

# Energy Efficiency Policies for Local Governments

Local policies related to energy efficiency—those implemented at the scale of a municipality, county, or metropolitan region—can improve community self-reliance, save consumers and citizens money, create local “main street” jobs, catalyze local economic investment, and help protect the environment. The responsibilities of local governments give them large influence over energy use in their communities through land use and zoning, building requirements, property taxes and transfers, transportation investment decisions, economic and workforce development, and, in many cases, the provision of utility services such as water, natural gas, and electricity. Additionally, local governments can lead by example by improving the energy efficiency of their own facilities and operations.

Regardless of the specific policies and strategies pursued, local energy-saving actions can result in considerable economic benefits and contribute to achieving many local objectives. (See inset.)

It may be helpful to think of the local government role in energy efficiency as influencing two kinds of decisions: (1) *public* investments & government operations and (2) *private* actions & investments. Similarly, local efficiency opportunities fall into four general economic sectors: buildings, land use, transportation, and utilities. Policy and programmatic options in each of these sectors range from small changes in everyday government activities to requirements governing private sector activities. Other options include changes in how decisions about public infrastructure are made, regulations, government revenue and tax policies, financial and non-financial incentives, and many others. The table on the next page shows several examples of specific local policy options across economic sectors. In general, the policy types in the table are described, from top to bottom, in the order of the narrowest to broadest scope. In many cases, the level of energy savings possible from the policies follows the same pattern. ACEEE’s Local Technical Assistance Toolkit offers more detailed resources on a variety of specific actions that can be taken by local governments to promote energy efficiency, including several listed in the table on the next page.

Community values and priorities should be central to determining which approach to energy efficiency is right for each community.<sup>3</sup> Not all energy policy options are right for every community. However, every community can take some actions to improve efficiency and help to achieve local priorities. Many efficiency policies can be adopted with very low or no upfront cost.<sup>4</sup> Integrating energy-efficient approaches into existing local government activities, services, and plans is often an easy place to start. Many other efforts do require significant upfront investment but, with a

## Benefits of Local Energy Efficiency Action

- Improvements in the energy efficiency of local government operations (e.g., buildings, vehicle fleets) can reduce maintenance and operating costs.
- Integration of energy efficiency into community design and public service provision (e.g., transportation infrastructure, water and wastewater, and energy distribution infrastructure) can reduce or avoid capital costs. These avoided costs can, in turn, decrease or prevent increases in local taxes or utility rates.
- Energy efficiency can create local jobs, both through immediate employment in projects and programs, and through the reinvestment by consumers and businesses of energy cost savings in local businesses and services.<sup>1</sup>
- Efficiency can improve the economic strength, resilience, competitiveness, and wealth of a community. Energy cost savings to businesses and households allow for those funds to be spent on other priorities, which can result in more investment in the local economy than would have occurred from spending those funds on imported energy.<sup>2</sup>
- Efficiency can improve local energy security by decreasing demand for resources from outside the community.
- Efficiency can reduce greenhouse gas emissions and other air pollutants, an important objective for many communities focused on addressing climate change or environmental health concerns.

## Local Energy Efficiency Policy Opportunities by Sector and Strategy

Policy or Strategy Type		Economic Sector			
		<i>Buildings</i>	<i>Land Use</i>	<i>Transportation</i>	<i>Utilities - Water and Energy</i>
<b>Public Investments &amp; Government Operations: "Leading by Example"</b>	<b>Government operations &amp; procurement</b>	<ul style="list-style-type: none"> <li>benchmarking</li> <li>retro-commissioning</li> </ul>	<ul style="list-style-type: none"> <li>central workforce locations</li> <li>flex-schedules &amp; tele-working</li> </ul>	<ul style="list-style-type: none"> <li>fleet maintenance</li> <li>high efficiency and alternative fuel fleet purchases</li> </ul>	<ul style="list-style-type: none"> <li>performance monitoring (SCADA, etc.)</li> </ul>
	<b>Public Investments &amp; Infrastructure</b>	<ul style="list-style-type: none"> <li>retrofits</li> <li>green requirements for new public buildings</li> </ul>	<ul style="list-style-type: none"> <li>"fix it first" approach to infrastructure</li> <li>district energy</li> <li>smart siting</li> <li>complete streets</li> </ul>	<ul style="list-style-type: none"> <li>mass transit service</li> <li>car and bike sharing</li> <li>parking</li> </ul>	<ul style="list-style-type: none"> <li>combined heat and power</li> <li>shade trees</li> <li>green stormwater infrastructure</li> </ul>
<b>Private Actions &amp; Investments</b>	<b>Regulation &amp; Revenue</b>	<ul style="list-style-type: none"> <li>building energy rating and disclosure</li> <li>building permits and codes</li> <li>tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>smart zoning and transit-oriented development (TOD)</li> <li>affordable housing</li> <li>property taxes</li> </ul>	<ul style="list-style-type: none"> <li>road pricing</li> <li>parking pricing</li> </ul>	<ul style="list-style-type: none"> <li>efficiency as a first resource</li> <li>last mile/ new connection policies</li> <li>pricing or rate structures</li> </ul>
	<b>Incentives</b>	<ul style="list-style-type: none"> <li>data access/ feedback on energy use</li> <li>rebates</li> <li>financing</li> </ul>	<ul style="list-style-type: none"> <li>density bonuses, expedited permitting</li> <li>adaptive reuse</li> </ul>	<ul style="list-style-type: none"> <li>mode shift programs</li> <li>pay as you drive insurance</li> </ul>	<ul style="list-style-type: none"> <li>customer efficiency incentives, rebate and financing programs</li> </ul>
	<b>Mandates</b>	<ul style="list-style-type: none"> <li>energy upgrade requirements</li> </ul>	<ul style="list-style-type: none"> <li>growth boundaries</li> </ul>	<ul style="list-style-type: none"> <li>speed limits</li> </ul>	<ul style="list-style-type: none"> <li>energy and water savings targets</li> </ul>

variety of emerging models for local program funding and finance, costs need not be an insurmountable barrier.<sup>5</sup>

An understanding of the state policy environment is also important to help local governments understand what existing policies they can leverage and where they can best contribute to advancing energy efficiency.<sup>6</sup> In states that are aggressively pursuing energy efficiency, local communities can play a major role in developing new strategies that complement or drive demand to existing state and utility efforts. Communities in states taking little action on efficiency can set examples for the rest of the state in efficiency service delivery or in developing policies to improve access to information on energy-saving opportunities for the community as a whole. Every community can take action by improving energy efficiency in their own government operations and public investments.

Many states already have policies in place or technical assistance resources available to help local governments to pursue energy efficiency.<sup>7</sup>

All of the benefits of energy efficiency make the adoption of related policies and investments a compelling and cost-effective strategy for accomplishing a variety of community objectives. Whatever the specific characteristics and needs of your community, pick an achievable energy efficiency policy to start with, establish an early success, and build your efforts from there!

For more local energy efficiency policy resources, including a policy calculator and case studies, go to  
[aceee.org/sector/local-policy](http://aceee.org/sector/local-policy)

<sup>1</sup> See "How Does Energy Efficiency Create Jobs?" (an ACEEE fact sheet)

<sup>2</sup> See "Energy Efficiency and Economic Opportunity," (an ACEEE fact sheet)

<sup>3</sup> The Local Energy Efficiency Policy Calculator (LEEP-C) is a spreadsheet tool that assists users in finding the most appropriate policy options based on the priorities they select for their community.

<sup>4</sup> See Local Policy Case Studies for several examples of low cost energy efficiency initiatives.

<sup>5</sup> *Keeping It In the Community* reviews several sustainable local funding models and *Energy Efficiency Financing – Models and Strategies* covers emerging efficiency financing opportunities.

<sup>6</sup> The ACEEE State Energy Efficiency Policy Database and annual *State Energy Efficiency Scorecard* are comprehensive resources on each state's energy efficiency policies.

<sup>7</sup> *How States Enable Local Governments to Advance Energy Efficiency* provides details of resources available to localities in specific states.