

National Action Plan for Energy Efficiency: Stimulating Energy Efficiency for the Long-Term

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The American Recovery and Reinvestment Act of 2009 became law on February 17, stimulating an unprecedented level of energy efficiency investment in the United States. Investing in more efficient technologies and practices in our homes, businesses, schools, governments, and industries—which consume more than 70 percent of the natural gas and electricity used in the United States—is one of the most constructive, cost-effective ways to create new jobs while addressing the challenges of high energy prices, energy security and independence, environmental concerns, and global climate change in the near term. Mining this efficiency could help the U.S. meet on the order of 50 percent or more of the expected growth in consumption of electricity and natural gas in the coming decades, yielding many billions of dollars in saved energy bills and avoiding significant emissions of greenhouse gases and other air pollutants.

Recognizing the large opportunity for energy efficiency, more than 60 leading organizations representing diverse stakeholders from across the country joined together to develop the National Action Plan for Energy Efficiency. Many of these stakeholders are the very groups, such as electric and gas utilities, their corresponding state regulators, and others that themselves can deliver energy efficiency.

The Action Plan identifies the key barriers contributing to underinvestment in energy efficiency, outlines five key policy recommendations for achieving its goal of all cost-effective energy efficiency, and offers Vision for 2025 policy framework to achieve and measure progress towards the goal. The Action Plan has received broad support by states, utilities and customers across the United States. To date, more than 120 organizations have endorsed the Action Plan recommendations and made public commitments that will help advance its Vision. The U.S. Environmental Protection Agency and U.S. Department of Energy only facilitate the work of this public-private initiative and thus the positions, statements are those of the Action Plan members themselves – a powerful message.

The flagship document of the Action Plan is its Vision for 2025. Given the regulatory structure in the United States, much of the policies to remove barriers to energy efficiency are advanced at the state level. Therefore, the Action Plan's Vision for 2025 offers policy framework for advancing all cost-effective energy efficiency, while recognizing the diversity of regional, state, and local circumstances and regulatory structures. This Vision framework leaves the policy details and the decision of whether to implement a policy to be determined through appropriate state-level processes. It is a framework that can be updated and improved over time.

The Vision leverages over two decades of energy efficiency experience to craft its ten implementation goals. Progress is measured across a comprehensive set of policy steps

under these goals. As of the end of 2007, the Vision found much progress has been made, but more work is needed. About half of the states have established energy-efficiency programs for their key customer classes and routinely adopted up-to-date building codes. Further, about a third of the states have established energy-savings targets and addressed disincentives for utility companies to support energy efficiency efforts. Less progress has been made by states in establishing consistent stable funding for energy efficiency, similar to that which exists for power plants, transmission lines and pipelines.

Given the success and challenges to date, states, utilities and other organizations are currently spending about \$2 billion per year on energy efficiency programs. This level of investment has avoided the energy equivalent to more than 30 power plants generating 500 megawatts of electricity and the greenhouse gas emissions equivalent to that of 9 million vehicles per year, while saving energy customers nearly \$6 billion annually.

Stimulus funding provides a much needed bump in funding, several times above current levels, to realize even greater benefits from energy efficiency. Even with this funding, , but the work of the Action Plan is not yet done. The potential for cost-effective energy savings in the nation's buildings and homes exceed that which will be met through stimulus activities. Further, the trained and experienced energy efficiency workforce will grow under stimulus and be ready to service the additional building stock. Policy makers can be taking action now so that the same barriers to energy efficiency originally recognized by the Action Plan continue to be removed over the long-term. This will take a relook at how the incentives for energy efficiency investments are aligned across customers and energy suppliers, as well as fully integrating energy efficiency into resource planning efforts. The Action Plan's Vision framework is offered to help states explore how they can continue to stimulate energy efficiency and maintain jobs over the long-term.

The Action Plan leadership will continue to make its wealth of reports, tools, and technical assistance available for states, local authorities and energy efficiency program administrators to assist during economic stimulus. Existing best practices and expertise captured in the Action Plan resources can be leveraged to help put stimulus funding to work quickly and effectively, while also supporting the development of a policy environment to support energy efficiency well after the economic stimulus funding has expired. Resources are available to assist states across the Vision's policy framework, as illustrated in the following figure. All of these resources, along with additional education tools, are also available on the Action Plan website at www.epa.gov/eeactionplan.

Diagram – Figure ES-4 from Vision

Table ES-4. National Action Plan for Energy Efficiency Tools by Implementation Goals			
Goal	Type of Tool or Resource		Detailed Action Plan Tools and Resources
	Introduced in Action Plan Report	Detailed Guide/ Material	
Goal One: Establishing Cost-Effective Energy Efficiency as a High-Priority Resource	X	X	<ul style="list-style-type: none"> • Guide to Resource Planning with Energy Efficiency • Guide for Conducting Energy Efficiency Potential Studies • Communications Kit
Goal Two: Developing Processes to Align Utility and Other Program Administrator Incentives Such That Efficiency and Supply Resources Are on a Level Playing Field	X	X	<ul style="list-style-type: none"> • Aligning Utility Incentives with Investment in Energy Efficiency Paper
Goal Three: Establishing Cost-Effectiveness Tests	X	X	<ul style="list-style-type: none"> • Understanding Cost-Effectiveness of Energy Efficiency Programs Paper • Guide to Resource Planning with Energy Efficiency • Guide for Conducting Energy Efficiency Potential Studies
Goal Four: Establishing Evaluation, Measurement, and Verification Mechanisms	X	X	<ul style="list-style-type: none"> • Model Energy Efficiency Program Impact Evaluation Guide
Goal Five: Establishing Effective Energy Efficiency Delivery Mechanisms	X		<ul style="list-style-type: none"> • Program Design and Implementation Best Practices Guidance (under development)
Goal Six: Developing State Policies to Ensure Robust Energy Efficiency Practices		X	<ul style="list-style-type: none"> • Building Codes for Energy Efficiency Fact Sheet • Efficiency Program Interactions with Codes Paper (under development) • State and Local Lead-by-Example Guide (under development)
Goal Seven: Aligning Customer Pricing and Incentives to Encourage Investment in Energy Efficiency	X		<ul style="list-style-type: none"> • Executive Briefings on Customer Incentives Through Rate Design (under development)
Goal Eight: Establishing State of the Art Billing Systems		X	<ul style="list-style-type: none"> • Utility Best Practices Guidance for Providing Business Customers with Energy Use and Cost Data
Goal Nine: Implementing State of the Art Efficiency Information Sharing and Delivery Systems		X	<ul style="list-style-type: none"> • Paper on Coordination of Demand Response and Energy Efficiency (under development)
Goal Ten: Implementing Advanced Technologies			<ul style="list-style-type: none"> • Most Energy-Efficient Economy Scoping Paper (under development)