

Energy Efficiency Policies of State & Local Governments

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Alliance to Save Energy



What is the Alliance?



- NGO coalition of prominent business, government, environmental and consumer leaders who promote the efficient and clean use of energy worldwide to benefit the environment, economy, and national security.
- Mission: To advance energy efficiency world-wide through policy, education, research, technology deployment, market transformation and communication initiatives.
- Chaired by Senator Mark Pryor (D-AR) and James Rogers (CEO, Duke Energy) with strong bi-partisan congressional, corporate & public interest leadership



Forging Alliances: Business, Govt. & Public Interests



Alliance enjoys sponsorship by more than 100 businesses and organizations across a broad spectrum of economic sectors

Unique structure with expertise in research, policy advocacy, education, technology deployment, and communications



State & Local Action



- Building energy codes
- Appliance & equipment standards
- Tax incentives
- Government procurement
- Utility programs
- Climate policies
- Energy pricing
- Other

Building Energy Codes



- Code process
- Code status
 - 13 most recent residential/19 most recent commercial
 - 13 use 1995 or earlier residential/11 use 1989 or earlier commercial
- Federal role
 - DOE Determinations 2 cycles behind
- Compliance challenge
- Slow but long-lasting savings
 - 0.5 Quads per year so far
- Variants
 - LEED & ENERGY STAR
 - Berkeley Energy Conservation ordinances
 - IRC
 - States tweaking model codes

Appliance & Equipment Standards



- Federal standards preempt
 - Backlogs on 16 products types
- State standards lead
- Businesses want preemption
- Savings to date
 - 1 Quad to date
 - 3-4 Quads by 2020



Tax incentives

- 13 states have incentives
- Types
 - New home income tax
 - Homeowner AZ, DC, MT, NM
 - Builder OK, OR
 - Existing home deductions – CA, DC, ID, OR
 - Commercial building deductions/credits – NM, NY, OR
 - Property tax exemptions – MD local option, NV,
 - Sales tax holidays?
- States using LEED
 - MD, NV, NM, OR
- Issues
 - Free riders and cost-effectiveness vs. complexity
 - Performance vs. Prescription



Government Procurement

- 14 states have procurement requirements
 - Generally all energy-using products, often reference ENERGY STAR
 - Some local targeted – e.g., Raleigh, NC (LED lighting), alt fuel vehicles
 - NY Dormitory Authority – LEED standards for customers
- Modeled on federal energy management
- All-too-familiar issues
 - Defining and confirming “practicality”
 - Added bureaucracy
 - Many purchasing agents



Utility programs

- A couple quad savings so far
- Current utility & PBF spending as percent of revenues
 - VT at 3%, at least 10 states above 1%
 - US average 0.5%
 - National PBF or EERs?
- Regulatory incentives
 - Direct cost recovery
 - Rate case – 14 states
 - SBC – 9 states
 - Tariff Rider/surcharge – 4 states
 - Fixed cost recovery
 - Decoupling – 11 states, additional states pending
 - LRAM – 4 states
 - Performance Incentives – 11 states
- NAPEE



Climate policies

- California vehicle CO2 emissions standards
 - 18% by 2020, 27% by 2030
- 19 states have GHG reduction goals
- Western Climate Initiative
 - GHG, multiple sectors
 - 15% below 2005 by 2020 (one third below BAU)
- Regional Greenhouse Gas Initiative
 - CO2, power plants
 - 10% below 2005 by 2019
- Issues
 - Efficiency left out?
 - Split incentives and other market barriers



Energy Pricing

- State & local governments tax energy production and consumption
 - Sales taxes, motor fuel taxes, income taxes, property taxes, severance taxes
- Credits/exemptions for energy were worth \$7 billion in 1991
 - No recent studies
 - “Energy policies by accident”



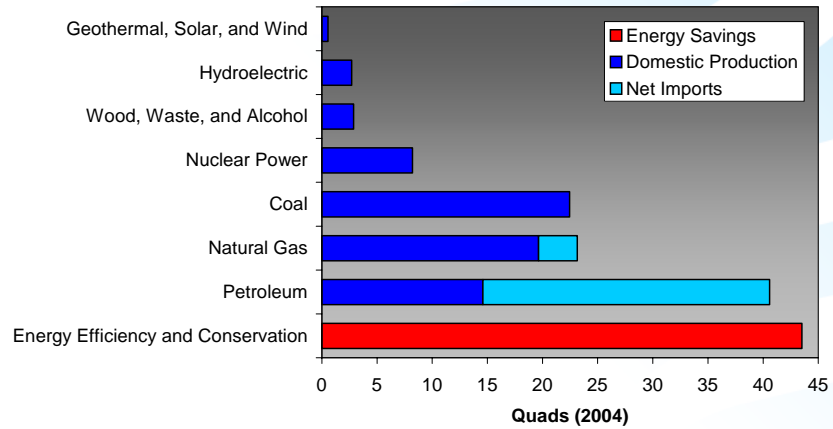
Other

- Energy efficiency loan funds
 - 20 states
 - Mostly for government facilities
 - Texas Loan Star Fund is probably best known
- Smart growth
 - Hmmm....

Greatest Energy Resource



Energy Efficiency: America's Greatest Energy Resource



Source: Alliance to Save Energy

The Action Is In the States



- 45 Quads savings since 1973
- One-fifth induced by *intentional* policy
- Most is either state policy or state-induced federal policy

Sources



- Database of State Incentives for Renewable Energy - <http://www.dsireusa.org/>
- State Environmental Resource Center - <http://www.serconline.org/stateInfo/stateInfoInnovative.html>
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- Building Codes Assistance project - <http://www.bcap-energy.org/home.php>
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- Dan York and Marty Kushler, *ACEEE's 3rd National Scorecard on Utility and Public Benefits Energy Efficiency Programs: A National Review and Update of State-Level Activity*, ACEEE, 2005
- Steve Nadel , et al, *Leading the Way: Continued Opportunities for new State Appliance and Equipment Efficiency Standards*, ACEEE, 2006
- ICF International, *Aligning Utility Incentives with Investment in Energy Efficiency*, DRAFT report for Environmental Protection Agency, July 2007.
- Pew Climate Trust – http://www.pewclimate.org/what_s_being_done/in_the_states/
- Numerous state and local government web sites – links available on request

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