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Charting a Course to Energy Independence

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Providence Indeed – $5 Billion for EE, RE & DR (and it's not going away in two years)!

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Overview

- State-based incentives for EE now ~ $3.5B
  - roughly $0.7B for both RE & DR/LM, too
- Strong expansion expected to 2020
  - total expected to reach $5.4-12.4B (EE only)
- It's not just the coasts anymore
  - new entrants: IL, OH, PA, MI, NC, MO, AR …
- FEMP provides easy access to these funds:
  - www.eere.energy.gov/femp/financing/energyincentiveprograms.html

Current Picture

- ~ 35 states have ratepayer-funded EE
- 2009 budget (EE only) is ~ $3.5B (source: CEE)
  - over 80% from electric side; ~ $0.6B from gas
  - up from $2.6B in 2007 and $0.8B in 1998
- LBL study ID'd ~ 15 leaders, spending 1%+ of revenues from electric sales
  - W. coast, N. England, NY, NJ, WI, MN, IA, ID, UT
  - Besides leaders, two other categories: "up-and-comers" (~ 15) and "uncommitteds" (~ 20)

What types of EE programs?

- Most common: rebates for EE equipment
- "Custom" programs
  - unusual equipment or multiple measures producing "whole building" savings
- Design assistance (e.g., on new construction)
- Load management programs (focus on kW)
- Free or subsidized audits
- Incentives for performance contracting

Outlook to 2020

- Study modeled low, medium, and high scenarios
- Very state-specific, but:
  - Low usually means continuation of current spending plan or enough increase to meet EE Portfolio Standard
    - If EEPS very ambitious, Low Case was downgraded
    - For ~ 20 uncommitteds, linear path to 0.3% of electric sales by 2020
  - In High Case:
    - EE Spending in leading states → 3-6% of revenues from sales
    - Uncommitteds: EE spending reaches 0.8% of revenues by 2020 (current U.S. avg.)

Caveats to Projections

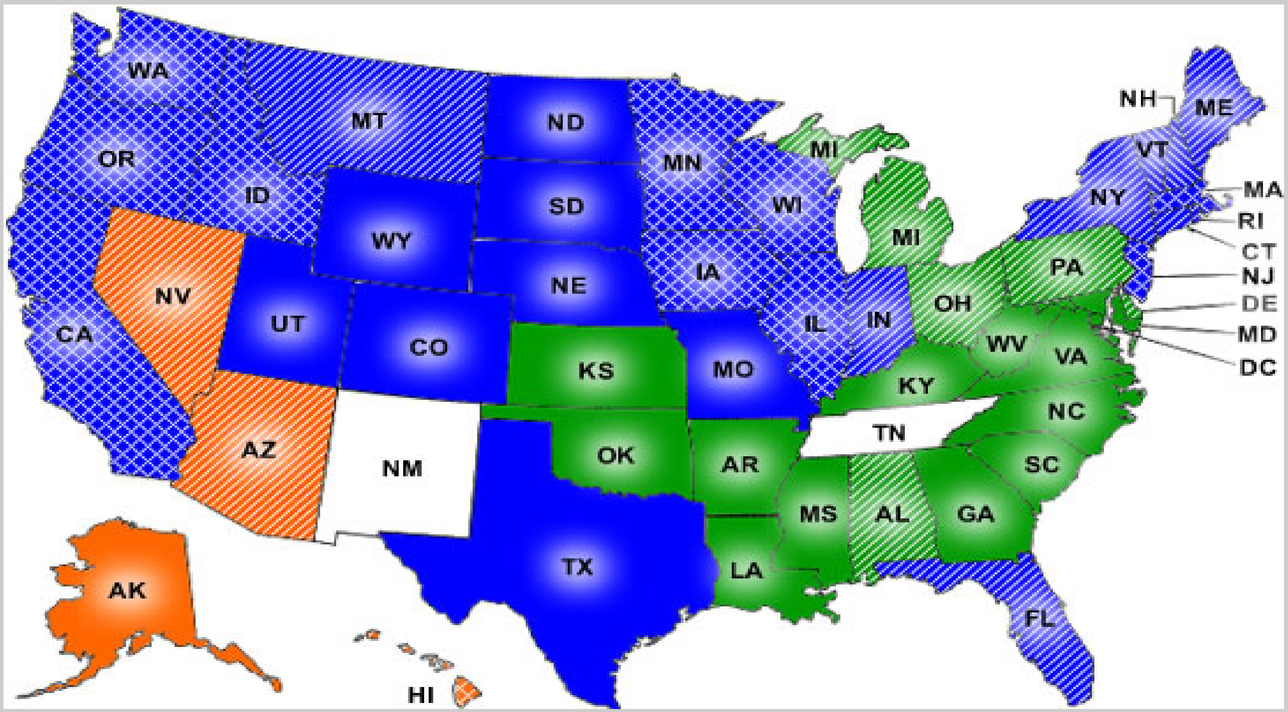
- No revenues from carbon auctions included
  - This is big source in ten N.E. (RGGI) states already
- No revenues from forward capacity markets assumed
- No ARRA funds included
  - $3B going to state energy programs
    - States may include federal sites among eligible recipients
    - BUT: Will some of states’ $$ get pulled back *because* of ARRA $?
- No national EE portfolio standard or GHG cap assumed
  - study found that 15% national EEPS would require savings increase of 18-68% (from high to low cases)

Why the generosity?

- Ultimate driver: EE is cheaper than generation
  - And easier: no siting, permitting, or transmission issues
- Proximate drivers:
  - EE Portfolio Standards passed by states
  - Statutory requirement that utilities acquire all cost-effective EE
  - Integrated Resource Plans (IRP) and Demand Side Management plans required by PUCs

FEMP Incentives Website

www.eere.energy.gov/femp/energyincentiveprograms.html



- Electric and gas energy efficiency, demand response, and DG programs
- Programs sponsored by Utilities, Public Benefits Fund Administrator, State Agencies, ISOs; summary description and Web link for each program

Issues for Federal Sites

- States going from “0 to 60” quickly
  - EXs: PA, IL, MD, OH
- Authorization to acquire from non-utilities
  - May be issue, esp. with DoD agencies
- Time and dollar limits of indiv. programs
  - Each program has own rules and funding – need to read fine print and stay current
- ESCOs’ awareness of new players & programs
- Increasing program M&V requirements