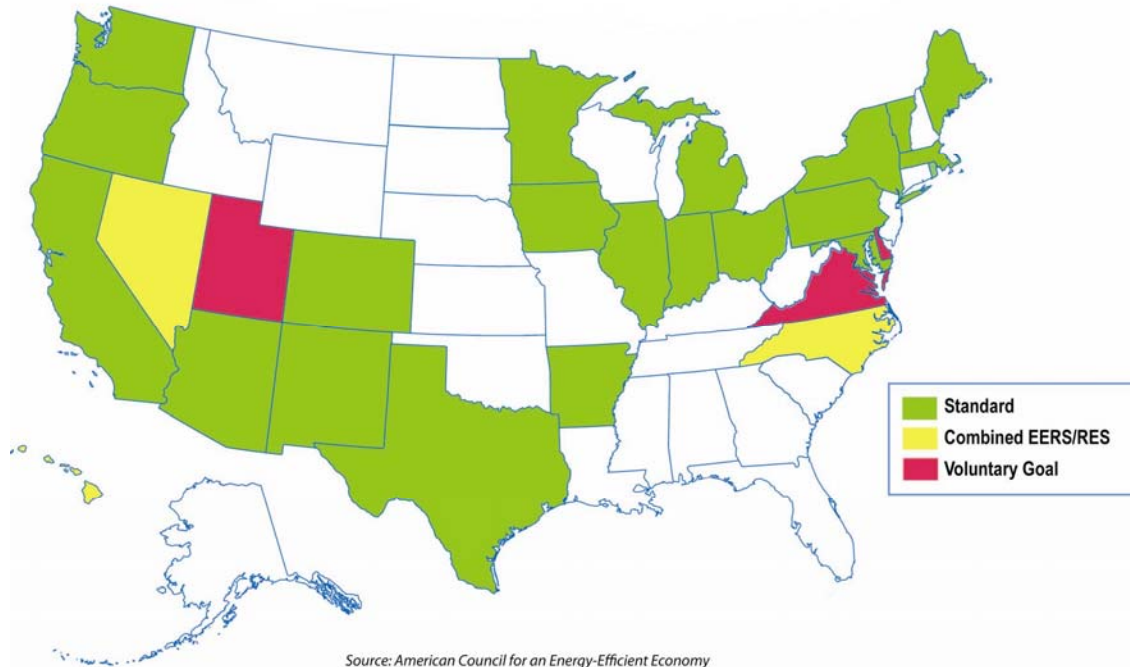


# State Energy Efficiency Resource Standard (EERS) Activity

October 2011



Twenty-four<sup>1</sup> states have enacted long-term (3+ years), specific energy savings targets, which can take the form of a statewide Energy Efficiency Resource Standard, long-term energy savings targets set by utility commissions tailored to each utility, and incorporating energy efficiency as an eligible resource in renewable portfolio standards. ACEEE defines all three approaches as an EERS to avoid confusion and draw focus to the key similarity of all these policies—establishing binding, long-term energy savings targets.

## Energy Efficiency at Work: State Performance Meeting Energy Efficiency Goals

A new ACEEE report, [Energy Efficiency Resource Standards: A Progress Report on State Experience](#), includes legislative and regulatory background for every state where an EERS policy has been in place for over two years and examines the progress these states have made achieving their goals. Tracking actual energy savings and comparing these results with the required targets, the analysis develops a comprehensive portrait of the performance of twenty states, noting important trends influencing the outcomes thus far.

## Overall Savings

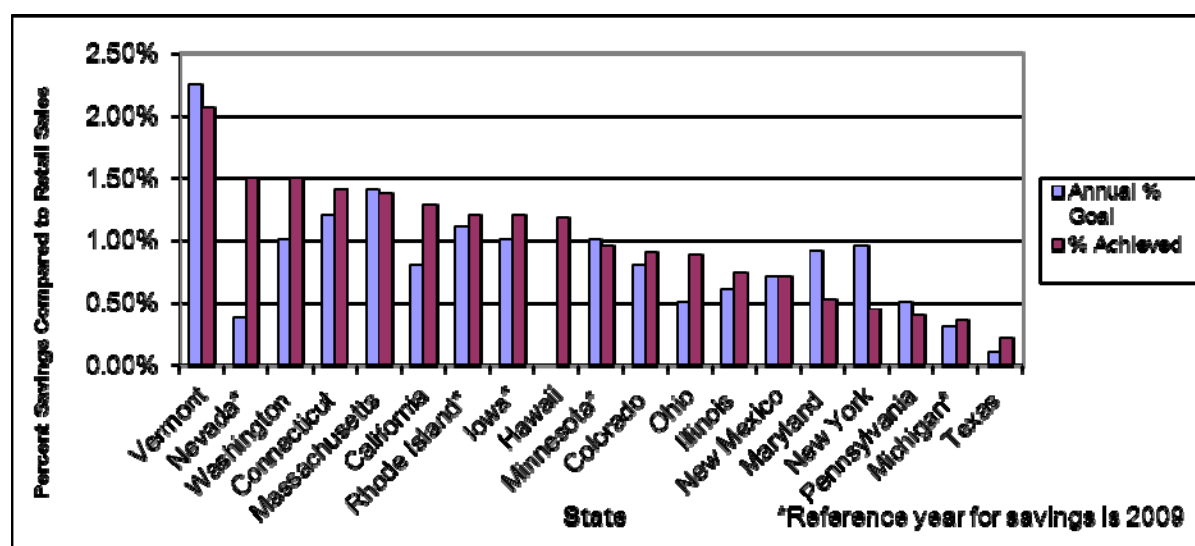
<sup>1</sup> Does not include Connecticut (EERS targets end in 2010), Delaware (EERS pending), Utah, or Virginia (voluntary standards)

States with an EERS are achieving significant energy efficiency savings from utility programs, benefitting electric and natural gas customers by lowering utility bills, improving building comfort, and reducing strains on the utility grid. Nine states achieved 1.2% of annual sales or more in their latest reporting year of either 2009 or 2010, an impressive accomplishment considering in 2006 only one state achieved over 1.2%.<sup>2</sup> Following this group of leading states, an encouraging number of states with an EERS have climbed close to or above 0.5% savings, including states that only recently adopted full-scale utility energy efficiency programs in the Midwest and Southwest.

### Savings Compared to Targets

Most states are meeting or are on track to meet energy saving goals. Thirteen of the twenty states with EERS policies in place for over two years are achieving 100% or more of their goals, three states are achieving over 90% of their goals, and only three states are realizing savings below 80% of their goals.<sup>3</sup>

Figure 1: State EERS Targets vs. Achieved Savings in 2010<sup>4</sup>



While the figure above positively portrays states currently meeting goals, the hard work has yet to come. Targets in many states are still increasing and sustaining aggressive savings levels will be a challenge for states. Some states are behind on EERS targets for reasons detailed in the ACEEE report. Nonetheless, the findings of ACEEE’s new EERS report demonstrate that EERS policies can cost-effectively drive states to achieve unprecedented levels of energy savings.

### A Companion Report

ACEEE is simultaneously releasing a complementary report, [Energy Efficiency Resource Standards: State and Utility Strategies for Higher Energy Savings](#), which thoroughly examines how several states are

<sup>2</sup> Molina, Maggie et al. 2010. *The 2010 State Energy Efficiency Scorecard*. Washington D.C.: American Council for an Energy-Efficient Economy. Of the nine achieving >1.2%, Nevada, Iowa, and Rhode Island have a reference year of 2009.

<sup>3</sup> While its policy has been in place for over two years, North Carolina has not recorded energy efficiency savings and is thus not included in this tally. Currently, Hawaii’s RPS goals allow electrical energy savings to count through 2014. Starting in 2015, electrical energy savings will count towards Hawaii’s Energy Efficiency Portfolio Standards.

<sup>4</sup> California gross savings and targets adjusted to net savings using 61% of conversion factor. California savings include partial savings from advanced codes and standards adopted in the state. California, Iowa, and Washington savings and targets based on investor-owned utilities reporting savings as of 2010 only. New York based on NYSERDA and utility program administrators only. Colorado includes only PSCo. Ohio does not include First Energy.

ramping up energy efficiency programs and policies to achieve aggressive EERS targets. That report focuses on twelve states and offers insight into the policy and programmatic strategies states are implementing to achieve higher savings levels. The two reports complementary address two distinct research questions: 1) Are states meeting EERS targets; and 2) How can states ramp-up to aggressive savings levels?

## EERS Policy Status

State EERS descriptions are listed in order of highest approximate electric annual savings goals to lowest

State Year Enacted Electric/Natural Gas Policy Type	Energy Efficiency Resource Standard	Reference
<b>Massachusetts</b> <sup>5</sup> 2009 Electric and Natural Gas EERS	Electric: 1.4% in 2010, 2.0% in 2011; 2.4% in 2012  Natural Gas: 0.63% in 2010, 0.83% in 2011; 1.15% in 2012	Electric: <a href="#">D.P.U. Order 09-116 through 09-120</a>  Natural Gas: <a href="#">D.P.U. Order 09-121 through 09-128</a>
<b>Vermont</b> 2000 Electric Tailored Utility Targets (Efficiency Vermont)	~6.75% cumulative savings from 2009 to 2011	<a href="#">30 V.S.A. § 209</a> ; VT PSB Docket 5980; PSB Contract <sup>6</sup>
<b>Arizona</b> 2009 Electric EERS	2% annual savings beginning in 2014., 22% cumulative savings by 2020	<a href="#">Docket Nos. RE-00000C-09- 0427, Decision No. 71436</a>
<b>Illinois</b> 2007 Electric and Natural Gas EERS	Electric: 0.2% annual savings in 2008, ramping up to 1% in 2012, 2% in 2015 and thereafter  Natural Gas: 8.5% cumulative savings by 2020 (0.2% annual savings in 2011, ramping up to 1.5% in 2019)	<a href="#">S.B. 1918 Public Act 96-0033 § 220 ILCS 5/8-103</a>
<b>New York</b> 2008 Electric and Natural Gas EERS	Electric: 15% Cumulative savings by 2015  Natural Gas: ~14.7% Cumulative savings by 2020	Electric: <a href="#">NY PSC Order, Case 07-M-0548</a>  Natural Gas: <a href="#">NY PSC Order, Case 07-M-0748</a>
<b>Minnesota</b> 2007 Electric and Natural Gas EERS	Electric: 1.5% annual savings beginning in 2010  Natural Gas: 0.75% annual savings from 2010-2012; 1.5% annual savings in 2013	<a href="#">Minn. Stat. § 216B.241</a>

<sup>5</sup> The underlying statute, Mass. General Laws c. 25 § 21, requires gas and electric efficiency program administrators to procure “all energy efficiency and demand reduction resources that are cost effective or less expensive than supply.”

<sup>6</sup> Goals for 2009 and 2010 were combined. Efficiency Vermont also set goals in previous years in three-year intervals.

<b>Iowa</b> 2009 Electric and Natural Gas Tailored Utility Targets	Electric: Varies by utility from 1-1.5% annually by 2013  Natural Gas: Varies by utility from 0.74-1.2% annually by 2013	<a href="#">Senate Bill 2386</a> and  <a href="#">Iowa Code § 476</a>
<b>Rhode Island</b> 2006 Electric and Natural Gas Tailored Utility Targets	Electric: ~1.3% in 2010; 1.5% in 2011; Council proposed 1.7% in 2012, 2.1% in 2013, and 2.5% in 2014  Natural Gas: ~0.4% of sales in 2011; Council proposed 0.75% in 2012, 1.0% in 2013, and 1.2% in 2014	<a href="#">R.I.G.L § 39-1-27.7</a>
<b>Ohio</b> 2008 Electric EERS	22% by 2025 (0.3% annual savings in 2009, ramping up to 1% in 2014 and 2% in 2019)	<a href="#">ORC 4928.66 et seq. S.B. 221</a>
<b>Indiana</b> 2009 Electric EERS	0.3% annual savings in 2010, increasing to 1.1% in 2014, and leveling at 2% in 2019.	<a href="#">Cause No. 42693, Phase II Order</a>
<b>Maryland</b> <sup>7</sup> 2008 Electric EERS	15% per-capita electricity use reduction goal by 2015 with targeted reductions of 5% by 2011 calculated against a 2007 baseline (10% by utilities, 5% achieved independently)	<a href="#">Md. Public Utility Companies Code § 7-211</a>
<b>Maine</b> 2010 Electric and Natural Gas Tailored Utility Targets (Efficiency Maine)	Electricity: Annual energy savings of ~1% in FY2011, ramping up to 1.4% in FY2013.  Natural Gas: 130 BBTu annually by FY2013	<a href="#">Efficiency Maine Trust: Triennial Plan</a>
<b>Colorado</b> 2007 Electric and Natural Gas Tailored Utility Targets	Electric: PSCo and Black Hills Energy (BHE) both aim for 0.9% of sales in 2011 and increase to 1.35% (1.0% for BHE) of sales in 2015 and then 1.66% (1.2%) of sales in 2019  Natural Gas: Savings targets commensurate with spending targets (at least 0.5% of prior year's revenue)	<a href="#">Colorado Revised Statutes 40-3.2-101, et seq.</a> ; <a href="#">COPUC Docket No. 08A-518E</a> ; Docket 10A-554EG
<b>Connecticut</b> <sup>8</sup> 2005 Electric	~1% annual savings 2008-2011	<a href="#">Public Act 07-242 of 2007</a>

<sup>7</sup> The 15% per-capita electricity use reduction goal translates to around 17% cumulative savings over 2007 retail sales.

<sup>8</sup> Connecticut does not currently have long-term energy efficiency savings goals that can be defined as an EERS. It is included in this report because it has very recent experience with an EERS policy.

<b>California<sup>9</sup></b> 2004 and 2009 Electric and Natural Gas EERS	Electric: ~1% annual savings through 2020  Natural Gas: 150 gross MMTh by 2012	CPUC Decision 04-09-060; <a href="#">CPUC Decision 08-07-047</a> ; <a href="#">CPUC Decision 09-09-047</a>
<b>Washington</b> 2006 Electric EERS	Biennial and Ten-Year Goals vary by utility. Law requires savings targets to be based on the Northwest Power Plan, which estimates potential savings of about 1.5% savings annually through 2030 for Washington utilities.	<a href="#">Ballot Initiative I-937</a> <a href="#">WAC 480-109</a> <a href="#">WAC 194-37</a>
<b>Michigan</b> 2008 Electric and Natural Gas EERS	Electric: 0.3% annual savings in 2009, ramping up to 1% in 2012 and thereafter  Natural Gas: 0.10% annual savings in 2009, ramping up to 0.75% in 2012 and thereafter	<a href="#">M.G.L. ch. 25, § 21</a> ; <a href="#">Act 295 of 2008</a>
<b>Oregon</b> 2010 Electric and Natural Gas Tailored Utility Targets (Energy Trust of Oregon)	Electric targets are equivalent to 0.8% of 2009 electric sales in 2010, ramping up to 1% in 2013 and 2014.  Natural Gas: 0.2% of sales in 2010 ramping up to 0.4% in 2014	<a href="#">Energy Trust of Oregon 2009  Strategic Plan</a>
<b>Pennsylvania</b> 2004 and 2008 Electric EERS	3% cumulative savings by 2013	<a href="#">66 Pa C.S. § 2806.1</a> ; <a href="#">PUC  Order Docket No. M-2008-  2069887</a>
<b>Arkansas</b> 2010 Electric and Natural Gas EERS	Annual reduction of 0.25% of total electric kilowatt hour (kWh) sales to 0.75% of total electric kWh sales over the next three years (slightly less for natural gas).	<a href="#">Order No. 17, Docket No. 08-  144-U</a> ; Order No. 15, Docket No. 08-137-U
<b>New Mexico</b> 2008 Electric EERS	5% reduction from 2005 total retail electricity sales by 2014, and a 10% reduction by 2020	<a href="#">N.M. Stat. § 62-17-1 et seq.</a>
<b>Nevada</b> 2005 and 2009 Electric RPS - EERS	5% Renewable energy by 2025— energy efficiency may meet a quarter of the standard in any given year, or 6.25% cumulative savings by 2025.	<a href="#">NRS 704.7801 et seq.</a>

<sup>9</sup> California's goals presented as gross savings. A rough estimate of California's goal as net savings can be achieved by converting gross savings to net savings using the 2009 net to gross conversion factor of 61% (CPUC 2011). Net goals are approximately 0.8% annual savings for the period 2010-2013, dropping to 0.55% from 2014-2020. California's evaluation and attribution methods are some of the strictest in the country, however, which partly explains the low net to gross conversion factor.

<p><b>Hawaii</b><sup>10</sup> 2004 and 2009 Electric RPS - EERS and EERS</p>	<p>Renewable Portfolio Standards include 15% electrical energy savings through 2015. Starting in 2015 all electric utility savings will count towards Hawaii's Energy Efficiency Portfolio Standards (EEPS). EEPS long-term goal is 4,300 GWh reduction by 2030, or 30% of sales.</p>	<p><a href="#">HRS §269-91, 92, 96</a></p>
<p><b>North Carolina</b> 2007 Electric RPS - EEERS</p>	<p>Renewable Energy and Energy Efficiency Portfolio Standard (REPS). Investor-owned: 12.5% by 2021 and thereafter. Energy efficiency is capped at 25% of the 2012-2018 targets and at 40% of the 2021 target.</p>	<p><a href="#">N.C. Gen. Stat. § 62-133.8</a> <a href="#">04 NCAC 11 R08-64, et seq.</a></p>
<p><b>Texas</b> 1999 and 2007 Electric EERS</p>	<p>20% Incremental Load Growth in 2011 (equivalent to ~0.10% annual savings); 25% in 2012, 30% in 2013+</p>	<p><a href="#">Senate Bill 7</a>; <a href="#">House Bill 3693</a>; <a href="#">Substantive Rule § 25.181</a></p>

For further information on Energy Efficiency Resource Standards, please visit <http://www.aceee.org/topics/eers>

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<sup>10</sup> Although Hawaii does not currently have a mandated annual goal for energy efficiency, ACEEE estimates that the current 30% goal will result in 1.5% annual savings through utility programs.