2011 National Symposium on Market Transformation

“Transition and Transformation”

Concurrent Session:

Clearing the Next Hurdle - Energy Efficiency Programs in Today’s Changing Environment

April 11, 2011

Moderator:
Les Tumidaj
Strategic Energy Group
Forces of Change – The Burning Platform

Change occurs when the pain of staying the same is greater than the pain of changing

- Platform = current model
- Burning Platform = forces of change
- Are we ready to change?
Since 1978 Utility & BPA Programs, Energy Codes & Federal Efficiency Standards Have Produced Almost 4000 aMW of Savings.

(Much) More Is Being Asked of Us

**EE Planning Scenarios & GHG Reduction Goals**

- **Base Forecast (No EE)**
- **CEEF Full Funding & FCM**
- **GHG Reduction Goals**

- About 1% savings per year
- About 2.5 to 3% savings per year
Energy Efficiency’s Inexorable March

What Drives Building Performance?

New Buildings Institute

2006 U.S. Buildings Energy End-Use Splits

US DOE
Those Pesky Market Barriers

Top Barrier to Capturing Energy Savings for Your Organization (Survey Results)

- Lack of capital budget: 38%
- Insufficient payback/ROI: 21%
- Uncertainty of savings/ROI: 16%
- Technical expertise: 6%
- Landlord/tenant split incentives: 5%
- Buy-in from senior leaders: 5%
- Dedicated attention, ownership: 4%
- Inability to finance (credit rating, collateral, balance sheet): 3%
- Other (specify): 3%

(Source: Energy Efficiency Indicator North America Survey 2010)

3.2
Average maximum payback period for energy efficiency
44% require a 3 year payback or less

Market barriers
- Low priority of energy issues
- Access to capital
- Incomplete markets for energy efficiency

Market failures
- Split incentives (PA problems)
- Insufficient and inaccurate information
- Distortionary fiscal and regulatory policies
- Unpriced costs (externalities)
- Unpriced (public) goods
Increasingly Complex Market
Increasing Strains On The Energy Policy & Regulatory Framework

Jeffrey Immelt’s Rant (CEO of GE)

GE's Immelt Says U.S. Policy Deadlock Holds Back Clean Energy Development

Sep 27, 2010 New York Times

"It's just stupid what we have here today," ...... "The rest of the world is moving 10 times faster than we are." .......

"The whole energy regulatory system, if we're really serious about it, is a relic .......It has fundamentally no basis in the modern world."
Melting Platform?  
or

Brave New Future?

The best way to predict the future is to create it.
Our Presenters

Rebecca Craft
Consolidated Edison

Fred Gordon
Energy Trust of Oregon

Athena Besa,
Sempra Utilities
Discussion Structure

- Panelists Presentations
  - Organizational perspective
  - Most pressing challenges (and opportunities)
  - Forward-looking responses

- Panel Discussion

- Audience Participation