

# Major Economies Meeting Public/Private Session September 27, 2007

Accelerating Market Penetration for Energy Efficiency

Presentation By:

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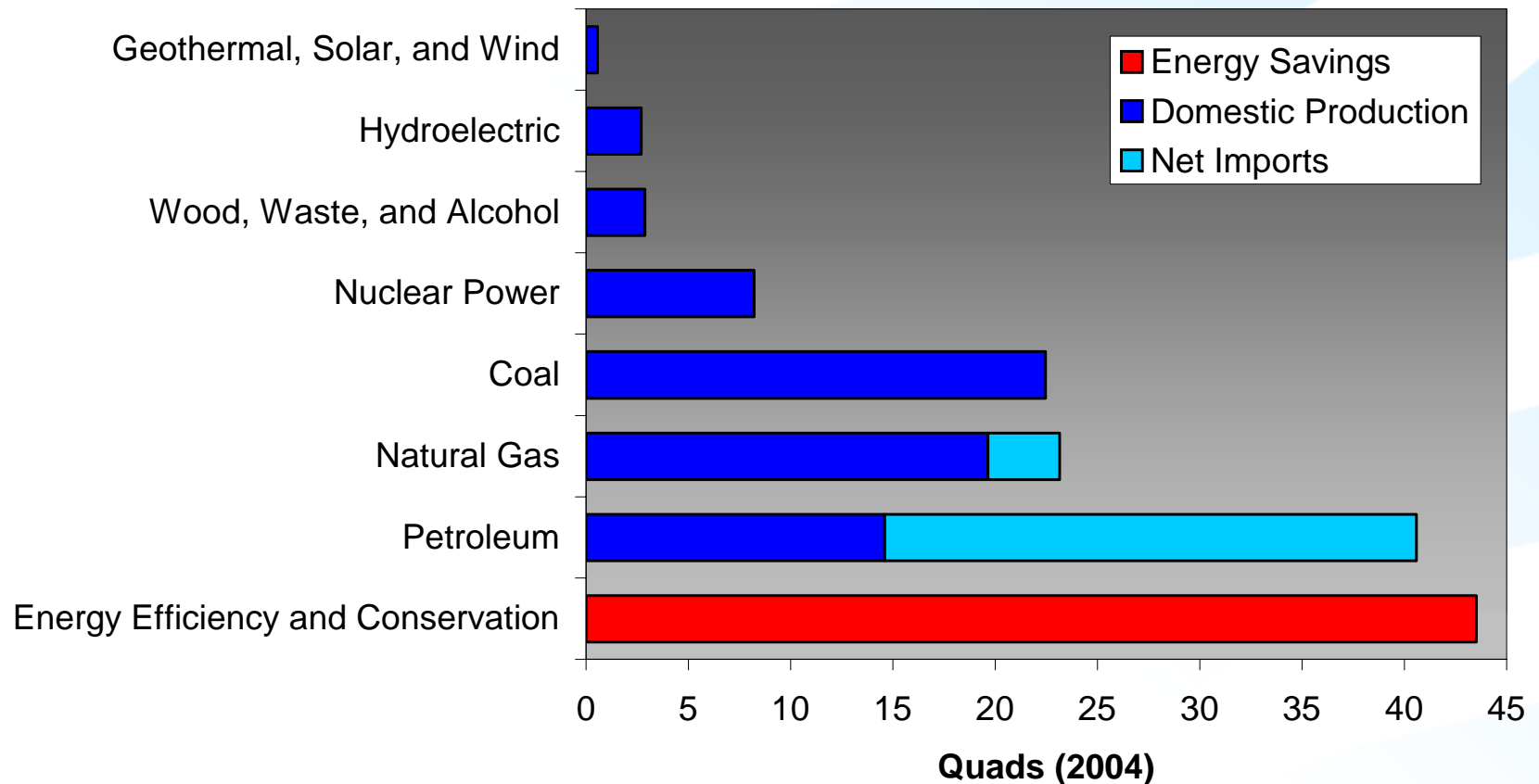
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*Creating an Energy-Efficient World*

# Greatest Energy Resource



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## Energy Efficiency: America's Greatest Energy Resource



Source: Alliance to Save Energy



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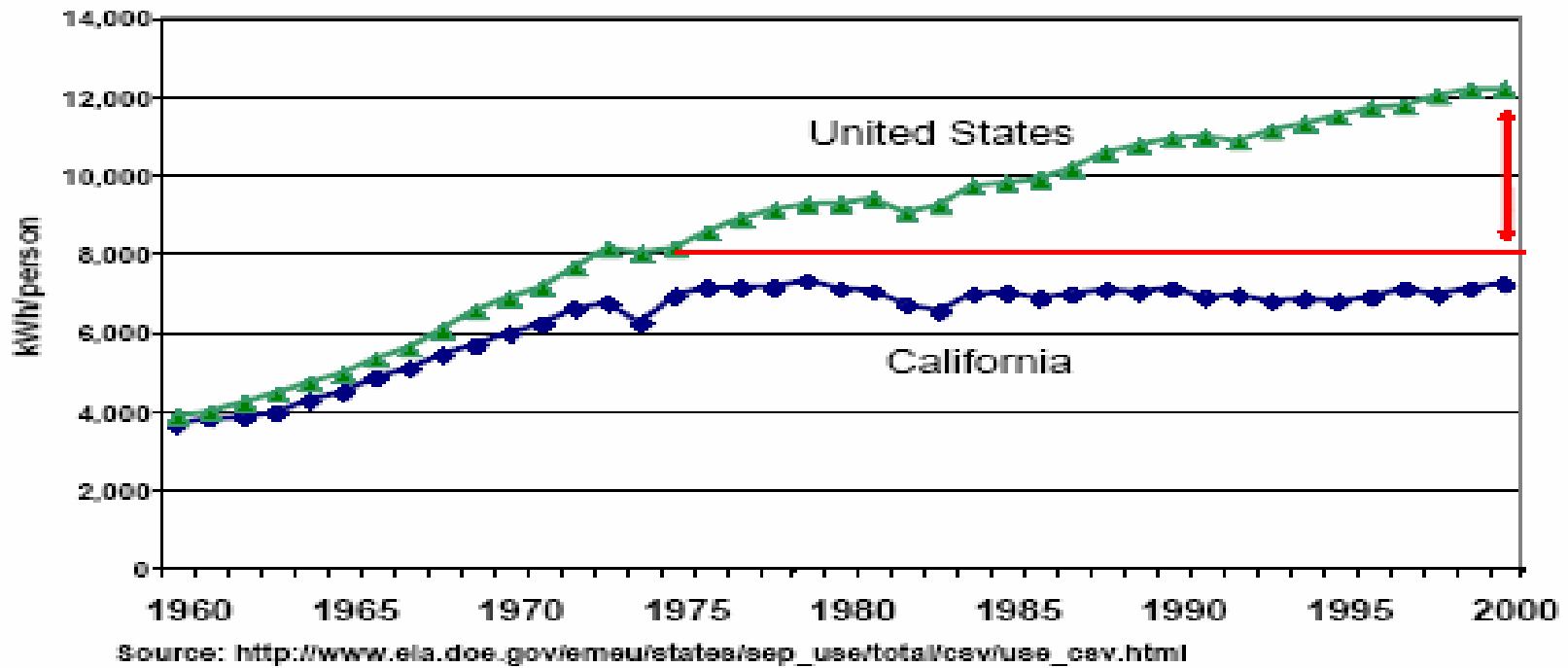
# Energy Efficiency Savings

- Avoiding roughly **2.5 billion tons** of CO2 annually



- Roughly **\$400 billion** energy savings per year

# Per Capita Electricity Consumption



# Still Great Potential for Energy Efficiency Resource

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- DOE national lab study found that increasing energy efficiency throughout the economy could cut U.S. energy use by 10% in 2010 and 20 % in 2020
- McKinsey Global Institute found that U.S. energy demand growth through 2030 could be fully met through deployment of cost-effective energy measures and products
- U.S current annual spending on energy efficiency could be doubled to \$400 billion with strong public policies and increased private investment (ACEEE)

# Barriers to Full Use of Energy Efficiency

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- Principal Agent or “Split Incentives”
  - Home builder versus buyer
- Transaction Costs
  - Lack of information on life-cycle cost for products and/or paybacks for upgrades
- Barriers impact half or more of the energy used in residential and commercial markets (ACEEE/IEA report)
- Public policies needed to overcome barriers

# Accelerating EE Through Utility Investments



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- Approximately 2 Quads of Savings to Date
- Current Utility & PBF Spending as percent of revenues
  - VT at 3% of revenues
  - 10+ states above 1% of revenues
  - US average is only 0.5% of revenues
- 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

# Accelerating Energy Efficiency in the Industrial Sector



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## DOE “Save Energy Now” Program

- **Since 2005, DOE has conducted 324 industrial plant energy assessments**
  - Identified potential cost savings of \$574 million annually
  - Plants have planned improvements to yield \$263 million/year in savings
  - Plants have planned improvements that will avoid 3.75 mmt/year of CO<sub>2</sub>
  - Average plant savings of 7%, or \$2.3 million/year
  - Nearly 75% of the potential energy savings comes from projects with a payback of 2 years or less
  
- **Round 3 of Industrial Energy Assessments Launched in August**

# Accelerating Energy Efficiency Through Federal Action: EPAct 2005



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- Will reduce energy use in 2020 by 1.8 Quads or 1.5% of projected national energy use
  - 75% of savings are from standards and tax incentives
- Major Provisions Include:
  - Appliance/equipment standards: 16+3 products
  - Energy efficiency tax incentives
  - Federal energy management
  - Variety of new RD&D programs authorized (funding depends on appropriations)
  - Variety of studies that could lay the groundwork for future actions

# Accelerating Energy Efficiency Through Public Policy:

Pending Federal Legislation (H.R. 6/H.R. 3221)



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## ■ Major Provisions Include

- Renewable Electricity Standard (RES) – House Bill Only
- Increase in CAFÉ Standards – Senate Bill Only
- Appliance Standards
- Phase-out of Inefficient, Incandescent Light Bulbs
- National Energy Efficiency Goals – Senate Bill Only
- Enhanced Federal Energy Management
- Advanced Building Codes – House Bill Only

## ■ Between Now and 2030 “Best of Both” in Final Bill Would :

- Save Consumers and Business \$850 Billion by 2030
- Avoid Emission of 1.53 Billion Tons of CO<sub>2</sub> (19% of Forecasted Emissions)



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# Contact Us!

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