



**Reflections on the April 26, 2010 30th Anniversary Symposium on
*Energy and the Economic Imperative: The Role of Efficiency in Creating a Robust Economy***

Skip Laitner
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For the past year ACEEE has begun to examine the critical link between productive investments in energy efficiency and their critical role in enabling a greater level of economic prosperity. However, the usual workload and financial constraints generally pre-empted a solid review and assessment of this key topic. At the same time, the release of a new book by Bob and Ed Ayres (*Crossing the Energy Divide: Moving from Fossil Fuel Dependence to a Clean-Energy Future*) and the decision to convene a series of 30th anniversary symposiums provided a unique opportunity for a solid, if initial assessment of this issue.

In fact, the Ayres' book featured critical research by ACEEE staff (in particular, Chapter 4, which built on our 2008 report, *The Size of the U.S. Energy Efficiency Market: Generating a More Complete Picture*). The availability of Bob Ayres provided a solid anchor to the Symposium as we chose, based on Bob's research, to explore the implications of America's anemic 13 percent energy (in)efficiency and the risks that this huge level of waste posted for long-term prosperity.

The symposium was specifically designed for a deep dive into the topic of energy inefficiency. For that reason, there were only five primary speakers with each given 30 to 45-minutes to develop a particular topic. Each of the main sessions also included another 30 to 45-minutes of facilitated discussion. The exception to this "lead speaker" focus was a four-person industry panel who spent the entire day listening and participating in the discussions, and then provided the group with feedback, essentially saying that if ACEEE and the symposium participants really agreed on the need for "doubling the historical rate of energy efficiency, then they relay the industry perspective on what had to happen for this magnitude of effort to actually emerge. Moreover, each session concluded with a five-minute transcribed brainstorm to elicit the major insights and logical next steps from all 55 participants in the Symposium.

Acknowledging the wasted 87 percent of useful energy, the experts spoke with a mixture of frustration and hope. They voiced concerns about incomplete data; and more critically, how that incomplete data feeds a wholly incomplete picture of the economy. In effect, standard economic theory draws from a highly stylized set of assumptions about the real world that misses critical linkages and connections between the production of goods and services and the energy and materials necessary to create those good and services. They also discussed a serious lack of understanding among policymakers about the connection between energy productivity and the larger prosperity of the economy.

While almost everyone acknowledged substantial opportunities to close the efficiency gap, they also pointed to an overwhelming set of barriers that constrained more productive investments and more informed (motivated) behaviors. Among their many concerns, these experts also provided suggestions for how to rapidly ramp up energy efficiency while bailing out the national and global economy.

Among the key policy suggestions from the speakers and participants are:

- Install a 40-year carbon "budget" to be rationed out over time
- Repeal grandfather laws that keep outdated, inefficient power plants running

- Provide risk guarantees and upfront subsidies for new, efficient plants, more efficient industrial processes, and smarter infrastructures and systems
- Provide assistance for code and standards enforcement as well as greater assistance in deploying better information about existing opportunity in a more timely manner

Beyond recommendations for specific policies, a second set of suggestions quickly emerged. Many experts urged a need for better understanding and informed thinking among decision makers about the role of government within the marketplace. Rather than simply suggesting a new law or bill, these suggestions are geared toward permanently changing the mindsets of the people in authority so that they can make better decisions about energy and climate change. Examples from the symposium include:

- Put standards in place (across the board) to tackle low mindshare and fragmentation
- Assemble packages of solutions that handle barriers en masse, to make it easy for the public to be efficient
- Collect both more and more appropriate data, and use newer real-world economic models to validate the importance and contribution of energy efficient behaviors and investments
- Influence the market and supporting laws to reward meaningful profit, not just company growth

Finally a third category of suggestions emerged, not for policies or even policymakers, but for members of the many energy efficiency communities. These are suggestions for what ACEEE and related organizations can do to better affect decision-makers and the global community. A few commonly made points are below.

- Make energy efficiency “sexy”- sell it like beer by popularizing it
- Find a figurehead or a symbol (like, but not necessarily, Ralph Nader) to provide a face for efficiency
- Build on initiatives as the American Energy Innovation Council to leverage greater credibility and momentum
- Put energy efficiency into many “languages” to influence different kinds of people
- Start building a credible and immediate case energy efficiency as the key to resolving the imminent problems of a sluggish economy and climate change, not one for future generations

While at these three sections may provide disparate perspective, they are in fact quite interdependent. The professionals at the Symposium recognized that the United States needs more than a few pertinent policies now. In order to consistently get such policies, policy makers need to better understand how critical energy efficiency is to the health and wealth of the country- an understanding suggested in the second category. But energy efficiency is currently sitting on the backburner for most politicians and businessmen. The third category is the most fundamental because it describes how energy efficiency professionals can think and act differently to get through to the decision-makers.

In order to sustainably expect good policies to come out of Capitol Hill, the policy makers must learn to think in a different way. In order to change how the policy makers see energy efficiency, ACEEE and the efficiency field must learn to think (and speak) in new, adventurous, and persuasive ways. I felt that it was important to bring your attention to all three categories, rather than solely the direct policy recommendations. Many of the speakers and participants at the symposium went to great effort to speak for reformed thought and action rather than solely reformed laws, and I thought that message should be noted.