

Energy Efficiency Resource Standards: A Powerful Policy Tool

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Overview

- What is an EERS?
- How does EERS differ from past approaches?
- What are the advantages of the EERS approach?
- Where are EERS being used?



What is an EERS?

- A quantitative target for a set of end-use efficiency programs
 - A top-down goal to drive program plans
- EERS “flavors”
 - Stand-alone policy target
 - Layered on top of a public benefits program
 - Blended with an RPS requirement



How Does EERS Differ from Past Approaches?

- Recent public benefits programs have been driven primarily by spending levels
- Earlier DSM programs were driven by an economic screening and integrated resource planning (IRP) process, in a bottom-up approach
- Restructuring has undercut IRP in many states; EERS is one way to re-integrate resource planning
- EERS can be based on the same kind of analysis as DSM programs, but is administered from the top down
- EERS timeframes tend to be longer, eg. 5-10 years vs. annual filings



What are EERS advantages?

- Provides a way for states to partly restore a resource planning process
- Sets a clear policy direction for long-term program planning
- Can be linked to other policy goals, eg. emission reductions, reliability
- Can be based on quantitative analysis and program experience to set achievable and economically positive goals

Potential EERS Impacts

- ACEEE's analysis shows a national EERS could:
 - Reduce electricity demand growth 25% by 2020
 - Avoid the need for over 400 powerplants (averaging 300 MW)
 - Provide \$64 billion in benefits (with a 2.6 benefit-cost ratio)
 - Save twice the energy in EAct 2005

Where is the EERS Approach Being Used/Developed?

- Ten U.S. States: VT and NV in today's panel, plus TX, CA, CT, HI, NJ, CO, IL, and PA
- In Europe: UK, Italy, France, Belgium
- ACEEE published a report on this topic earlier this year: downloadable at

A Sample of State EERS

- TX—1999 restructuring law requires utilities to offset at least 10% of load growth with efficiency
- CA—set 10-year savings targets, on top on current PBF program commitments
- CT—2005 bill created Tier III resource category: sets 1%/year EE/CHP savings target for 2007-2010
- HI—includes EE as part of RPS; allows legacy savings
- NJ—developing quantitative EERS targets
- PA—EE included in an Alternative Energy Portfolio Standard in a Tier 2 requirement

EERS Developments

- EPAct 2005 includes study and pilot program for EERS
- Several states looking at EERS as part of a post-restructuring utility policy, as they see the consequences of leaving resource planning to the market
- In the Northeast, RGGI states are looking at EERS as part of a climate policy package