ENERGY STAR for K-12 schools, EnergySmart School, the Healthy School Environments program, the Local Climate and Energy Program, State Climate and Energy Program, and Qualified Zone Academy Bonds from the U.S. Department of Education.

Summary

This proposal recommends the implementation of a comprehensive program to achieve deep levels of energy efficiency in Minnesota's schools, hospitals, and other public buildings (also known as the M.U.S.H. sector for Municipal Buildings, Universities, Schools, and Hospitals) as a way to create quality jobs and reduce pollution.

Energy efficiency is the cheapest form of energy, according to the American Council for an Energy Efficient Environment. Achieving a 20 percent reduction in electricity use in schools, hospitals, and other public buildings (from a 2012 baseline) would create a positive economic impact on jobs and reduce energy waste in these facilities.

The money saved in reduced energy bills over the lifetime of the energy efficiency retrofits savings in the M.U.S.H. sector could be reinvested in education, health care, and public services for Minnesota residents. An aggressive program to reduce energy use in Minnesota's schools and hospitals would also create good jobs with family supporting wages and benefits. A school and hospital energy efficiency program could provide jobs for workers vulnerable to layoffs in power plants as well as new workers seeking a stable career in the green economy. In addition, the program can support training and education for existing building staff, engaging custodial staff and other building workers in the energy savings opportunities right at their fingertips.

FOR MORE INFORMATION:



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