

Oral Statement

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Thank you, Mr. Chairman and members of the committee for the opportunity to appear before you today to discuss the energy efficiency legislation that this Committee is crafting. As an organization that has dedicated itself to advancing energy efficiency for the past three decades, the Alliance to Save Energy applauds your efforts to deploy efficiency as an effective means of combating our country's linked problems of growing energy demand, increasing energy prices and volatility, and global warming. The Alliance stands ready to support your efforts in any way we can.

Energy efficiency has been proven over the past 30 years to be the cheapest, quickest and cleanest way to extend our Nation's energy supplies. Because of effective public policies like the ones in the discussion draft -- appliance standards, building codes and better federal energy management -- energy efficiency is currently

contributing more toward meeting our country's energy needs than any other single resource, including "King Coal". Our studies show that without the energy efficiency improvements we've made in the last 30 years, we would need approximately 40% more energy to power today's economy than we are currently using.

The Committee's discussion draft continues this important tradition of advancing energy efficiency through strong public policy. We support the efficiency provisions in the draft currently, but we also urge the committee to consider including additional measures that will deliver even greater savings. Given my limited time, I will highlight only a few of what we believe are the most important provisions, and will suggest a few additions, all of which, along with a number of others, are detailed in my written testimony.

First, we support the many strong provisions on appliance standards in the bill. Appliance standards have proven to be one of the most effective energy-efficiency programs ever put in place. Through appliance standards in effect today, we will save 7 percent of U.S. electricity use and reduce greenhouse gas emissions by 65 million metric tons by 2010, and American consumers will save \$234 billion in avoided energy costs.

New performance standards for general service light bulbs could be the single-most important energy saving measure in the bill.

We estimate that standards could save as much as 65 billion kilowatt hours of electricity – the equivalent output of 80 coal-fired power plants each year -- representing \$18 billion in avoided energy costs and 158 million tons of avoided CO2 emissions.

Mr. Chairman, the Alliance is working with a coalition of lighting manufacturers and efficiency and environmental advocates to develop consensus on technology neutral standards for light bulbs that would, in effect, bar the very inefficient incandescent lights we have used for the last century. We are hopeful that we can conclude these negotiations in time to deliver a consensus package to the Committee for consideration as a substitute to the language that is currently in the draft and does not enjoy the support of all stakeholders.

Second, we strongly support the innovative building code provisions included in the draft. About 40% of all energy used in the U.S., and more than 2/3 of the electricity, goes to heat, cool and power buildings. The potential for energy savings in this sector is enormous. [A recent study by the McKinsey Global Institute found that measures that pay for themselves in ten years would save 36%

of energy use for homes and 19% of energy used in commercial buildings.]

Making efficiency improvements at the time of construction is by far the most cost-effective way to lock-in energy savings for the 30-to-50 year or longer life of the building. Progressive building efficiency codes, like those in the draft, insure that these efficiency measures are undertaken.

Third, while we strongly support the provisions in the bill designed to reduce energy use by the federal government, we ask that the Committee consider additional provisions that can create a new paradigm and a new structure to insure that federal agencies aggressively pursue efficiency upgrades in all of their facilities. Alliance Vice-Chair Senator Mark Pryor has introduced a bill that contains provisions that will accomplish this goal and we commend that legislation to this committee for consideration.

Finally, we ask that the committee consider including provisions to foster utility efficiency programs which are a proven and cost-effective means of delivering energy efficiency. The Senate efficiency bill requires state utility commissions to consider energy efficiency as a resource and to establish rate structures that do not reward greater sales of electricity. The Alliance supports this provision. We also support creation of a federal energy efficiency

resource standard – or EERS -- that would require utilities to implement programs that result in a specified amount of electricity or natural gas savings. Like a renewable portfolio standard, such an energy efficiency resources standard represents a flexible, performance-based and market-based regulatory mechanism that can insure that energy efficiency is treated by utilities and regulatory bodies on a par with other fuel resources.

In conclusion, I reiterate our offer to work with the Committee as you develop this important legislation that will reduce energy waste and price volatility and will address global warming in a meaningful way. Through energy efficiency, the Alliance to Save Energy believes that we can transform our current energy crises into economic opportunities and create a “win-win” for Americans and the environment. Thank you.