

National Action Plan On Energy Efficiency

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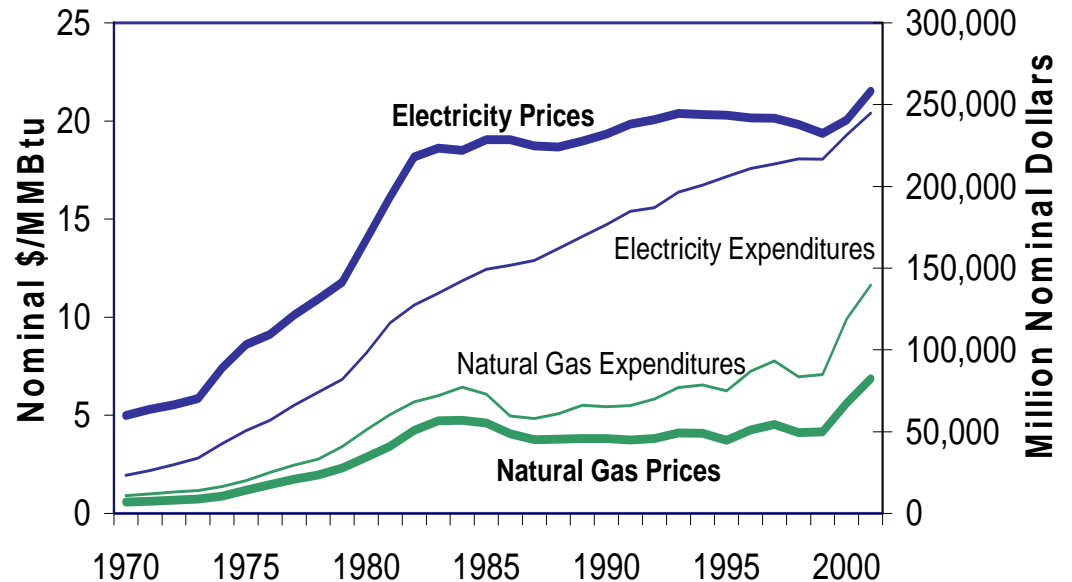
Arkansas Public Service Commission
Energy Efficiency Collaborative
Meeting #2 September 11-12, 2006



Time for Action on Energy Efficiency

- Higher energy prices than seen for decades
- High energy expenditures
- Investment risk associated with climate change
- Reliability issues
- Pending capital expenses for transmission and relief for load pockets
- Security concerns

U.S. Residential Sector Energy Prices and Expenditures (1970-2001)



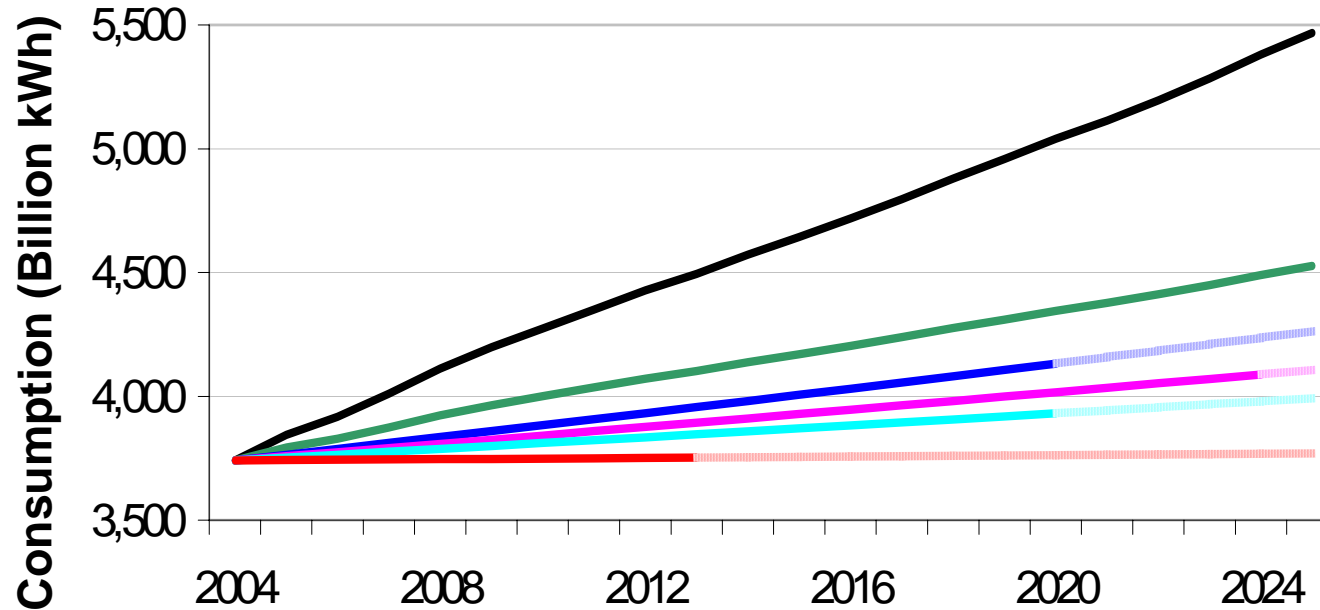
Source: Energy Information Administration

Benefits of Energy Efficiency

- Environmental
 - Lower greenhouse gas emissions and criteria pollutants
 - Lower water use
- Economic
 - Lower cost compared to new generation and transmission
 - Downward pressure on natural gas prices
 - Lower wholesale electricity prices
 - Improved local economy and service to low income and seniors
- Utility System Benefits
 - Quick fix with permanent, long-term benefits
 - Improved security of electricity and gas systems
 - Lower baseload and peak demand
- Risk Management
 - Diversified a utility's supply portfolio
 - Reduce environmental regulatory risk to utilities

Can Lower Electricity Growth by 50%

U.S. Electricity Consumption Projections



— AEO 2005 Reference Case		[avg. annual growth 1.8%]
— Half Growth Scenario	(17% reduction by 2025)	[avg. annual growth 0.9%]
— 5 Labs Study	(18% reduction by 2020)	[avg. annual growth 0.6%]
— ACEEE median achievable	(24% reduction in 20 years)	[avg. annual growth 0.5%]
— NV Study	(22% reduction by 2020)	[avg. annual growth 0.3%]
— NEEP Study	(17% reduction by 2013)	[avg. annual growth <0.1%]

Sources: EPA, EIA AEO 2005, ACEEE, NEEP



National Action Plan on Energy Efficiency

- Leadership Group (>50 organizations)
 - Utilities, regulators, energy directors, consumer advocates, NGO's, industrials, and others
 - EPA/DOE facilitated
 - Co-Chairs:
 - Jim Rogers, CEO of Duke Energy and President of EEI
 - Diane Munns, Iowa Public Utility Board and President of NARUC
- Addresses
 - Economic and business rationale for energy efficiency
 - Key barriers
 - Aligning incentives
 - Best practices – business cases – for integrating energy efficiency into resource portfolio
 - Best practices for energy efficiency program delivery

Action Plan Time Line

- Completed

- Fall 2005: Leadership Group Formation and Initial Meeting
- Winter/Spring 2006: Development of Strategy and Action Plan
- Summer 2006: Rollout at NARUC Summer Meetings
 - >50 organizational commitments
 - Pre-publication version of Action Plan
 - Extensive press coverage

- Next Steps

- Fall 2006
 - Publication of Action Plan
 - Development of resource materials
- Ongoing
 - Follow thru on commitments
- Winter 2006: Leadership Group Meeting

Action Plan Recommendations

- Recognize Energy Efficiency as a High-Priority Resource
- Make a Strong, Long-term Commitment to Implement Cost-Effective Energy Efficiency as a Resource
- Broadly Communicate the Benefits of and opportunities for Energy Efficiency
- Promote Sufficient, Timely, Stable Program Funding to Deliver Energy Efficiency Where Cost-Effective
- Review and Adopt Policies to Align Utility Incentives with the Delivery of Cost-effective Energy Efficiency and Modify Ratemaking Practices to Promote Energy Efficiency Investments

Tools and Resources

- National Action Plan for Energy Efficiency Report
 - Details key barriers to energy efficiency
 - Reviews and presents variety of policy and program solutions that have been used to overcome these barriers
 - Makes recommendations for action
- Energy Efficiency Benefits Calculator
 - High-level analysis tool to give a quick snapshot of potential benefits from utility, customer and society perspectives.
 - Can be used by a wide variety of utility types
 - Default inputs may to changed as needed to reflect specific conditions
 - Not design for applications requiring detailed data for specific applications
 - Helps make the business case for energy efficiency and related policies for utilities, regulators and other stakeholders.
- Outreach and Resource Materials on Energy Efficiency
 - Potential, benefits, and policies options
 - Experts list

For More Information

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ENERGY EFFICIENCY ACTION PLAN

www.epa.gov/cleanenergy/actoinplan/eeactionplan.htm