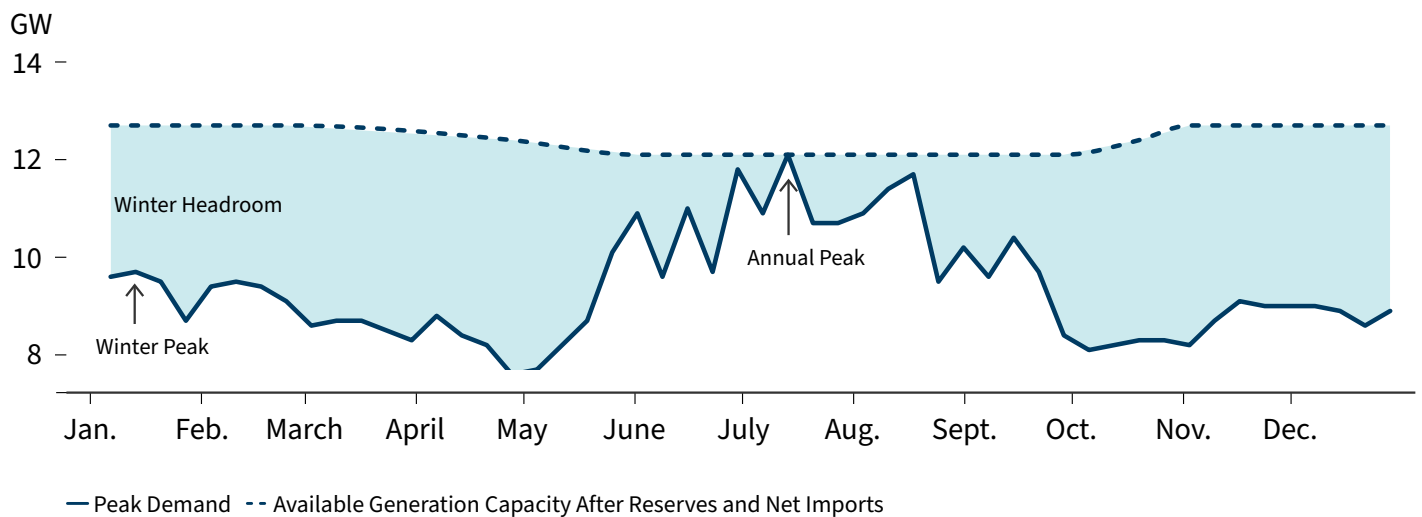


Minnesota can put downward pressure on electricity rates by deploying heat pumps to better utilize the grid

Increase grid utilization



Minnesota has roughly 3.1 gigawatts of winter headroom, resulting in underutilized winter grid capacity. This is enough room to add a mix of all-electric and hybrid heat pumps in 2.1 million homes — **20 times the number today** — within the current grid. This makes better use of Minnesota’s existing electric grid.

Reduce electricity rates

18% Heat pumps can increase electricity sales without expanding generation capacity, putting downward pressure on electricity rates. Upgrading all 2.1 million homes with heat pumps could reduce electricity rates for all residential customers by roughly 18% relative to what they would otherwise be, **saving Minnesotans \$230 annually, or \$610 million per year across all residents.**

Reduce emissions

29% Upgrading all 2.1 million homes to heat pumps could **cut Minnesota’s residential emissions by 29%, or 6.6 million tons of CO₂.**

See policy recommendation on the next page.
Read the full report at <https://rmi.org/>

Policy recommendations

- 1.** The governor should **establish an ambitious 2030 heat pump target** and explicitly include it in Minnesota's electricity affordability plan. Growing from roughly 120,000 homes with heat pumps today to 400,000 by 2030 illustrates an impactful, actionable goal given annual HVAC replacements and adopting the below policies.
- 2.** The Minnesota Department of Commerce and utilities should **prioritize all-electric and hybrid heat pumps over conventional AC and fossil fuel equipment in Energy Conservation and Optimization (ECO) incentive programs.**
- 3.** The Minnesota Public Utilities Commission (PUC) should **ensure heat pump customers are enrolled in available electric heating rates** to maximize bill savings, including by requiring automatic enrollment for customers receiving heat pump incentives.
- 4.** The Minnesota Department of Labor and Industry (DLI) should **update the Minnesota Residential Energy Code to encourage heat pumps when central air conditioners are replaced.**
- 5.** DLI should **update the Minnesota Residential Energy Code to encourage heat pumps in new construction** by recognizing their energy efficiency, which can help Minnesota meet statutory targets.

