WASTING AWAY IN INDIANA: Why We Need Energy Efficiency Goals and Accountability

Hoosier electricity bills are skyrocketing because there’s too much wasted energy in our state, making it difficult for seniors to stay in their homes and working families to feed their kids.

The average Indiana home uses 50% more electricity per month than a home in Michigan, and 30% more than a home in Illinois. Although Indiana’s electricity prices are lower than most neighboring states, Hoosier electricity bills are higher because Indiana homes waste so much energy.

Rather than taking responsibility to lower Hoosier energy bills, utilities want to make it even more expensive for Hoosiers to reduce energy waste.

### PROBLEMS WITH GOVERNOR PENCE’S PLAN FOR ENERGY EFFICIENCY

Under Gov. Pence’s plan, electric utilities will not be held accountable for meeting energy savings goals. Nor would they be required to reveal full program costs to ratepayers who foot the bill. Under the governor’s plan:

- Utilities, who are in the business of selling electricity, are allowed to set their own energy savings goals.
- Utilities are allowed to collect unlimited “lost revenues” for electricity they no longer sell.
- Overall costs to ratepayers (including lost revenues and incentives) are impossible to calculate and compare across Indiana utilities because of a lack of transparency.

Hoosiers deserve real goals for reducing energy waste, which will help free families from skyrocketing electric bills.

Utilities should be held accountable for achieving energy savings goals and be required to publish their goals, program costs, and the cost of utility giveaways, such as “lost revenues.” Hoosiers deserve to know whether their utility companies are doing all they can to reduce energy waste and protect affordable energy for families, businesses, churches and residents across Indiana.

### WHY ENERGY EFFICIENCY?

Energy efficiency helps reduce energy waste and lower electricity bills, but monopoly utilities led the charge last year to gut Energizing Indiana and eliminate Indiana’s energy savings goals. The statewide efficiency program

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<table>
<thead>
<tr>
<th>STATE</th>
<th>AVG. RESIDENTIAL USAGE (KWH)</th>
<th>PRICE PER KWH (CENTS)</th>
<th>AVG. BILL</th>
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*Source: 2013 AVERAGE MONTHLY RESIDENTIAL ELECTRICITY BILL AT EIA.GOV/ELECTRICITY/SALES_REVENUE_PRICE/PDF/TABLES_A.pdf*
was saving $2-3 for every dollar spent and had saved enough electricity in three years to power more than 110,000 homes.

The State Utility Forecasting Group at Purdue University projected that the energy efficiency goals set by the Daniels Administration in 2009 would help flatten Indiana’s growing energy demand — saving on the need to build new power plants to replace the many older coal-fired power plants that are retiring.

Yet in 2014, the Indiana General Assembly passed Senate Enrolled Act 340, which threw out Indiana’s statewide energy savings goals, let industries and large business customers opt out of the programs, and put utilities who are in the business of selling electricity in control of electricity savings. As a result, Indiana now is falling behind other states in reducing energy demand — and Hoosiers are paying the price through wasted energy and higher electricity bills.

THE PROBLEM WITH UNLIMITED LOST REVENUES

Lost revenues are based on the loss in electricity sales that can be tied back to an energy efficient device or program — a new lightbulb, removing an old refrigerator, insulating a home, etc.

In other states that allow lost revenues, utilities are allowed to collect them for no more than three years. In Indiana, utilities can collect lost revenues for the life of the device — sometimes as long as 10 or 20 years.

Allowing these unlimited lost revenues makes energy efficiency programs much more expensive than they should be. In state after state, energy efficiency is the lowest cost option — but only if the state stands up for ratepayers by controlling the extra charges that utilities are allowed to collect. Over time, ratepayers should not have to pay for electricity that they are not using.

That’s why the Indiana General Assembly needs to put a clear three-year limit on lost revenue collection.

WHY THIS BATTLE IS IMPORTANT

SB 412 is part of a concerted effort by for-profit utility companies across the United States to drive up the cost of solar power and energy efficiency. Utilities are trying to preserve their monopolies because solar and energy efficiency are the only effective competition they’ve ever known. Instead of making solar and energy efficiency more expensive, Indiana should be providing access to solar for low-income neighborhoods through community solar programs and bringing energy efficiency savings to households throughout Indiana.

Utilities are trying to secure more power and profits by taking away discretion and authority from the experts at the Indiana Utility Regulatory Commission. Before it was withdrawn by House Speaker Brian Bosma, House Bill 1320 would have driven up the cost of rooftop solar power, tying the IURC’s hands and devaluing solar and small-scale wind in favor of utility generation. Similarly, SB 412 will drive up the cost of energy efficiency and make those programs increasingly expensive for customers but ever more profitable for utilities.

Our economy can thrive through energy innovation, competition, and choice. Let’s protect Hoosier jobs and energy freedom by keeping rooftop solar and energy efficiency strong.

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