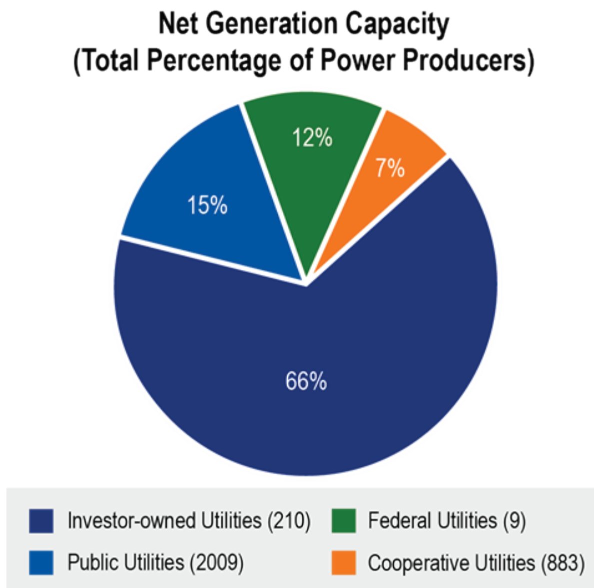
3.3.2 Utility Program Administrator Market

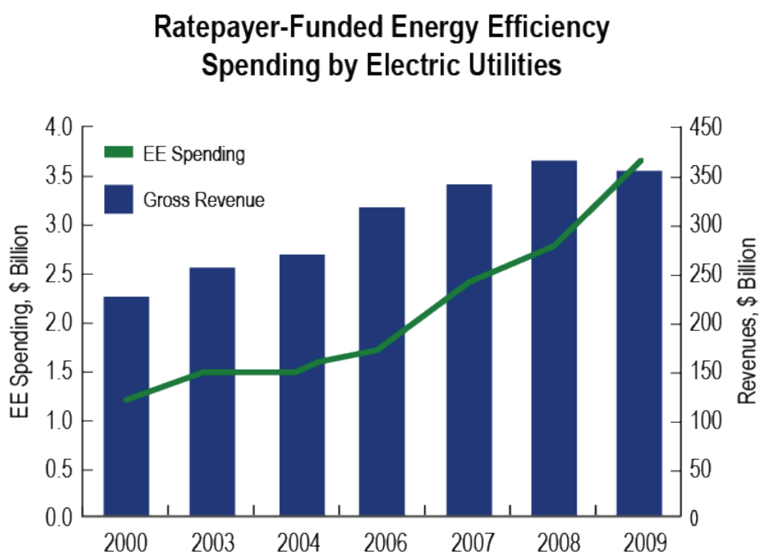
Sales of electricity to residential customers amounted to $157 billion in 2010, according to the Energy Information Administration (EIA). This represents approximately 44 percent of the utility sector's total revenue. IOUs are by far the largest supplier of power to the residential sector, and are the main focus of this business model. (The model also addresses the significant number of public and cooperative utilities.) Independent power producers represent a large share of the U.S. power generation capacity, but generally do not directly serve the residential market and are, therefore, not covered in this business model. To see an example of the total percentage of net generation capacity divided up by power producer, see Figure 3-16.



Source: U.S. Energy Information Administration, Electric Power Annual 2009 *(2010)*

Figure 3-16: Net Generation Capacity—Power Producers

Since the early 2000s—following the passage of energy efficiency mandates in many states—IOUs in the energy efficiency sector have increased their spending (with ratepayer funds), as noted in Figure 3-17. However, the amount spent remains small in comparison with their overall revenues (approximately 1 percent).



Source: American Council for an Energy Efficient Economy, 2010 State Energy Efficiency Scorecard *(2010); U.S. Energy Information Administration,* Electric Power Annual 2009 *(2010)*

Figure 3-17: Ratepayer-Funded Energy Efficiency Spending by Electric Utilities

Key Insights

Summary of Utility Program Administrator Insights		
	Observations	**Impact on Potential Entry into Residential Energy Efficiency Market**
Market	▪ IOUs represent the majority of the market, in terms of installed generation capacity (375 gigawatts, or GW, versus 195 GW for all other utility types—public, federal, and cooperative).[39]	▪ IOUs have increased spending on energy efficiency steadily over the last few years. However, the energy efficiency spending remains a small fraction of total revenues (e.g., 1 percent of overall revenue). ▪ Municipal and cooperative utilities, while smaller in terms of market share, often have advantages in that their stakeholders are willing to take a less profit-driven approach to energy efficiency investment.

[39] U.S. Energy Information Administration, Office of Electricity, Renewables & Uranium Statistics. *Electric Power Monthly.* (2011). http://205.254.135.24/cneaf/electricity/epm/epm.pdf.