



The Future of Natural Gas Energy Efficiency

ACEEE Energy Efficiency as a Resource
September 23, 2013



Delivering natural gas that fuels America's way of life

- The American Gas Association, founded in 1918, represents local natural gas companies that cleanly fuel the way of life of 177 million Americans nationwide
- 2.4 million miles of pipeline
- 90 million therms of natural gas delivered annually accounts for 40% of the total U.S. natural gas consumption

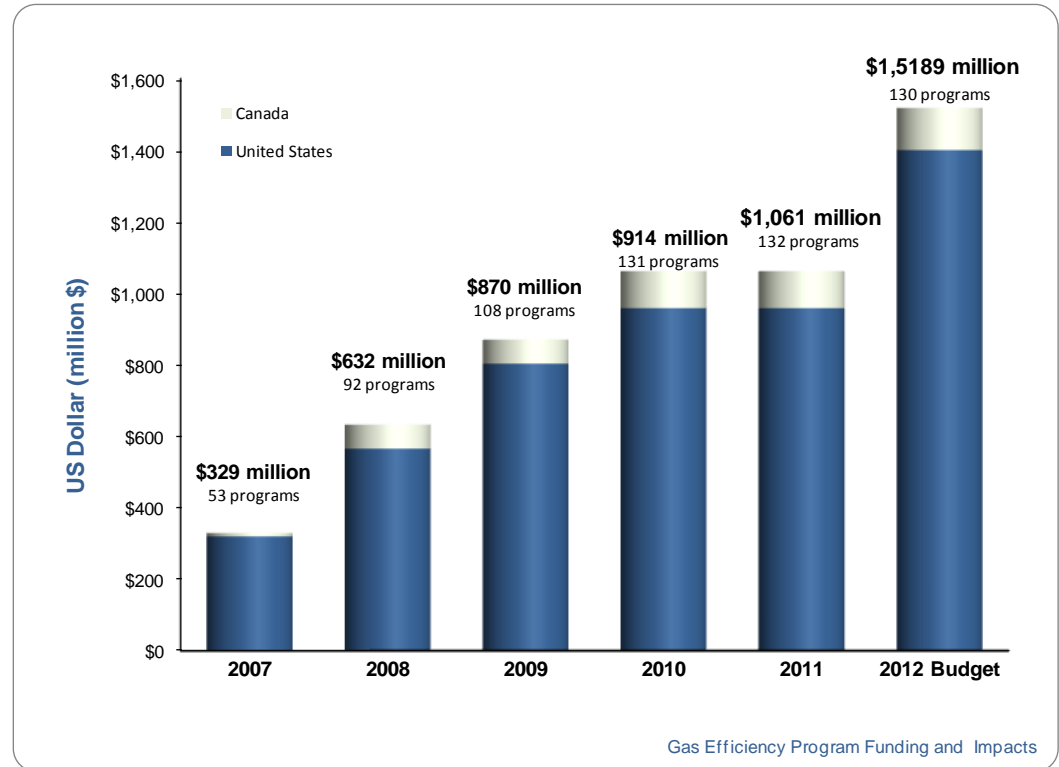


Utility Perspective on Energy Efficiency

- Save customers money
 - Below avoided cost of gas
 - Hedge value
- Customer satisfaction
 - Expectation of a well run utility
 - Non-energy benefits (e.g., comfort, quiet)
- Avoid revenue losses, earning opportunity
 - Decoupling
 - Energy Service Charge
- Stakeholder engagement
 - Manufacturers of equipment, improved and more efficient
 - Local contractors provide regional economic development

Efficiency Spending and Impact Growing

- » **Spending:** U.S. Utilities spent \$968 Million on natural gas efficiency programs in 2011, and budgeted \$1.4B for 2012
- » **Breadth:** In 2011, 128 Programs were implemented across 39 states
- » **Savings:** In 2011, participating U.S. households reduced their average annual natural gas usage by 13 percent and saved \$107 on their annual natural gas bills



Building on Success

Challenges

Low Cost of Natural Gas

Low natural gas cost makes the economics difficult for both the utility and the customer from a simple pay back perspective

Regulatory Inconsistency

Address the difficulty of using the TRC test to document the cost-effectiveness of natural gas efficiency programs.

Codes and Standards

New building code adoption increases the baseline to measure efficiency improvements against. Same for increasingly efficient appliance standards. This also impacts the cost of delivering savings.

Opportunities

Advanced Program Design

Promote more comprehensive energy efficiency program options, led by natural gas utilities but potentially saving electricity, water, etc.

Emerging Technologies

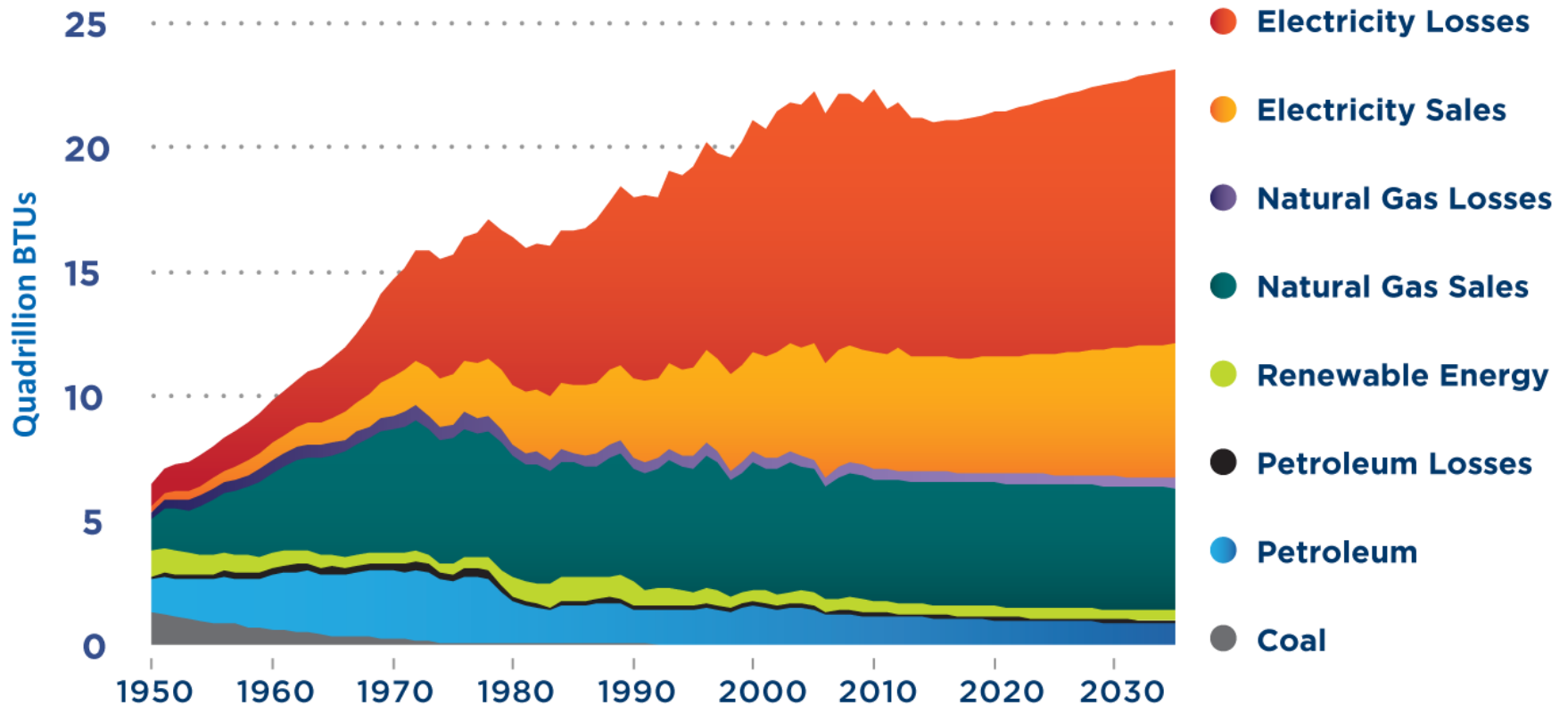
Extend the long-term potential for efficiency natural gas use, led by advanced technology

Policy Innovation

Address inconsistent treatment of natural gas efficiency measures. In particular, the assumed energy performance baseline appears to be more stringent for gas heating efficiency measures than electric measures.

Long term goal for Energy Efficiency: Enhance Overall Productivity of the Energy System

How do we ensure that states are properly applying cost-effectiveness tests that capture the Full Value of Energy Efficiency?



Source: U.S. Department of Energy, Energy Information Administration

Advanced Program Design

➤ *More Comprehensive Energy Efficiency Programs*

- Whole building shells and HVAC controls
- Gas-electric utility collaboration, joint programs, etc.
- Behavior Based Programs
- Utility engagement in building codes
- Emerging Technology Programs

Home Energy Squad:

“team of energy experts equipped to help you reach your goals in one convenient visit.”

Residential energy efficiency program offered to customers who have electric service from Xcel Energy and natural gas service from Centerpoint Energy or Xcel Energy .



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