

EXECUTIVE SUMMARY

2014 State Energy Efficiency Scorecard

Conversations about energy use in the United States often revolve around the need to support the growth of our national economy by expanding the energy supply. In fact, however, we have a resource that is cleaner, cheaper, and quicker to deploy than building new supply – energy efficiency. Energy efficiency improvements help businesses, governments, and consumers meet their needs by using *less* energy. Efficiency saves money, drives investment across all sectors of the economy, creates jobs, and reduces the environmental impacts of the energy production system.

Governors, legislators, regulators, and citizens are increasingly recognizing that energy efficiency is a crucially important state resource. In fact, many innovative policies and programs that promote energy efficiency originated in states. The *2014 State Energy Efficiency Scorecard* reflects these successes through a comprehensive analysis of state efforts to support energy efficiency.

In this eighth edition of our State Energy Efficiency Scorecard, the American Council for an Energy-Efficient Economy (ACEEE) ranks states on their policy and program efforts, and recommends ways that states can improve their energy efficiency performance in various policy areas. The State Scorecard provides an annual benchmark of the progress of state energy efficiency policies and programs. It encourages states to continue strengthening their efficiency commitments in order to promote economic growth, secure environmental benefits, and increase their communities’ resilience in the face of the uncertain cost and supply of the energy resources on which they depend.

KEY FINDINGS

Massachusetts retained the top spot in the State Energy Efficiency Scorecard rankings for the fourth year in a row, having overtaken California in 2011. The state’s achievement is based on its continued commitment to energy efficiency under its Green Communities Act of 2008. Among other things, the legislation has spurred greater investments in energy efficiency programs by requiring utilities to save a large and growing percentage of energy every year through efficiency measures. Massachusetts achieved electricity savings of over 2% of retail sales in 2013.

Joining Massachusetts in the top five are **California, Rhode Island, Oregon, and Vermont**. This is the first year that Rhode Island has appeared in the top five, rising notably from its sixth-place ranking in 2013. Vermont, Oregon, and Rhode Island tied for third place this year, demonstrating the continuing commitment and progress of the states in the top tier.

Connecticut, New York, Washington, Maryland, and Minnesota rounded out the top tier. All these states have made continued commitments to energy efficiency. Minnesota returns to the top ten this year after falling slightly in the rankings in 2013.

This year’s most-improved states were **Arkansas, the District of Columbia, Kentucky, and Wisconsin**. Most-improved states made large strides in both points gained and overall ranking. The District of Columbia made notable progress across a number of policy areas, fueled by the District’s sustainability plan, Sustainable DC, and by the ramping up of DC Sustainable Energy Utility programs. Arkansas

was pushed forward by strong utility programs. The state's budgets for electric efficiency programs increased 30% between 2012 and 2013, while electricity savings more than tripled. Wisconsin bounced back in this year's State Scorecard after a shift in efficiency administrators had caused a temporary drop in savings. The state is once again realizing consistent levels of electricity and natural gas savings. Kentucky saw an improvement in its score for transportation policies and took clear steps toward adopting and implementing a more up-to-date commercial building energy code.

Other states have also made recent progress in energy efficiency. **Nevada** scored additional points for its building codes and compliance measures. **Delaware** passed a significant energy efficiency bill in early July, laying the groundwork for customer-funded energy efficiency programs. This policy shift did not result in an improved score this year, but it will likely garner additional points in future editions of the State Scorecard as programs are implemented and regulations are finalized.

The leading states in utility-sector energy efficiency programs and policies (covered in Chapter 2) were **Rhode Island, Massachusetts, and Vermont**. With long records of success, all three continued to raise the bar on cost-effective programs and policies. Both Massachusetts and Rhode Island earned maximum points in this category.

Total budgets for electricity efficiency programs in 2013 reached \$6.3 billion. Adding this to natural gas program budgets of \$1.4 billion, we estimate total efficiency program budgets of more than \$7.7 billion in 2013.

Savings from electricity efficiency programs in 2013 totaled approximately 24.3 million megawatt-hours (MWh), a 7% increase over the 2011 savings we reported last year. Gas savings for 2013 were reported at 276 million therms (MMTherms), a 19% increase over the 2011 savings reported in the last State Scorecard.

Policies setting long-term energy savings targets faced pushback this year and were actually rolled back in two states, **Indiana** and **Ohio**. Twenty-four states continue to enforce and adequately fund an energy efficiency resource standard (EERS) that drives investments in utility-sector energy efficiency programs. The states with the most aggressive savings targets include **Arizona, Massachusetts, and Rhode Island**.

The leading state in building energy codes and compliance (covered in Chapter 4) was **California**. Eleven states and the District of Columbia have officially adopted the latest standards for both residential and commercial buildings.

California and **New York** led the way in energy-efficient transportation policies. California's requirements for reductions in greenhouse gas (GHG) emissions have led it to identify several strategies for smart growth, while New York is one of the few states in the nation to have a concrete vehicle-miles-traveled reduction target.

Twenty-three states fell in the rankings this year because of substantive changes in their performance as well as changes in our methodology. **Indiana** fell the furthest, by 13 spots, due in part to state legislators' decision to roll back the state's EERS. Legislators in **Ohio** made a similar decision to effectively eliminate EERS requirements, resulting in a fall of seven spots.

RESULTS

The 2014 *State Energy Efficiency Scorecard* assesses state policies and programs that improve energy efficiency in our homes, businesses, industries, and transportation systems. It considers the six policy areas in which states typically pursue energy efficiency:

- Utility and public benefits programs and policies
- Transportation polices
- Building energy codes and compliance
- Combined heat and power (CHP) policies
- State government-led initiatives around energy efficiency
- Appliance and equipment standards

Figure ES1 shows states' rankings in the 2014 *State Energy Efficiency Scorecard*, dividing them into five tiers for ease of comparison. It is followed by table ES1 that provides details of the scores for each state. An identical ranking for two or more states indicates a tie (e.g., Rhode Island, Vermont, and Oregon all rank third).

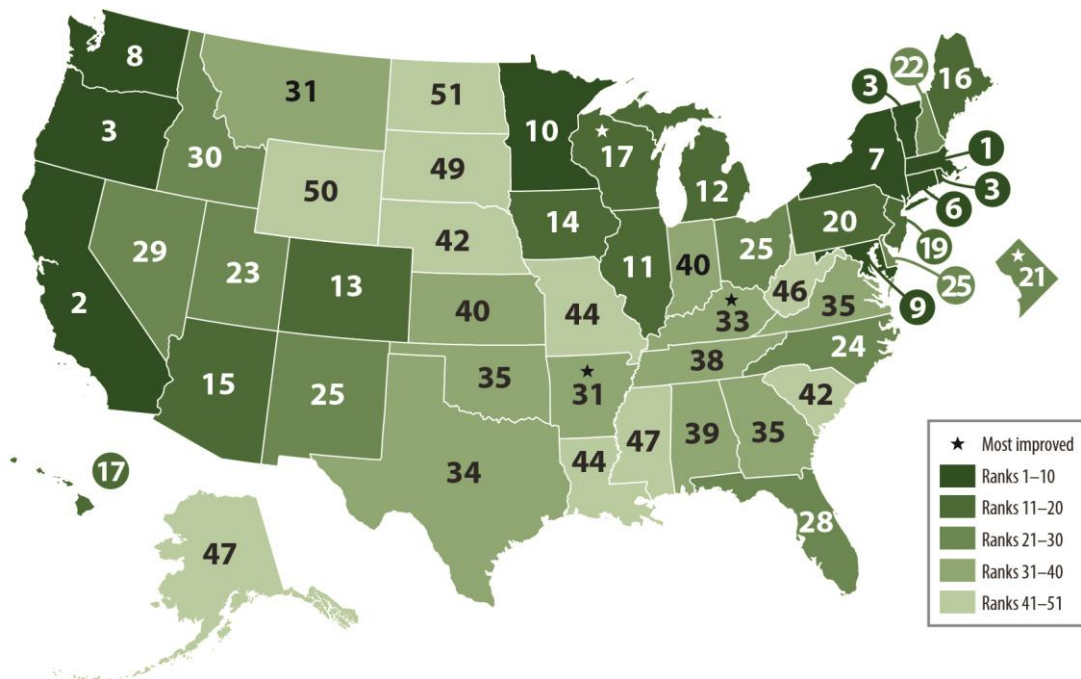


Figure ES1. 2014 State Scorecard rankings

Table ES1. Summary of state scores in the 2014 State Scorecard

Rank	State	Utility & public benefits programs & policies (20 pts.)	Transportation policies (9 pts.)	Building energy codes (7 pts.)	Combined heat & power (5 pts.)	State government initiatives (7 pts.)	Appliance efficiency standards (2 pts.)	TOTAL SCORE (50 pts.)	Change in rank from 2013	Change in score from 2013
1	Massachusetts	20	7	5.5	4.5	5	0	42	0	0
2	California	12.5	8.5	7	4	6.5	2	40.5	0	-0.5
3	Oregon	15	7	5.5	3.5	5.5	1	37.5	1	0.5
3	Rhode Island	20	5	6	3	3	0.5	37.5	3	2
3	Vermont	18.5	6	6	3	4	0	37.5	4	3
6	Connecticut	14	5	5	4.5	6	1	35.5	-1	-0.5
7	New York	13.5	8	5.5	2	6	0	35	-4	-3
8	Washington	13	7	6	2.5	4.5	0.5	33.5	0	0
9	Maryland	10.5	5	6	3	5	0.5	30	0	2.5
10	Minnesota	14	3.5	4.5	1.5	5.5	0	29	1	3.5
11	Illinois	9	5	6	1.5	5.5	0	27	-1	1
12	Michigan	12.5	4	3.5	1.5	4.5	0	26	0	1.5
13	Colorado	10.5	4	5	1	4	0	24.5	3	1.5
14	Iowa	12	2	6	0.5	3.5	0	24	-2	-0.5
15	Arizona	12	3	3	2	3	0.5	23.5	-3	-1
16	Maine	8	5	3.5	3	3	0	22.5	0	-0.5
17	Hawaii	12	3.5	2.5	1	2.5	0	21.5	3	1
17	Wisconsin	8.5	2.5	4	2.5	4	0	21.5	6	3.5
19	New Jersey	8.5	5	3	2	2.5	0	21	-7	-3.5
20	Pennsylvania	5	5.5	4	1	5	0	20.5	-1	-1.5
21	District of Columbia	5.5	5	5	1.5	2.5	0.5	20	9	6
22	New Hampshire	8.5	1.5	4	1.5	2.5	0.5	18.5	-1	-1.5
23	Utah	7	1.5	4.5	1.5	3.5	0	18	1	0.5
24	North Carolina	3	3.5	4	2.5	4.5	0	17.5	0	0
25	Delaware	1	5	6	0.5	4.5	0	17	-3	-1.5
25	New Mexico	7	1	4	1.5	3.5	0	17	-1	-0.5
25	Ohio	8	0	4	1.5	3.5	0	17	-7	-5.5
28	Florida	2.5	4.5	6	1	2.5	0	16.5	-1	1
29	Nevada	5	0.5	6	1	3.5	0	16	4	3
30	Idaho	4	1	5.5	0.5	3.5	0	14.5	1	1
31	Arkansas	8	1.5	3	0	1.5	0	14	6	2
31	Montana	4	0.5	6	0	3.5	0	14	-2	-1
33	Kentucky	3.5	1	4.5	0	4.5	0	13.5	6	2
34	Texas	0.5	2.5	4	1.5	4	0.5	13	-1	0
35	Georgia	2	4	3.5	0	2.5	0.5	12.5	-2	-0.5
35	Oklahoma	4	1	3.5	0.5	3.5	0	12.5	2	0.5
35	Virginia	0	3.5	5	0	4	0	12.5	1	0
38	Tennessee	2	3	2.5	0	4.5	0	12	-7	-1.5
39	Alabama	2.5	0.5	3.5	0	4.5	0	11	0	-0.5
40	Indiana	4	1	3.5	1	1	0	10.5	-13	-5
40	Kansas	0.5	1.5	4	0	4.5	0	10.5	-1	-1
42	Nebraska	1	1	5	0	3	0	10	2	0.5
42	South Carolina	1	2.5	3.5	0	3	0	10	-3	-1.5
44	Louisiana	2.5	1	3.5	0.5	1.5	0	9	0	-0.5
44	Missouri	3	1	2.5	0	2.5	0	9	-1	-1.5
46	West Virginia	0	2.5	4	1	1	0	8.5	0	-0.5
47	Alaska	0	2	1	0.5	4.5	0	8	0	0
47	Mississippi	1	0.5	3.5	0	3	0	8	0	0
49	South Dakota	3.5	0.5	1.5	0.5	1.5	0	7.5	-2	-0.5
50	Wyoming	2	1.5	1.5	0	1.5	0	6.5	0	1
51	North Dakota	0	1.5	1.5	0.5	0.5	0	4	0	0.5

We also included three U.S. territories – Puerto Rico, Guam, and the U.S. Virgin Islands – in our research this year. While we did score these territories, we did not include them in our general rankings. Though all of them have taken some steps toward ensuring that building energy codes are up to date, they have not yet invested heavily in energy efficiency in other sectors. Table ES2 shows their scores.

Table ES2. Summary of scores for territories in the 2014 State Scorecard

Territory	Utility & public benefits programs & policies (20 pts.)	Transportation policies (9 pts.)	Building energy codes (7 pts.)	Combined heat & power (5 pts.)	State government initiatives (7 pts.)	Appliance efficiency standards (2 pts.)	TOTAL SCORE (50 pts.)
Puerto Rico	0	1.5	3.5	0	2	0	7
Guam	0	0	4	0	0.5	0	4.5
U.S. Virgin Islands	0	0	3.5	0	0.5	0	4

STRATEGIES FOR IMPROVING ENERGY EFFICIENCY

Put in place and adequately fund an EERS or similar energy savings target. EERS policies establish specific energy savings targets that utilities or independent statewide program administrators must meet through customer energy efficiency programs. They serve as an enabling framework for cost-effective investment, savings, and program activity. EERS policies can catalyze increased energy efficiency and its associated economic and environmental benefits.

Examples: Massachusetts, Arizona, Hawaii, Vermont

Adopt updated, more stringent building energy codes, improve code compliance, and involve efficiency program administrators in code support. Buildings use more than 40% of the total energy consumed in the United States, making them an essential target for energy savings. Mandatory building energy codes are one way to ensure a minimum level of energy efficiency for new residential and commercial buildings.

Examples: California, Rhode Island, Illinois, Mississippi

Adopt stringent tailpipe emissions standards for cars and trucks, and set quantitative targets for reducing vehicle miles traveled. Like buildings, transportation consumes a substantial portion of the total energy used in the United States. Although new federal fuel economy standards have been put in place, states will realize greater energy savings and pollution reduction if they adopt California’s more stringent tailpipe emissions standards (a proxy for reducing energy use).

Examples: California, New York, Massachusetts, Oregon

Treat CHP as an energy efficiency resource equivalent to other forms of energy efficiency. Many states list CHP as an eligible technology within their EERSs or renewable portfolio (RPS) standards, but they relegate it to a bottom tier. ACEEE recommends that states give CHP equal footing, requiring them to develop a specific methodology for counting energy savings attributed to its utilization. If CHP

is allowed as an eligible resource, EERS target levels should be increased to take into account the CHP potential and ensure that CHP does not displace traditional energy efficiency measures.

Example: Massachusetts

Expand state-led efforts and make them visible. Efforts may include putting in place sustainable funding sources for energy efficiency incentive programs, leading by example by incorporating energy efficiency into government operations, and investing in energy efficiency-related research, development, and demonstration centers. States have many opportunities to lead by example, including reducing energy use in public buildings and fleets, demonstrating the market for energy service companies that finance and deliver energy-saving projects, and funding research centers that focus on breakthroughs in energy-efficient technologies.

Examples: New York, Maryland, Alaska