



Pursuing All Cost-Effective Energy Efficiency: A National Action Plan

National Action Plan for Energy Efficiency

[www.epa.gov/
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Energy Efficiency is Part of the Solution

CHALLENGES

- **Growing energy demand**
- **Aging infrastructure**
- **Rising utility bills**
- **Increasing generation costs**
 - Gas and coal prices
 - Building cleaner generation
- **Reliability issues**
- **Volatile prices**
- **Carbon risk**
- **Pending large transmission and generation investments in uncertain investment world**

OPPORTUNITY

- Significant benefits from extending leading EE programs to the entire country over next 15 years:
 - Control load growth by 50 % -- electricity and gas
 - Save \$20 billion/yr on energy bills
 - \$250 billion in net societal benefits
 - Avoid 30,000 MW -- 60 new 500 MW power plants
 - Avoid 400 million tons of CO₂/yr
- Regulators and utilities have critical roles in creating and delivering energy efficiency



Programs Help Overcome Key Barriers Limiting Efficiency



- ENERGY STAR
 - Addresses barriers: lack of information, competing vendor claims, split incentives
 - Broad EE platform with government-backed credibility
 - Helps homeowners reduce energy use by 10 to 30 percent while purchasing products, undertaking home improvements, or buying a new home
 - Helps businesses, public sector, schools assess and reduce energy use
 - Large benefits -- \$14 billion in savings; 25 million vehicles worth of avoided GHGs
- Organized EE programs uniquely positioned to address these barriers
 - Value energy savings
 - Provide quality technical assistance
 - Assist with financing
- Important utility barriers remain
 - Existing regulations / market rules provide more financial incentive for supply
 - View that energy efficiency is not a reliable, measurable, cost effective resource
 - Concern that energy efficiency will raise rates
 - Lack of good documentation and guidance on cost-effective demand-side programs

Barriers important to address – do not go away with carbon regulation



National Action Plan for Energy Efficiency

- Over 50 member public-private Leadership Group developed five recommendations for greater investment in cost-effective energy efficiency
- Released July, 2006
- Co-Chaired by:
 - Commissioner Marsha Smith, NARUC First Vice President and Member of Idaho Public Utility Commission
 - Jim Rogers, President, Chairman, and CEO of Duke Energy
- Commitments to energy efficiency – exceeds 90 organizations
- Facilitated by US DOE and EPA.

National Action Plan for Energy Efficiency Recommendations

1. Recognize energy efficiency as a high priority energy resource.
2. Make a strong, long-term commitment to implement cost-effective energy efficiency as a resource.
3. Broadly communicate the benefits of and opportunities for energy efficiency.
4. Provide sufficient, timely and stable program funding to deliver energy efficiency where cost-effective.
5. Modify policies to align utility incentives with the delivery of cost-effective energy efficiency and modify ratemaking practices to promote energy efficiency investments.



The Leadership Group

The Leadership Group includes 30 electric and gas utilities, 18 state agencies, and 13 other organizations:

- Alliance to Save Energy
- American Council for an Energy-Efficient Economy
- Ameren
- American Electric Power
- Arkansas Electric Cooperative Corporation
- Arkansas Public Service Commission
- Austin Energy
- Baltimore Gas and Electric
- Bonneville Power Administration
- California Energy Commission
- California Public Utilities Commission
- Servidyne Systems
- Connecticut Consumer Counsel
- Connecticut Department of Environmental Protection
- Connecticut Department of Public Utility Control
- Delaware General Assembly
- District of Columbia Public Service Commission
- Duke Energy
- Entergy Corporation
- Environmental Defense
- Exelon
- Food Lion
- Great River Energy
- Idaho Public Utilities Commission
- ISO New England Inc.
- Johnson Controls
- Long Island Power Authority
- MidAmerican Energy Company
- Minnesota Public Utilities Commission
- National Grid
- Natural Resources Defense Council
- New Jersey Board of Public Utilities
- New Jersey Natural Gas
- New York Power Authority
- New York State Public Service Commission
- North Carolina Air Office
- North Carolina Energy Office
- Ohio Consumers' Counsel
- Pacific Gas and Electric
- Pepco Holdings, Inc.
- PJM Interconnection
- PNM Resources
- Public Advocate State of Maine
- Puget Sound
- Sacramento Municipal Utility District
- Santee Cooper
- Seattle City Light
- Servidyne Systems
- Southern California Edison
- Southern Company
- Tennessee Valley Authority
- Texas State Energy Conservation Office
- The Dow Chemical Company
- Tristate Generation and Transmission Association, Inc.
- USAA Realty Company
- Vectren Corporation
- Vermont Energy Investment Corporation
- Wal-Mart Stores, Inc.
- Washington Utilities and Transportation Commission
- Waverly Light and Power
- Xcel Energy



Observers

- American Gas Association
- American Public Power Association
- Association of Energy Engineers
- Business Council for Sustainable Energy
- Consortium for Energy Efficiency
- Council of Energy Resource Tribes
- Demand Response Coordinating Committee
- Edison Electric Institute
- Electric Power Research Institute
- Energy Programs Consortium
- Gas Appliance Manufacturers Association
- Gas Technology Institute
- National Association of Energy Service Companies
- National Association of Regulatory Utility Commissioners
- National Association of State Energy Officials
- National Conference of State Legislatures
- National Council on Electricity Policy
- National Electrical Manufacturers Association
- National Rural Electric Cooperative Association
- North American Insulation Manufacturers Association
- Steel Manufacturers Association



Commitments to Energy Efficiency

99 organizations across 49 states

- *State Utility Commissions* – AR, CA, CT, FL, HI, IA, KS, MN, NJ, NY, OR, VT, WA, WI
- *Commission Associations* – SEARUC, WCPSC, NECPUC, MARC
- *Utilities* – Austin Energy, BPA, Dominion Virginia Power, Duke Energy, Entergy, Exelon, New Jersey Natural Gas, PNM, Santee Cooper, Southern Company, United Cooperative Services, Xcel Energy, etc
- *Other state agencies* – OH and CT Consumers' Counsel; CA agencies; CT DEP; HI, MN, and OR energy departments; Governors in CA, IA, OR, and UT
- ISO-NE and MISO
- *End-users* – Dow, Eastman Kodak, Food Lion, Wal-Mart, etc
- Additional partner organizations



Commitments to Energy Efficiency (2)

- Establishing state-level collaborative processes to explore how best to increase investment in energy efficiency
- Investigating increased funding for cost-effective efficiency
- Conducting formal investigation on ways utilities can remove the link between revenues and sales volume
- Including energy efficiency on a consistent and comparable basis with supply-side resources in future resource planning activities
- Meeting energy savings goals within the range of 10-35%
- Proactively educating consumers on the benefits



Action Plan: Year Two

- Assist leading organizations in achieving their commitments—meaningful progress by Fall 2007
- Develop new resources to support implementation of the Action Plan recommendations
- Engage more organizations in making commitments
 - Regional meetings
 - Sector collaborative on utilities and end users
- Explore approaches to address demand response
- Vision for 2025
 - Implementation goals for achieving all cost-effective EE
- Report on progress / recognize leadership



Key Activities

- Regional Implementation Meetings
- Sector Collaborative on Energy Efficiency
- Key resources to advance Action Plan recommendations:
 - Action Plan **Vision** for 2025
 - Aligning Utility Incentives with Energy Efficiency Investment **Paper**
 - **Guide** on Energy Efficiency Evaluation, Measurement and Verification Protocols
 - **Guide** on Resource Planning with Energy Efficiency
 - **Guide** on Conducting Potential Studies for Cost-Effective Energy Efficiency



July, 2006 - National Release at NARUC (Recommendations, Report, Commitments)

March, 2007 – Leadership Group Meeting

April 27, 2007 – New England Meeting

April 30, 2007 – Mid-Atlantic Meeting

June 21, 2007 – Midwest Meeting

June 27 & 28, 2007 – Sector Collaborative on Energy Efficiency Meeting

Sept. 28, 2007 – Southeast Meeting



Key Themes from Year Two

- Regional Implementation Meetings
 - Common findings
 - States at many different stages of implementing EE
 - States with high EE investment looking to do more
 - Different views on preferred approaches within a region
 - Desire for innovative approaches
 - Collaboratives valuable to advancing dialogue and building trust
 - Political environment within states changing for EE, carbon link
 - High-level policy direction helpful to advancing EE
 - Regional meeting helping shape new commitments, EE collaboratives
- Sector Collaborative on Energy Efficiency
 - Commercial customers looking to utilities for data consistency and assistance with benchmarking building energy use
 - Utilities / customer collaboration valuable to future EE efforts



Next Steps

- National Update
 - NARUC Meeting (Nov, CA)
 - Report on progress
 - New commitments
 - Release key Year Two materials
 - Vision for 2025
- Continue Action Plan Outreach
- Develop Year Three Work Plan based on Leadership Group Priorities



November 12, 2007
National Update at NARUC
Annual Meeting

Year 2 EE/DR
Integration Effort

Continued outreach by
Leadership Group

January 2008 Leadership
Group Meeting
(Year Three Work Plan)



Resources for States, Utilities and Stakeholders

- **Guides and Papers**

- National Action Plan for Energy Efficiency Report
- Aligning Utility Incentives with Energy Efficiency Investment (*Fall 07*)
- Resource Planning with Energy Efficiency (*Fall 07*)
- Conducting Potential Studies for Cost-Effective Energy Efficiency (*Fall 07*)
- Model Energy Efficiency Program Evaluation (*Fall 07*)
- National Action Plan Vision for 2025 (*Fall 07*)

- **Outreach Material and Tools**

- Energy Efficiency Benefits Calculator
- Communications Kit (*Fall 07*)
- Resource and sample docket database (*Fall 07*)
- Educational Briefings (*Fall 07*)

- **Fact Sheets**

- Building Codes and Energy Efficiency
- Consumer Energy Efficiency

- **Regional Implementation Meetings**

- Policy tracking tables
- Presentations and meeting summaries

- **Sector Collaborative on Energy Efficiency**

- Presentations from June 27 and 28 Meeting
- Background Paper on Utility Data Availability
- Energy Consumption Profiles for participating sectors



For More Information

www.epa.gov/eeactionplan

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