

Energy Efficiency: The Cornerstone to A Sustainable World Energy Future

Organization of American States

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What is the Alliance?



- 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.



What is the Alliance ?– Part 2



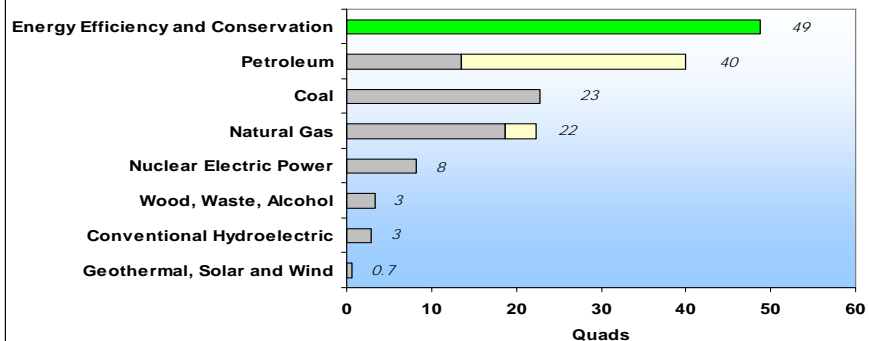
- Mission: To advance energy efficiency world-wide for a better economy, enhanced energy security and an improved environment.
- NGO coalition of 135+ prominent business, government, environmental and consumer leaders.
- Headquartered in Washington, D.C. with operations in Eastern Europe, South Africa, Mexico, India and several states in the U.S. Staff of 50+



ENERGY EFFICIENCY IS



America's Greatest Energy Resource
Energy Efficiency and Conservation Improvements Since 1973
 Have Reduced Annual Energy Consumption by 49 Quads



Alliance to Save Energy
 November 2007

■ 2006 Domestic Production ■ Net Imports

Energy Efficiency = Enormous Savings

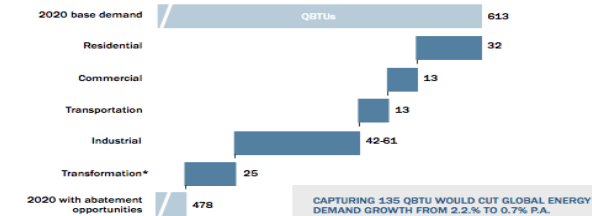


- Energy Efficiency is **AVOIDING** roughly **2.5 billion tons** of CO2 annually
- & Roughly **\$400 billion** energy savings per year
- While Containing Demand



LARGE OPPORTUNITIES FOR IMPROVING ENERGY PRODUCTIVITY ARE AVAILABLE

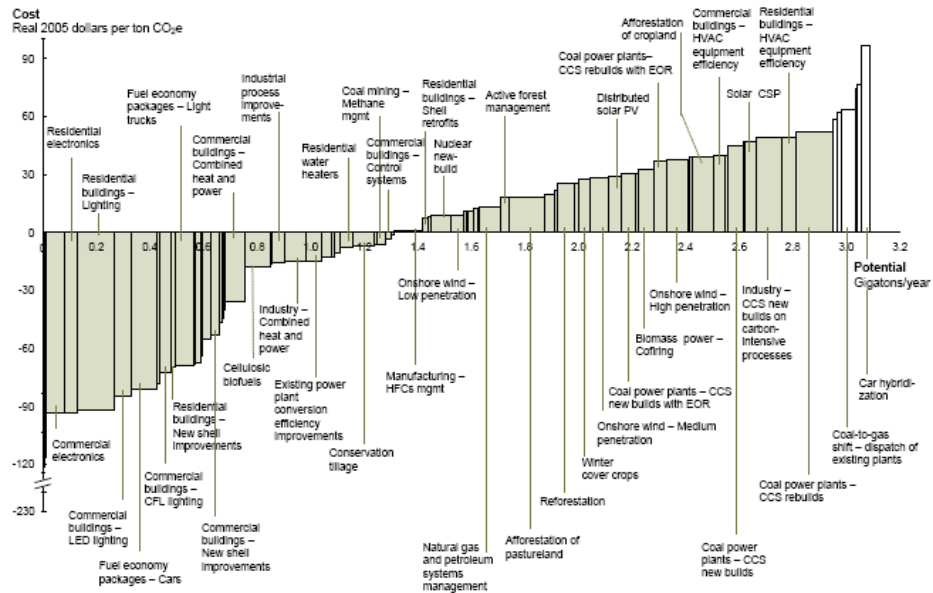
Potential demand reduction in 2020 through enhanced energy productivity



*Power generation and refining sectors. Source: MGI analysis

Exhibit B

U.S. MID-RANGE ABATEMENT CURVE – 2030



Source: McKinsey analysis

Efficiency: 4 Tools for Success

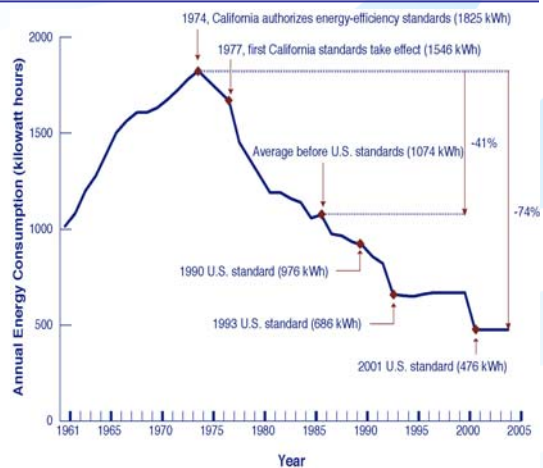


- **Research and Development Create Technologies**
 - RD&D Partnerships with Industry
- **Incentives Make them Viable**
 - Tax Incentives, Rebates, Loan Guarantees, etc.
 - Utility Programs (DSM, Demand Response, etc.)
- **Standards Set a Floor**
 - (Buildings, Equipment, Vehicles)
 - Energy Efficiency Performance Standards for Utilities
- **Public Education Makes them Widespread**
 - Consumer Education and Awareness Campaigns
 - Labeling (Energy Star)

Appliance and Equipment Standards Refrigerators



- Sets minimum energy performance
- Refrigerators sold today use three-fourths less energy than in 1973
- Demand reduction = 18 Nuclear Plants
- Refrigerator **Price** 72-03
 - **Decrease** = 64 %
 - In 1983 \$
- Refrigerator **Size** 72-03
 - 17.5 ft3 to 22.5 ft3
 - **Increase** = 29 %
- Energy **Use** 72-03
 - **Decrease** = 74 %



Source: Graphic -- Collaborative Labeling and Appliance Standards Program
Statistics -- Art Rosenfeld (CEC) and David Goldstein (NRDC)

Motivating Consumers Works!



■ California Cut Energy Use and Peak Demand

- "Flex Your Power Campaign"
 - Retail promotions
 - TV, Print & Radio Advertising



- 20/20 Utility Rebate Program
 - Automatic Enrollment
 - Executive Order
- Simple Requirement
All Investor-owned Utilities

■ Results

- Reduced energy consumption at peak by 14%
- 32% of residents & businesses cut energy use by at least 20%
- Per capita energy use lower than any industrialized nation
- Cost of savings lower than contract or spot market purchases

Deploying the Four Policy Tools in the United States



■ Energy Policy Act of 2005 will by 2020:

- Reduce U.S. energy use by 2%
- Reduce electricity demand by 4%
- **Reduce CO2 by 3%**
- Reduce oil use by 0%

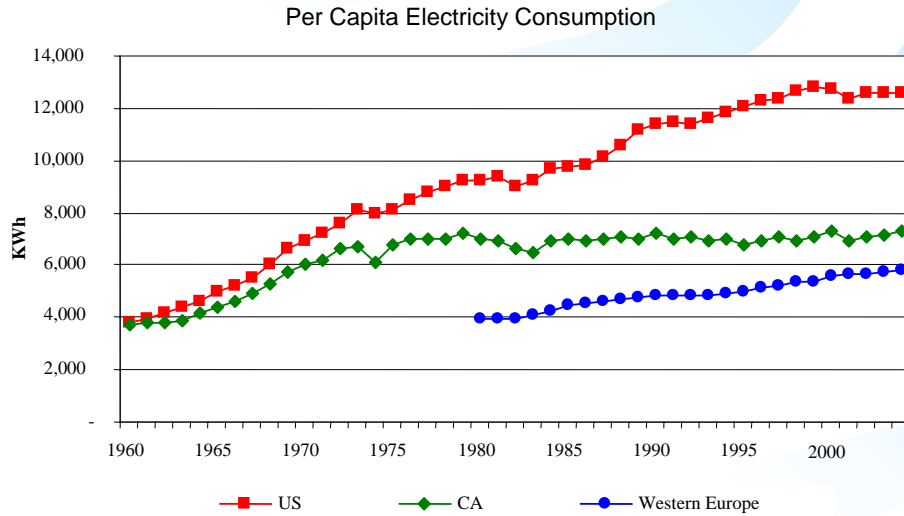
Includes All Four Policy Tools

■ Energy Independence and Security Act of 2007 will by 2030

- Reduce U.S. energy use by 7%
- Reduce electricity demand by 5%
- **Reduce CO2 by 9%**
- Reduce oil use by 10%

Missing Incentives

But More Can & Must Be Done!



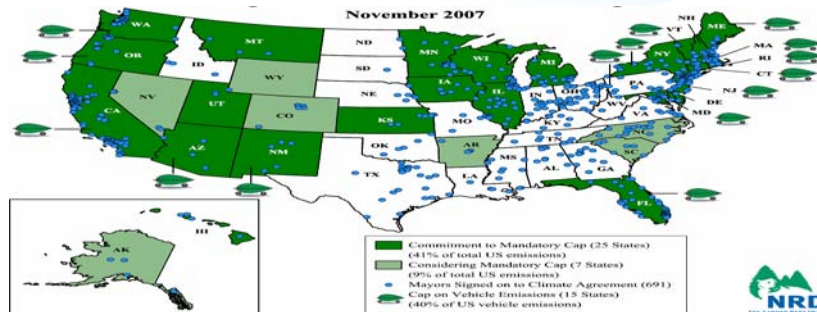
The Policy Road Ahead in the U.S.



“Perfect Storm” Will Drive Action:

- **Gasoline Prices:** facing the voters
- **Global Warming:** facing the inevitable
- **Energy Security:** facing Iraq (or Venezuela)

State Level Policy Actions:



“Perfect Storm” Will Drive Federal Action



- “Cap & Trade” bill likely to be on Senate Floor by Spring
- House Energy and Commerce Com. working on bill
- RPS/EERS Could Re-Emerge
- EE Tax Incentives
- Building Code Targets



For More Information:



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