



American Council for an Energy-Efficient Economy

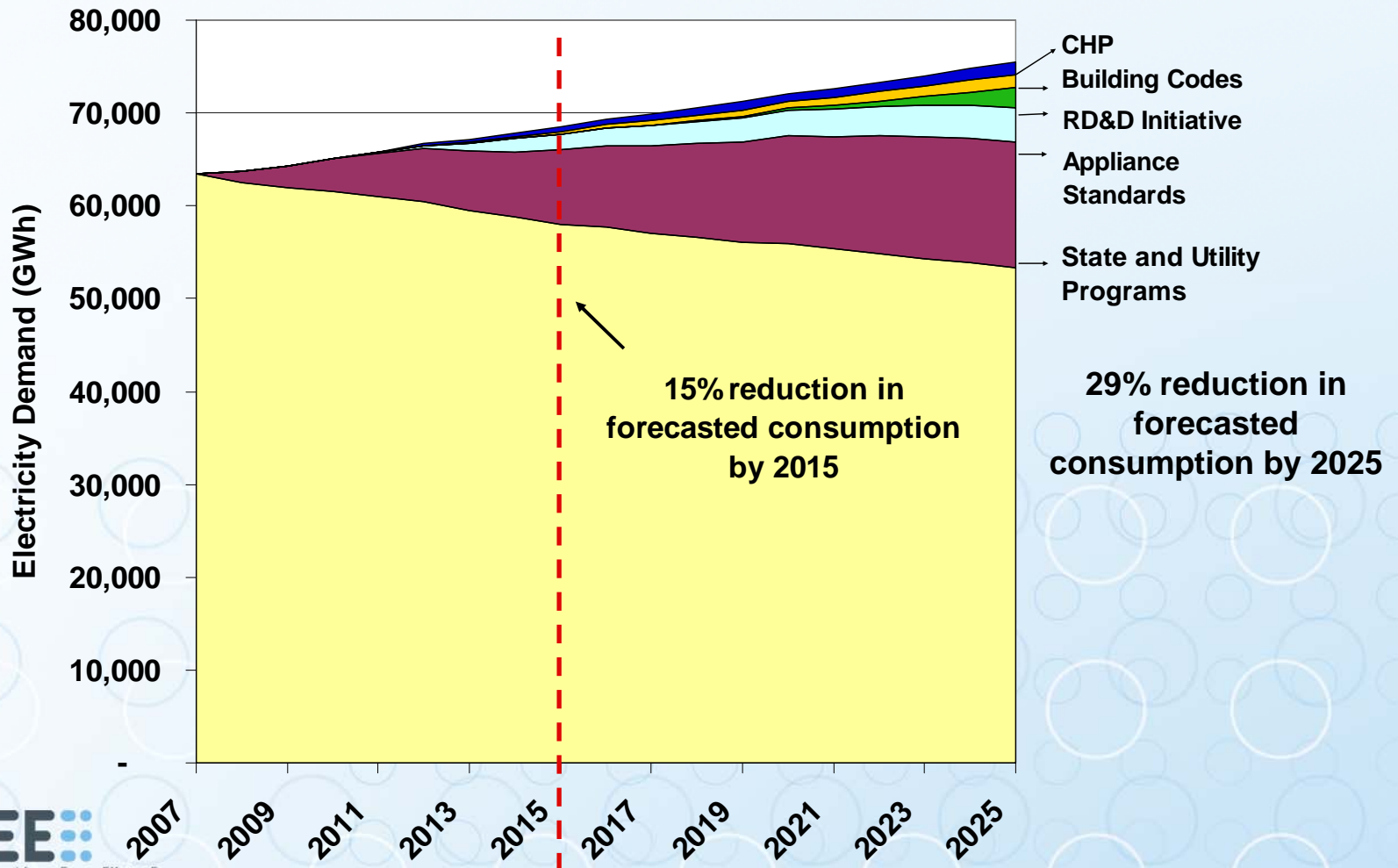
Energy Efficiency Resource Standards

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American Council for an Energy-Efficient Economy

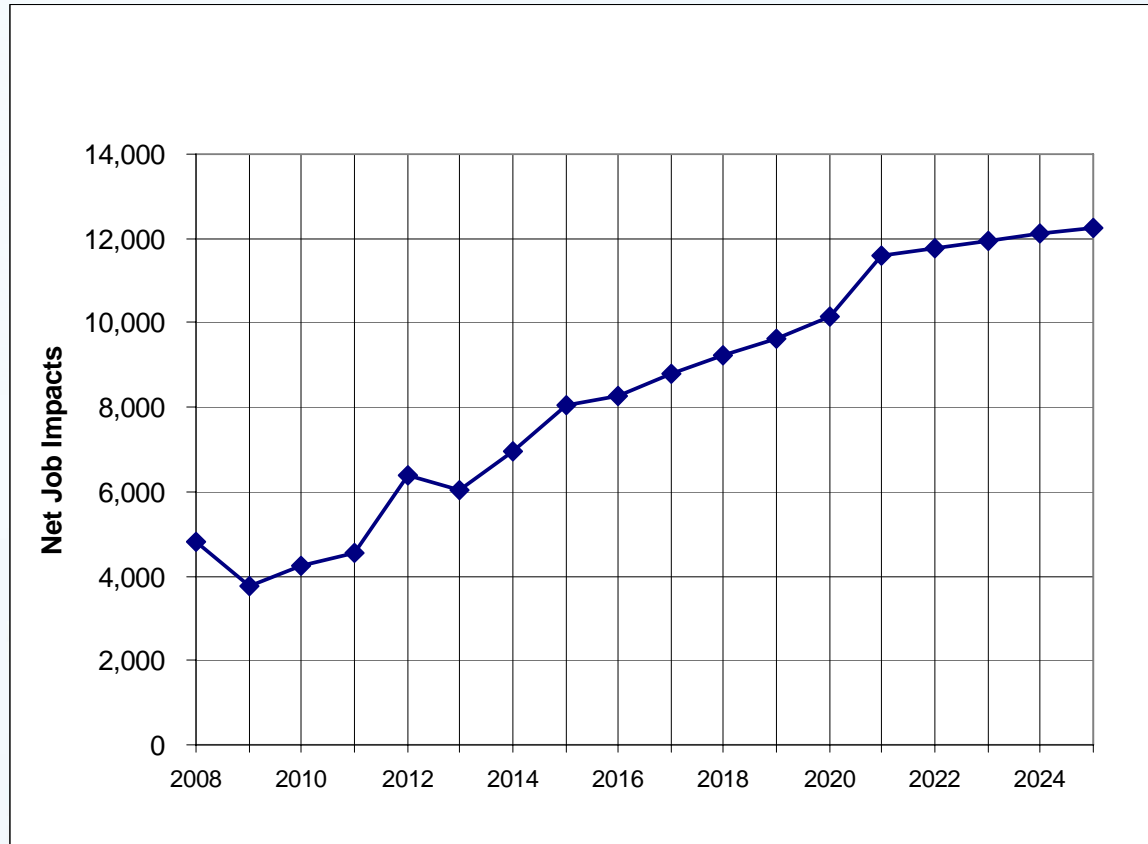
March 2009

Share of Maryland Electricity Sales That Can Be Met by Efficiency Policies



Efficiency Programs Generate Jobs

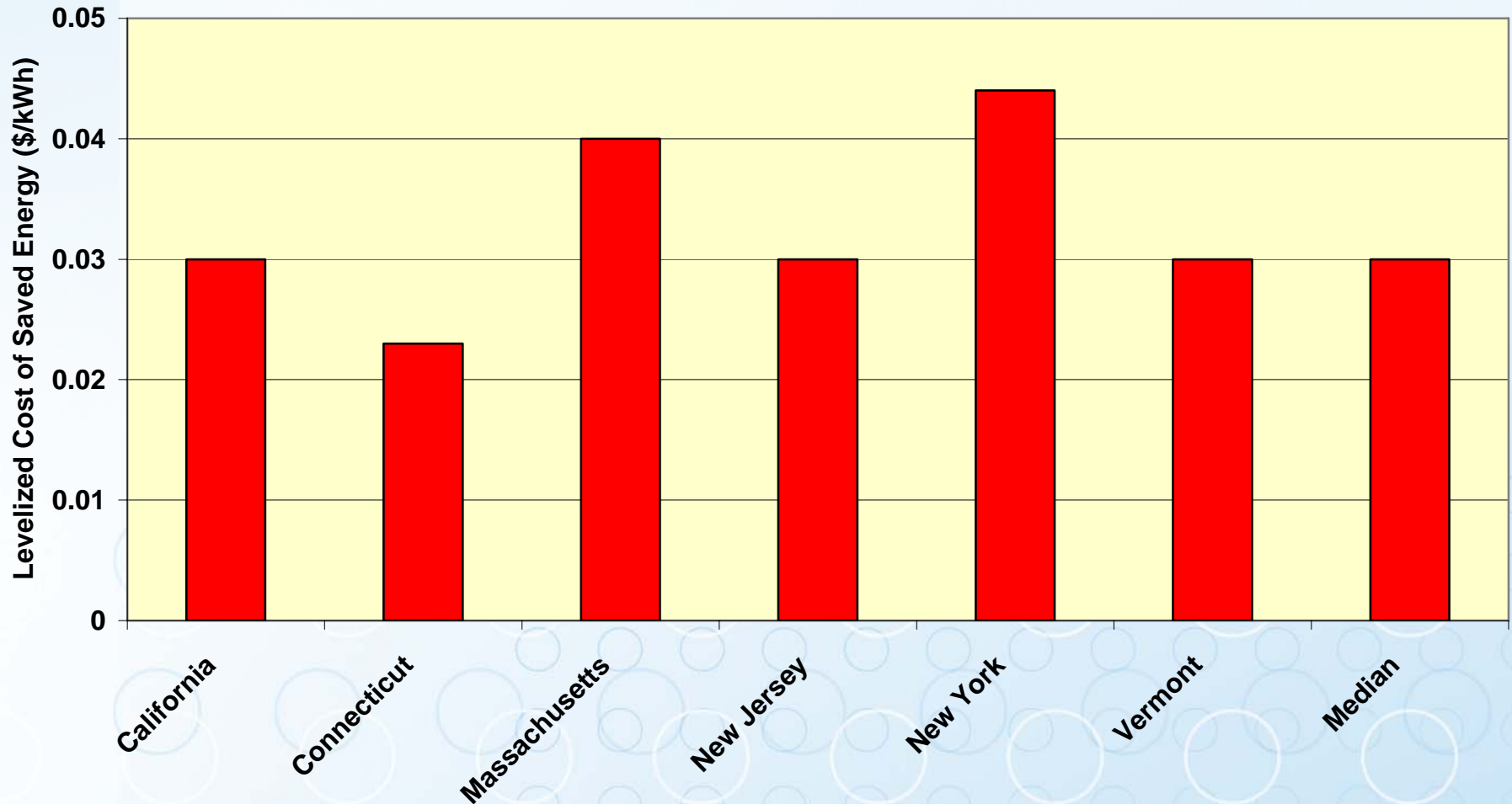
(Maryland 29% savings by 2025 scenario)



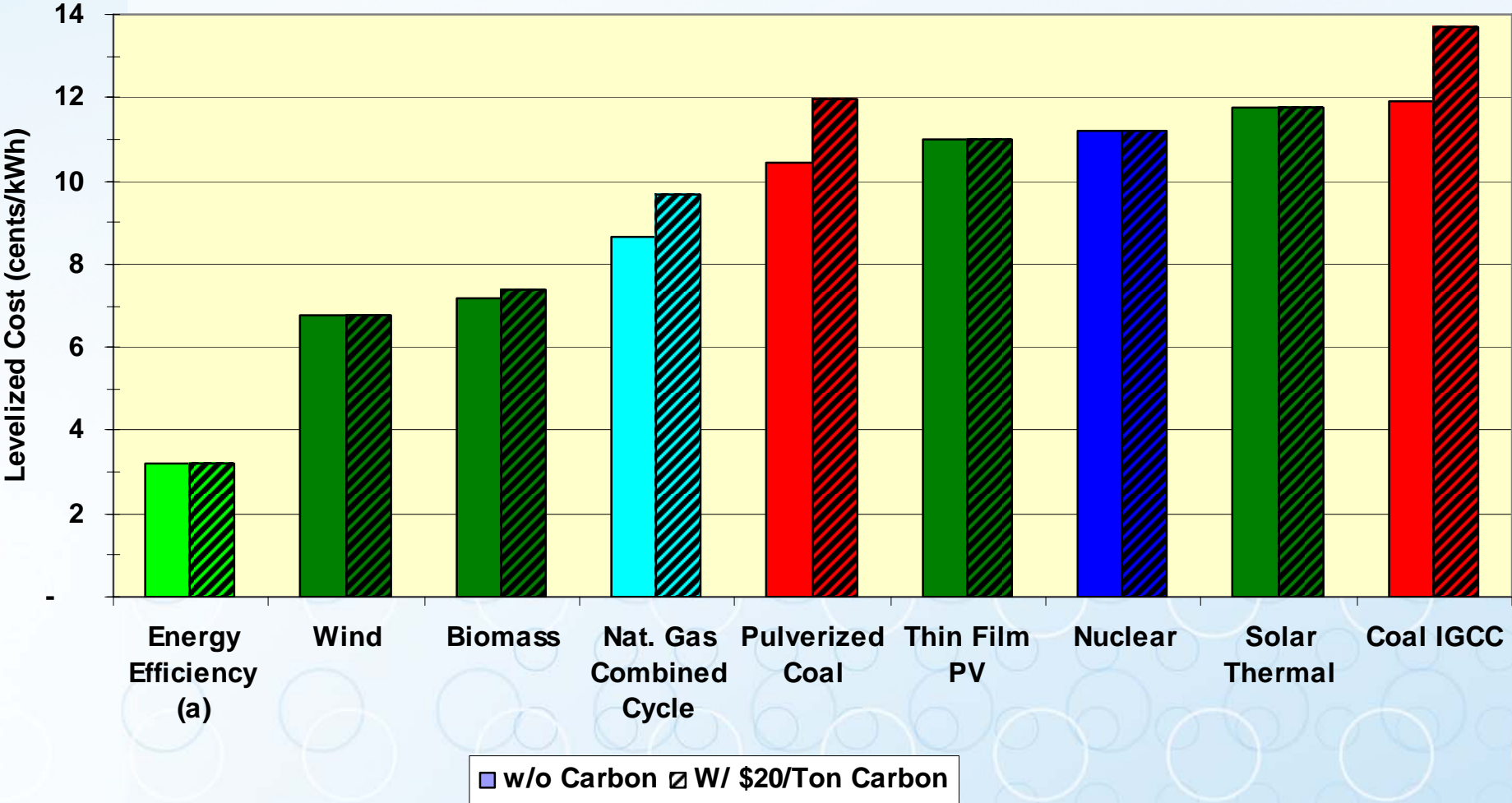
Source: ACEEE Feb. 2008 Maryland report

Efficiency Resources Cost Effective

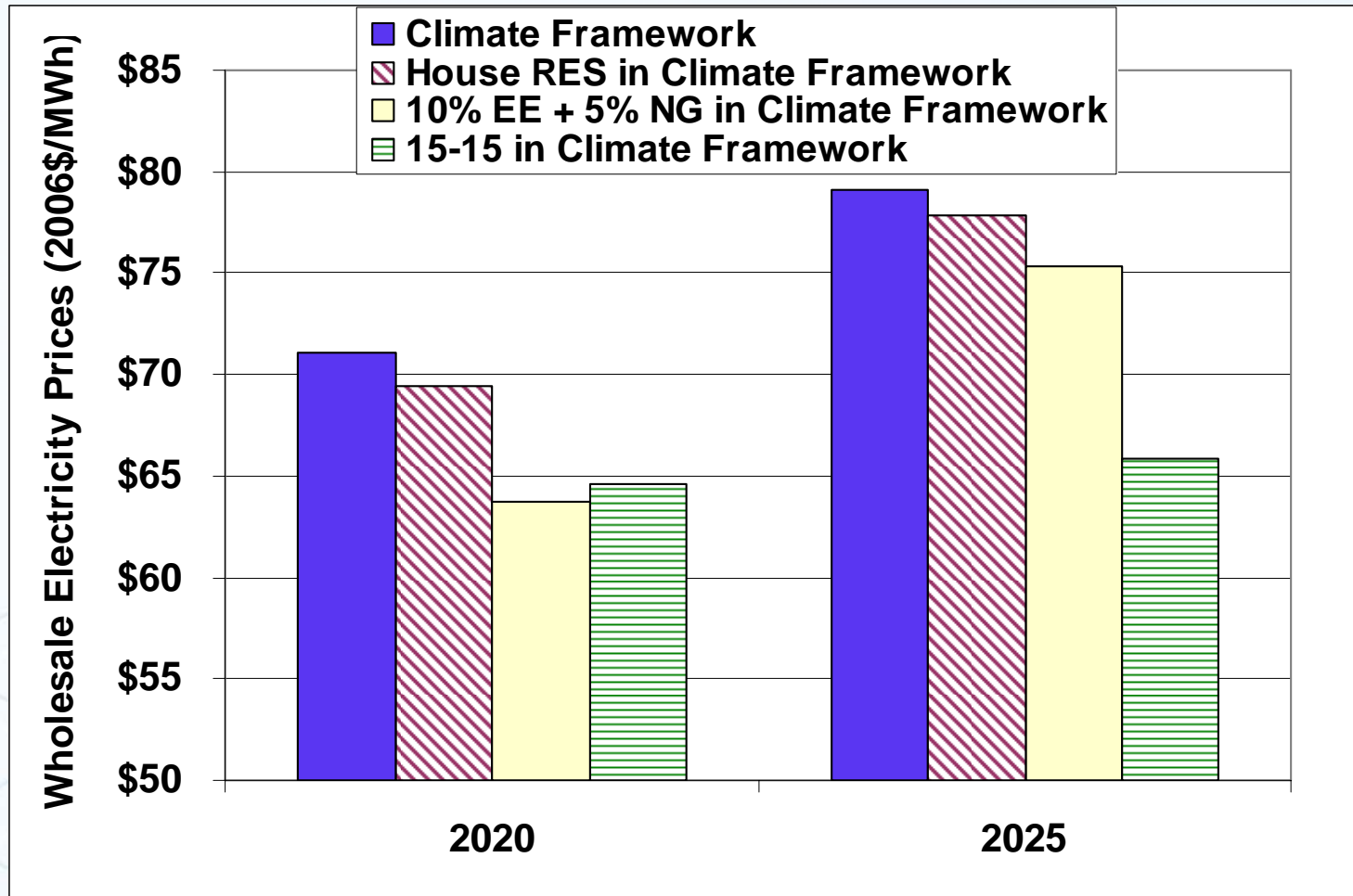
Evaluated results of All-Sector State-Level Energy Efficiency Programs



Cost of New Electricity Resources

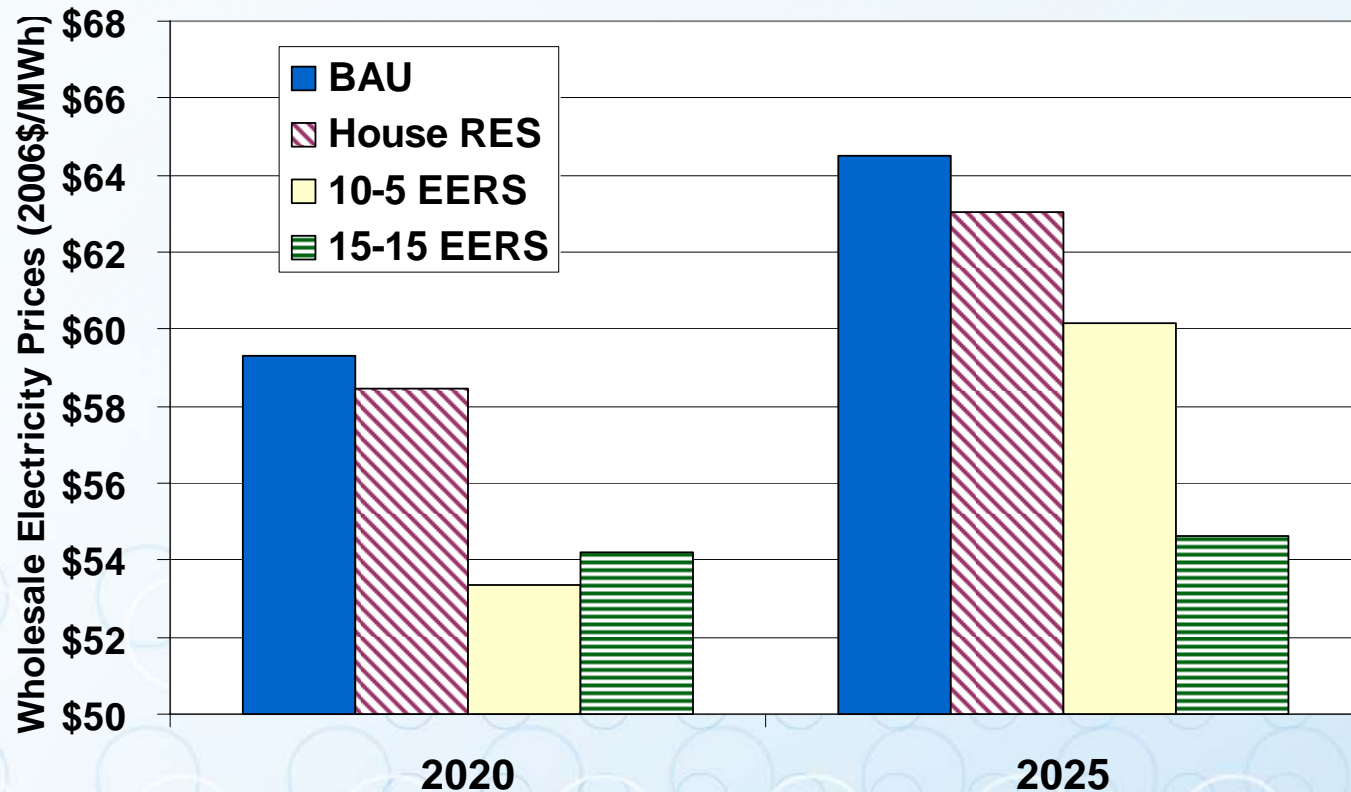


National Wholesale Electricity Price With an EERS (Climate Framework Scenario)



Note: Cost of efficiency programs will raise prices at retail level modestly.

Midwest Wholesale Electricity Prices in Business as Usual & Efficiency Scenarios



Source: ACEEE Dec. 2007 EERS-RES study

Energy Efficiency Resource Standards

Analogous to a Renewable Portfolio Standard
Electric and/or gas savings targets for utilities

- Includes end-use efficiency and sometimes combined heat & power (CHP) and codes/standards
- Targets generally start low and increase over time

Savings must be documented in accordance with evaluation rules established by regulators

Can authorize bilateral contracts to exchange savings credits and provide a role for 3rd parties

Why an EERS?

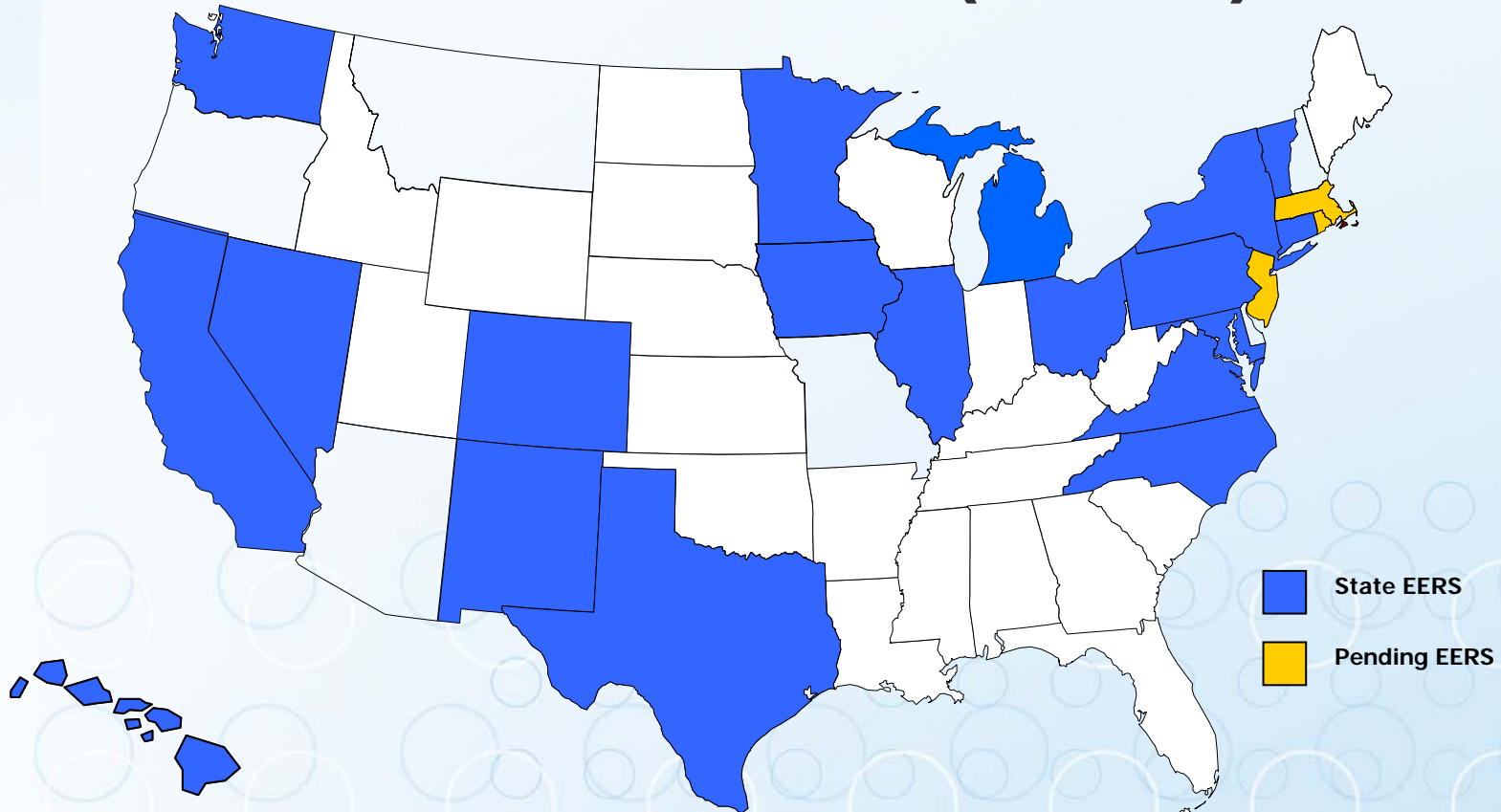
Achieve substantial energy and emissions savings

Performance based – emphasizes savings, not spending

Can be easier to legislate savings targets than spending amounts

Can start programs quickly, without many years of study (but targets should be based on cost-effective opportunities)

States with Energy Efficiency Resource Standards (EERS)



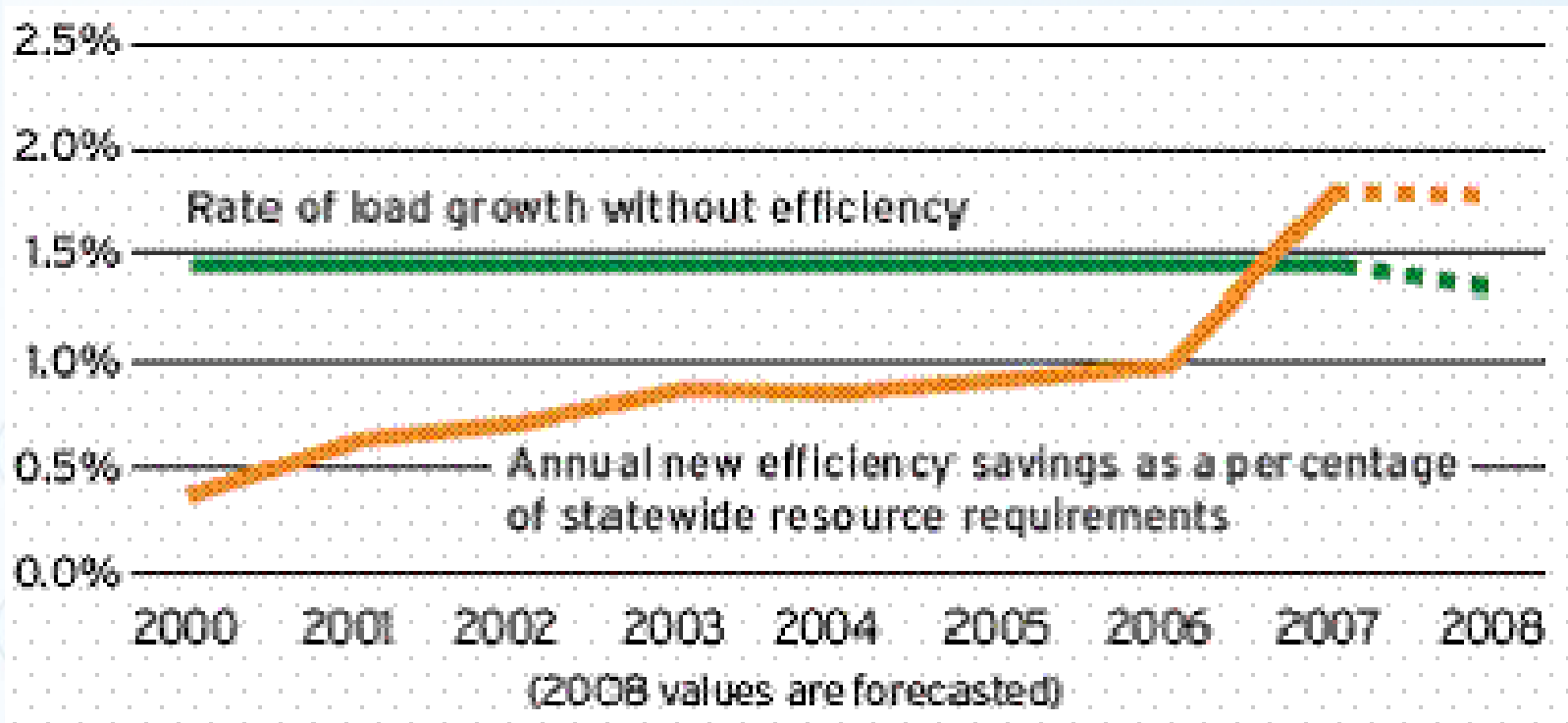
These plus BAU EE will save ~5% nationally by 2020

Texas

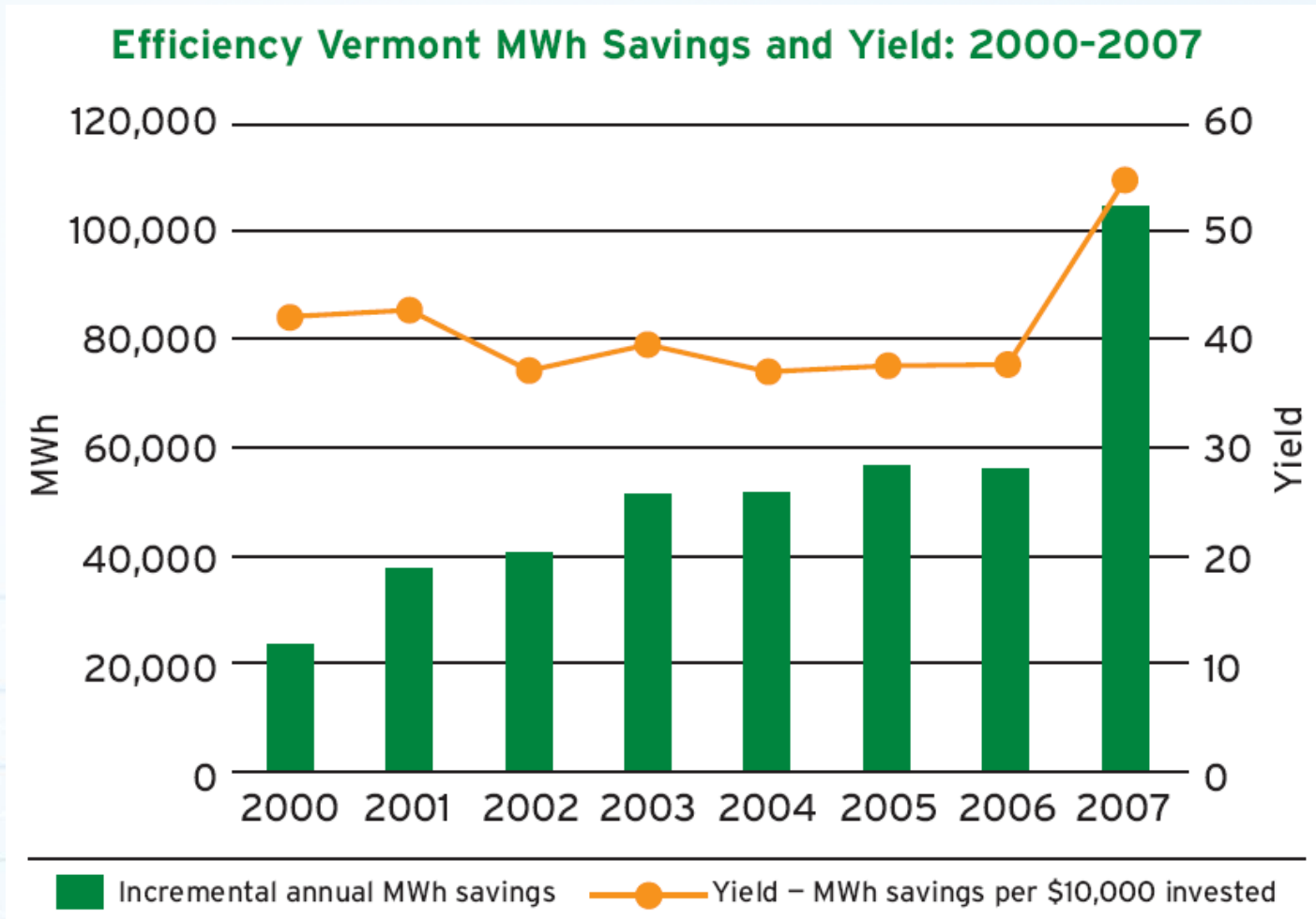
- First state to establish an EERS
- Initially 10% of load growth but increased by legislature to 20% of load growth
- Utilities have not had difficulty meeting and exceeding targets
- In 2009, bill likely to come up to increase to 30% or even 50% of load growth or the equivalent as % of sales

Vermont

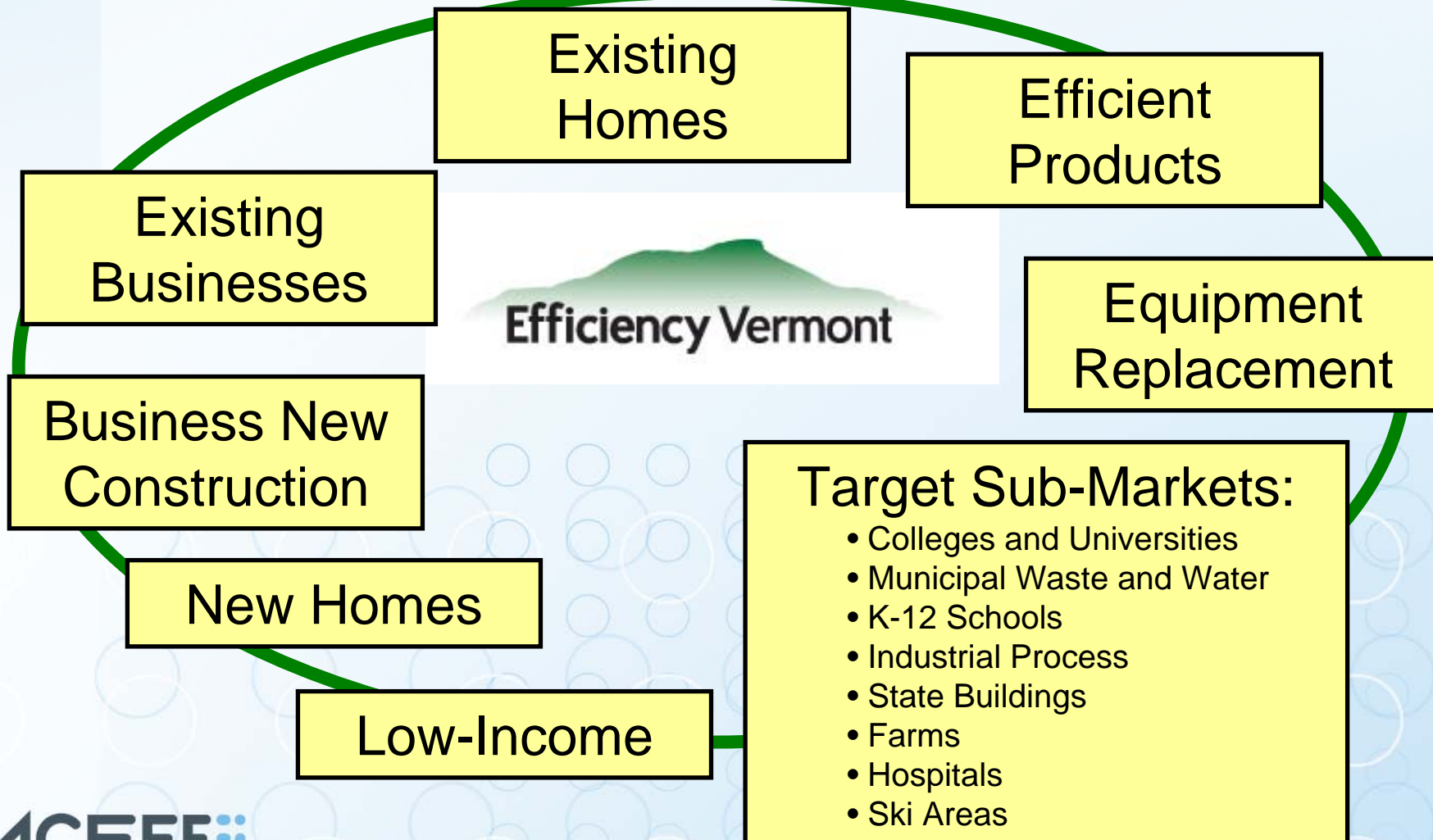
- Targets set in contract with Efficiency Vermont
- Have exceeded each year



Vermont



What Markets Do We Work In?



Markey HR 889 -- A Federal EERS

- 15% electric, 10% gas savings by 2020
- Includes CHP, recycled energy, codes and standards
- DOE to establish M&V protocols
- Allow bilateral contracts within state; within power pool with PUC permission
- 5 cents/kWh, 50 cents/therm buyout option
 - Funds can be used in state to operate EE programs
- States implement if “willing and able”
- States can set higher targets if they want

Savings Grow Over Time

	<u>Electric</u>		<u>Natural Gas</u>	
	Annual	Cumulative	Annual	Cumulative
2011	0.33%	0.3%	0.25%	0.3%
2012	0.67%	1.0%	0.50%	0.8%
2013	1.00%	2.0%	0.75%	1.5%
2014	1.25%	3.3%	1.00%	2.5%
2015	1.25%	4.5%	1.00%	3.5%
2016	1.50%	6.0%	1.25%	4.8%
2017	1.50%	7.5%	1.25%	6.0%
2018	2.50%	10.0%	1.25%	7.3%
2019	2.50%	12.5%	1.25%	8.5%
2020	2.50%	15.0%	1.50%	10.0%

Note: Savings count from date of passage

Other Federal Activities

- Schumer (S. 548)
 - Virtually the same as Markey
 - Builds on Schumer-Landrieu 2007 amendment
- Senator Bingaman draft bill
 - 20% RES with efficiency up to 5% EE
- President Obama's campaign platform calls for 15% electric savings by 2020, including codes and standards

How Does a Federal EERS Affect States that Already Have a State EERS?

States can implement federal and state EERS simultaneously – same/similar utility filings, meet higher targets

States can set higher targets to gain additional savings

States with targets greater than the federal targets also benefit from savings in nearby states

- Emission reductions
- Impacts on energy prices

Impacts of a Federal EERS

(15% electric, 10% gas by 2020; savings over and above existing state EERS's; includes codes & standards)

- Peak demand savings of 117,000 MW (390 power plants, 300 MW each)
- CO2 emissions down 262 MMT in 2020 (equivalent to taking 48 million vehicles off the road for a year)
- 222,000 net jobs created
- Net savings of \$169 billion (B/C ~3:1)

For More Information

ACEEE EERS webpage:

www.aceee.org/energy/national/eers.htm

(Markey bill, fact sheet, PPT, state-specific analyses)

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