



Using less. Doing more.

January 14, 2014

The Honorable Rick Snyder
Governor
George W. Romney Building
111 South Capitol Avenue
Lansing, MI 48933

Dear Governor Snyder,

On behalf of the Alliance to Save Energy, I strongly encourage you to adopt and implement the 2012 International Energy Conservation Code (IECC) for the State of Michigan. If you do, new homebuyers from the Great Lakes State will pocket an average of \$10,081 in net utility savings (over a 30-year life cycle), according a U.S. Department of Energy analysis, which compares the 2012 IECC to Michigan's current Uniform Energy Code. DOE's analysis concludes that monthly energy bill savings from the 2012 home will recoup added cost outlays and begin generating positive cash flow in just one year.

The converse is true - if Michigan stays with the current 2009 energy code, new home energy bills will be \$10,081 higher, on average, than they could have been if they were built to the 2012.

Most importantly, the beneficiaries of the 2012 IECC extend far beyond home buyers. Homes and commercial buildings are the largest energy consuming sector in America, accounting for 42% of total energy, 54% of natural gas, and 71% of electricity

In your Energy & Environment message of November 2012, you outlined your vision for energy policies that improve reliability, affordability, and environmental protection for the people of Michigan. There is no clearer embodiment of these goals than the adoption and implementation of the 2012 IECC for new home construction.

- Reliability. The 2012 IECC's "whole house" improvements not only reduce overall energy use, which helps stabilize energy demand and prices, but they also insulate homes from extreme temperatures, which helps stabilize the power grid at peak times when it is most vulnerable.
After the 2012 IECC was developed, a white paper by the Institute for Electric Efficiency (a non-profit research arm for investor-owned utilities) concluded that continued savings of the magnitude of recent efficiency gains in building energy codes and appliance standards "will completely offset the anticipated growth in demand in the residential, commercial, and industrial sectors combined, eliminating the need for additional power plants to serve these sectors through 2025." Stated differently: No new power plants.
In a January 6, 2014 Financial Times article entitled "Duke Chief Sees Low US [Electricity] Growth," Duke Energy CEO Lynn Good said "Improvements in energy efficiency for buildings and appliances appear to have broken the traditional connection between electricity demand and economic growth." As you stated in

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2012: “energy efficiency doesn’t mean doing less; it means doing as much or more but using less energy to get it done. Energy efficiency is the best example of a no-regrets policy Michigan can have.”

- **Affordability.** Low income advocacy groups strongly support energy efficiency and the adoption of the 2012 IECC because they know the burden that higher energy costs put the nation’s most vulnerable households. But efficiency benefits all households:
 - In 2012, Cobblestone Homes of Saginaw actually constructed three different home models (two ranch-style and one two-story) to meet the 2006 and 2012 IECC. The average cost increase due to the 2012 code was just \$1,612 – added costs that will quickly be recouped by the \$10,081 in energy savings calculated by the U.S. Department of Energy (DOE) analysis. In fact, a month-by-month analysis of the savings for each type of home built by Cobblestone shows that energy savings break-even with added cost outlays in 5-, 6- or 7-months.
 - A February 2013 National Association of Home Builders survey of what home buyers want found that that **‘nine out of 10 buyers will pay 2-3% more to buy a home with energy-efficient features and permanently lower utility bills rather than one without those features.**
- **Environmental Protection.** In addition to stabilizing demand and delaying the need for new power plants, a McKenzie & Company analysis found that building energy efficiency measures represent the most cost-effective means of reducing CO2 emissions.

Two final points:

- Although it’s called an “International” code, the 2012 IECC (*together with 14 other model codes developed by the International Code Council*) is the triennial product of local and state officials from Michigan who join together with their colleagues from other states in a year-long process to ensure that Michiganders enjoy safe and efficient homes and commercial buildings.
- Given Michigan’s exceptional manufacturing base, it isn’t surprising that a good number of the building science technologies that are included in the 2012 IECC are developed right here in the Great Lakes State. So not only do building owners and occupants in the state benefit from the latest in safety, quality, and efficiency innovations, but Michigan manufacturing employees and building owners and occupants across the nation benefit as well.

Adopting the 2012 IECC will serve your constituents for generations. Because homes last 60-, 70-, even 80-years, ensuring that they are built to strong, cost-effective energy efficiency standards not only eliminates wasted energy for generations to come, it’s far less costly than going back and retrofitting homes constructed under weaker standards.

I hope to see you this spring at the Ann Arbor rollout of our joint initiative with the Erb Institute to advance the goal of doubling America’s energy productivity by 2030.

If you have questions or need any additional information, please do not hesitate to contact me or Bill Fay at bfay@ase.org or (202) 530-2214.

Sincerely,

A handwritten signature in black ink, appearing to read "Kateri Callahan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kateri Callahan
President