



# National Action Plan for Energy Efficiency

## Summary

The National Action Plan for Energy Efficiency (Action Plan) presents policy recommendations for creating a sustainable, aggressive national commitment to energy efficiency through gas and electric utilities, utility regulators, and partner organizations. The recommendations, if fully implemented, could save Americans billions of dollars in energy bills over the next decade, contribute to enhanced energy security, and improve the environment. Leading organizations across the country are taking specific actions to make the Action Plan a reality.

## Leadership Group

The Action Plan Leadership Group consists of more than 60 leading privately, publicly, and cooperatively owned electric and gas utilities, utility regulators, state agencies, large energy users, consumer advocates, energy service providers, and environmental and energy efficiency organizations. The group is co-chaired by Marsha Smith, Commissioner of the Idaho Public Utilities Commission and President of the National Association of Regulatory Utility Commissioners, and James E. Rogers, Chairman, President, and Chief Executive Officer of Duke Energy. The U.S. Department of Energy and U.S. Environmental Protection Agency facilitate the work of the Leadership Group.

## Recommendations

1. Recognize energy efficiency as a high-priority energy resource.
2. Make a strong, long-term commitment to implement cost-effective energy efficiency as a resource.
3. Broadly communicate the benefits of and opportunities for energy efficiency.
4. Promote sufficient, timely, stable program funding to deliver energy efficiency where cost-effective.
5. 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.

## Accomplishments and Activities

During its first two years, the Leadership Group reviewed and identified barriers limiting greater investment in cost-effective energy efficiency; developed five key policy recommendations for increasing investment in energy efficiency; and issued a suite of resources to help parties advance the recommendations. These resources include a Vision for 2025, which offers a framework for state-specific policies and programs to overcome barriers and enable the acquisition of all cost-effective energy efficiency by 2025.

In addition, the Leadership Group and other participants are committing to aggressively pursue energy efficiency and advance the recommendations in their own spheres of influence. As of February 2008, over 120 organizations have announced public statements and commitments to advance energy efficiency across 49 states and the District of Columbia. All parties are encouraged to join the work of the Action Plan and make a commitment to energy efficiency.

During 2008, the Leadership Group is focusing on outreach and education, measuring progress toward the Vision for 2025, and developing additional resources.

New resources will address:

- The role of energy efficiency as a low-cost resource for reducing carbon emissions.

- Coordinating demand response and energy efficiency policies and programs.
- Defining cost-effectiveness of energy efficiency programs.
- Advancing building energy codes through energy efficiency programs.
- Best practices for energy efficiency design and implementation.
- Customer incentives for energy efficiency.
- Availability of energy bill data to customers.
- Designing and implementing state and local lead-by-example programs.

## Resources

The Leadership Group is committed to taking action to increase investment in cost-effective energy efficiency. A number of key resources have been developed under the guidance of and with input from the Leadership Group. The resources do not necessarily represent a consensus view and do not represent an endorsement by the organizations of Leadership Group members.

**National Action Plan for Energy Efficiency Report.** This report includes the Action Plan and details the key barriers to energy efficiency in utility ratemaking and revenue requirements, energy resource planning processes, rate design, and energy efficiency program best practices, as well as policy and program options to overcome these barriers. With this report, the Leadership Group also released its five key policy recommendations, which many of the Leadership Group member organizations and others have endorsed.

**Vision for 2025.** This living document provides a framework to advance discussions on how to fully implement the five Action Plan recommendations. The Vision establishes an aspirational goal to achieve all cost-effective energy efficiency by 2025, presents ten implementation goals, describes what 2025 might look like if the Vision is achieved, and offers an approach for measuring progress toward these goals.

**Guidebooks.** Resources have been developed to assist in implementing the recommendations:

1. Model Energy Efficiency Program Impact Evaluation Guide.
2. Guide to Resource Planning with Energy Efficiency.
3. Guide for Conducting Energy Efficiency Potential Studies.
4. Aligning Utility Incentives with Energy Efficiency Investment.

**Sector Collaborative on Energy Efficiency.** This collaborative engages utilities and end-users and helps them capture the benefits of energy efficiency and pursue new commitments and partnerships. Participating sectors include commercial real estate, grocery, hospitality, retail, and cities. The Collaborative is working to identify tools needed for implementing cost-effective energy efficiency measures, explore strategies to increase the use of energy efficiency, and document how energy savings are valuable investments for participating sectors.

**Regional Implementation Meetings.** During 2007, regional meetings were held to bring together key stakeholders across the country. The meetings included expert presentations on regional trends affecting investment in energy efficiency and peer-to-peer exchange to support regional implementation of the Action Plan recommendations.

**Energy Efficiency Benefits Calculator.** This calculator can be used to help educate stakeholders on the broad benefits of energy efficiency. It provides a simplified tool to demonstrate the business case for energy efficiency and can be adapted for a variety of utility types, policies, and cases.

**Outreach and Educational Materials.** An energy efficiency resource database, communications kit, and educational presentations help stakeholders pursue the recommendations of the Action Plan. In addition, two fact sheets address consumer benefits of energy efficiency programs and energy efficiency in building codes.

## Background

Many state and regional studies have found that adoption of economically attractive, but as yet untapped, energy efficiency could yield more than 20 percent savings in total electricity demand nationwide by 2025. These savings could help cut load growth by half or more compared to current forecasts. Savings in direct use of natural gas could similarly provide a 50 percent or greater reduction in natural gas demand growth.

Across the nation, however, stakeholders do not have the programs and policies in place to capture the full benefits of cost-effective energy efficiency. The current underinvestment in energy efficiency is due to a number of barriers, including those present in the policies used to govern electric and natural gas utilities such as market, customer, public policy, utility, state, and regional energy planning; and program design and implementation barriers.

## Leadership Group Members and Observers

### Leadership Group

Alliance to Save Energy  
Ameren Services  
American Council for an Energy-Efficient Economy  
American Electric Power  
Arkansas Electric Cooperative Corporation  
Arkansas Public Service Commission  
Austin Energy  
Baltimore Gas and Electric  
Bonneville Power Administration  
California Energy Commission  
California Public Utilities Commission  
Connecticut Consumer Counsel  
Connecticut Department of Environmental Protection  
Connecticut Department of Public Utility Control  
Delaware General Assembly  
District of Columbia Public Service Commission  
The Dow Chemical Company  
Duke Energy  
Entergy Corporation  
Exelon  
Food Lion  
Great River Energy  
Idaho Public Utilities Commission  
ISO New England, Inc.  
Johnson Controls  
Long Island Power Authority  
Massachusetts Division of Energy Resources  
MidAmerican Energy Company  
Minnesota Public Utilities Commission  
National Grid

Natural Resources Defense Council  
New Jersey Board of Public Utilities  
New Jersey Natural Gas  
New York Power Authority  
New York State Public Service Commission  
North Carolina Department of Environment and Natural Resources  
North Carolina Energy Office  
Office of the Ohio Consumers' Counsel  
Pacific Gas and Electric  
Pepco Holdings, Inc.  
PJM Interconnection  
PNM Resources  
Puget Sound Energy  
Sacramento Municipal Utility District  
Santee Cooper  
Seattle City Light  
Servidyne Systems, LLC  
Southern California Edison  
Southern Company  
Tennessee Valley Authority  
Texas State Energy Conservation Office  
Tristate Generation and Transmission Association  
USAA Realty Company  
Vectren Corporation  
Vermont Energy Investment Corporation  
Wal-Mart Stores, Inc.  
Washington Utilities and Transportation Commission  
Waverly Light and Power  
Xcel Energy

*To create a sustainable, aggressive national commitment to energy efficiency*

## Leadership Group Members and Observers *(continued)*

### Observers

American Gas Association  
American Public Power Association  
Business Council for Sustainable Energy  
Consortium for Energy Efficiency  
Demand Response Coordinating Committee  
Edison Electric Institute  
Electric Power Research Institute  
Energy Future Coalition  
Energy Programs Consortium  
Gas Appliance Manufacturers Association  
Gas Technology Institute  
GridWise Alliance

Institute of Electrical and Electronics Engineers  
National Association of Energy Service Companies  
National Association of Regulatory Utility Commissioners  
National Association of State Energy Officials  
National Conference of State Legislatures  
National Council on Electricity Policy  
National Electrical Manufacturers Association  
National Governors Association—Center for Best Practices  
National Rural Electric Cooperative Association  
North American Insulation Manufacturers Association  
North American Technician Excellence  
Steel Manufacturers Association

### Facilitators

#### The U.S. Department of Energy (DOE)

DOE, through a number of voluntary programs, works with building owners, industry, state public utility commissions, regional bodies, and state policymakers on energy efficiency technology and policies. Programs include the Electric Markets Technical Assistance Program, ENERGY STAR, Building America, Federal Energy Management Program, Weatherization, State Technical Assistance, and Industrial Technologies. Current program initiatives also include “Save Energy Now” and the Secretary’s “Easy Ways to Save Energy” campaign.

#### The U.S. Environmental Protection Agency (EPA)

EPA, through a number of voluntary programs, works with businesses, organizations, governments, and consumers to reduce emissions of the greenhouse gases that contribute to global climate change by promoting greater use of energy efficient and other cost-effective technologies. One of these voluntary programs, ENERGY STAR® (operated with DOE; see [www.energystar.gov](http://www.energystar.gov)), has helped utilities and others over the past decade to implement low-cost energy efficiency programs that deliver energy bill savings to their customers. In 2006, with the help of ENERGY STAR, Americans have reduced national electricity demand by about 5 percent, saving about \$14 billion and avoiding the greenhouse gas emissions equivalent to the emissions of 25 million vehicles.<sup>1</sup>

### For More Information

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<sup>1</sup> ENERGY STAR and Other Climate Protection Partnerships 2006 Annual Report (2007)