



**State Clean Energy-Environment Technical Forum
National Action Plan for Energy Efficiency: Vision for 2025
February 14, 2008
Call Summary**



Participants: 46 participants from 22 states and a number of regional and national organizations

Materials: The participant list, agenda, and all presentation materials from this call are available at http://www.keystone.org/Public_Policy/2007_8DOCS_CLEANENERGY/2007_8DOCS.html. Please refer to these documents for additional detail.

Key Issues Discussed

- Ten Implementation Goals in the National Action Plan Vision document
- Resources available from EPA to assist states in implementing EE goals
- Measuring progress in meeting Vision goals
- Links between National Action Plan and environmental benefits
- Next steps in achieving all cost-effective energy efficiency

Summary of Presentations

A. Welcome/Introduction – Stacy Angel, US Environmental Protection Agency (EPA)

- The National Action Plan for Energy Efficiency (NAPEE) is a great compliment to the EPA partnership. It brought key leaders in the utility sectors together to delve into why energy efficiency (EE) is not being pursued and what actions can be taken across state agencies to capture the wealth of EE opportunities.

B. State Perspective: Overview of the Action Plan’s Vision for 2025 – Commissioner Marsha Smith, Idaho Public Utilities Commission, President of National Association of Regulatory Utility Commissions (NARUC)

- **Commissioner Smith serves as co-chair on the NAPEE Leadership Group.** NAPEE was released on July 31, 2005. The Vision document was released in Nov. 2007.
- **NAPEE was started** to address energy demand growth, aging infrastructure, rising utility bills, fuel costs rising in conjunction with a desire for cleaner fuels, and a desire to maintain the reliability of the transmission grid and the distribution system.
- There is a lot of uncertainty around climate change and its impact on rising costs, and EE is clearly part of the solution (the kWh you don’t use is the cheapest).
- **NAPEE tries to address barriers that hinder EE investments.** NAPEE and its Vision are complementary to existing state and local policies that support EE.
- The NAPEE Vision contains **10 implementation goals** to help states achieve cost-effective EE (Slides 10-13).
 - **Goal 2. Aligning utility incentives:** Generally, the ratemaking process causes utility to have a bias because of their return on investment. One objective of goal two is to determine how to remove disincentives to EE by exploring other ratemaking ideas.
 - **Goal 4. Establishing M&V mechanisms:** Goal four has been discussed at great length. If a utility doesn’t evaluate, measure, and verify that the intended savings actually occurred, they won’t know if they achieved what they set out to do. There is still some work going on in this program.

- **Goal 6. Developing robust state policies for EE**: The best policies may vary by state and local government.
- **Goal 7. Align customer pricing with EE**
- **Goal 8. Implement state-of-the-art billing systems**: With accurate pricing and advanced billing systems utilities' consumers will be able to understand and see the benefit of their participation in EE programs.
- **Measuring progress has been a controversial topic**, and the NAPEE Leadership Group is working to refine this process to identify the appropriate criteria, outcomes, and measurements needed to determine whether energy has been saved or not.
- **NARUC passed a resolution supporting NAPEE** in 2006 and will discuss a resolution to recognize and endorse the Vision document at their winter meeting.
- Idaho endorsed NAPEE's recommendations and the governor and legislature are interested in looking at an Idaho energy plan.

Questions for Marsha Smith

If a state is interested in trying to become more active and make a commitment to the Vision document, where should they start?

This will vary greatly by state. When Idaho was interested in pursuing EE, the Public Utilities Commission contacted the appropriate state agencies, who then agreed to endorse the Action Plan. On EPA's website, there is a one-page document that outlines how to make a commitment and is designed to be shared across agencies. It also contains contact information for people who can help get the dialogue going.

(See: <http://www.epa.gov/cleanrgy/energy-programs/napee/commitments.html>.)

C. Utility Perspective: Achieving the Vision for 2025 – Mary Kenkel, Alliance One, Consultant to Duke Energy

- **Jim Rogers, CEO and President of Duke Energy, is the other co-chair** of the NAPEE Leadership Group, and Mary is working with him
- EPA staff members have been invaluable in putting together papers, tools, and resources to help entities achieve the 10 goals in the Vision document. They are available on the EPA website under "National Action Plan" (<http://www.epa.gov/cleanrgy/energy-programs/napee/index.html>). These materials provide methods to aid states in identifying their EE capabilities, as well as steps utilities and consumers can pursue to achieve EE goals.
- **How do I measure progress and identify what I can do to help promote EE in my state?** Each goal is linked to resources that have been developed by the Action Plan to help implement EE activities. These resources address such items as: ways to identify what cost-effective EE resources exist; how to identify what should be listed as high priority resource; what methods can help serve as a cost-effective test; and how-to guides on how to evaluate savings.
- A paper on "**Coordination of Demand Response and Energy Efficiency**" is being developed through the Action Plan under funding by Department of Energy and will be available later this year.
- "**Aligning Utility Incentives with Energy Efficiency Investment**" report identifies the various aspects of revenue-loss disincentives that keep utilities from pursuing EE and examines what various states have done to work around these issues. Models,

frameworks, and planning and implementation processes are available in the report. (<http://www.epa.gov/cleanrgy/energy-programs/napee/resources/guides.html>)

- One of the top-down methods of thinking about EE is to make it a part of resource planning activities and ensure that it is the number one resource.
- The “**Guide for Conducting Energy Efficiency Potential Studies**” provides guidance on identifying EE potential within a state as well as case studies that examine various processes other states have used to identify their EE potential.
- The **Sector Collaborative on Energy Efficiency** effort is looking at the larger energy-consuming sectors of the economy (commercial real estate, hospitality, retail, grocery, and municipal). The effort has identified opportunities and areas where a lot of work is needed for large customers to successfully achieve EE goals. Another effort underway this year is **examining methods to standardize energy billing information to customers to help them better understand their usage and utilize building benchmarking**.
- To date, 120 organizations have endorsed the five Action Plan recommendations and/or made commitments to EE.
- **Action Plan next steps:**
 - Expand outreach and education; increase outreach to groups like the National Association of State Utility Consumer Advocates (NASCUA).
 - Additional resources will be coming out to assist in meeting the ten Vision implementation goals.
 - Work continues on:
 - how to measure progress toward the Vision;
 - addressing workforce issues;
 - how EE relates to CO₂ greenhouse gas (GHG) emission reduction goals; and
 - what steps are necessary for the U.S. to be the most energy efficient nation in the world.
- **Your feedback is needed** on what is limiting EE investment, what additional barriers exist that need to be addressed, how you are working within the state to get commitments to the Action Plan, are there voids in the information, etc.
- **Resources discussed today are available at:** www.epa.gov/eeactionplan.
 - Several appendices in the back of the Action Plan list additional resources and information that identify the impact of EE, the relationship of EE to carbon reduction, etc. There is also a robust resource database available on this website.

Question for Mary Kenkel

Is there a preferred method of evaluating cost effectiveness (CE)?

It’s done differently across states—some utilities will do all four CE tests and look at the results each test provides. Some capture longer-term implications. Most of the tools and resources being discussed are designed to provide states with guidance to begin their evaluation, including examples of what has been done in other states and the pros and cons of each approach, without being prescriptive of what a particular state should do. The overall goal is to identify some consistent methods to evaluate the cost effectiveness.

D. Questions and Discussion

We are just taking the first steps in NAPEE, and one challenge we face is engaging the Public Service Commission in this process. How do we better engage them in this process? We completed a technical and economic potential study in 2005, and Georgia Power was also required to do one for their service territory. Now it is a matter of assessing and developing the policies to capture the efficiency described in those policies.

- Do you have anything to energize the public? Anything important to the people would in theory be important to the commissioners.
- EE is relatively new to Georgia, which has been a low-cost state for a long time. Only in the last few years have we seen hearings and dockets on cost recovery. We haven't seen the tipping point yet.
- Duke Energy held a one-day seminar where concerned stakeholders talked about what is the potential for EE, how to implement activities, what are the next steps, etc. This seminar is what got state members involved and excited. In one day, they heard from customers, environmental NGOs, and utilities about how important EE really is.

The electric membership coops are forecast to surpass utilities in the next decade. How do you engage that sector?

In Idaho, the Public Utilities Commission has no jurisdiction over municipal and cooperatively-owned utilities. But the legislature is the body that has authority over the coops. The legislature required the coops to report certain information to us. We were the repository/compiler of information that the legislature is interested in.

Can you expand on the type of data you are collecting and how you would collect it from different entities involved in this process?

There is utility-specific guidance for measurement and evaluation, which is extremely important for ratemaking purposes. The measurement tools are focused on measuring portfolios. The Action Plan generally measures progress towards cost-effective efficiency, and the Leadership Group is fine-tuning its approach on this topic.

The site does not mention that the eCALC has been expanded into an integrated calculator that addresses energy and emission savings across many entities (wind farms, code construction, residential, commercial, etc.). Texas A&M is working with EPA's EGRID system (Emissions and Generation Resource Integrated Database) to provide reporting data by county in the future, so that it can be used more effectively to support State Implementation Planning One issue in development was the ability to discount savings into the future; also developed a workbook to account for degradation factors and distribution losses.

Has there been an effort to link NAPEE to its potential to reduce ozone precursors?

- eCALC is one tool that does this (estimates ozone reduction from energy savings), but there is a need to weather normalize the energy savings. The Vision also links to ozone through complementary policies, i.e., demand response on high-demand days.
- The Metropolitan Washington Council of Governments air quality committee is also using EE to get credit for NOx reductions in state implementation plans and is using the same approach to make improvements in ozone levels. They will also use the same approach for carbon reduction. NAPEE documents have been extremely helpful in this work.

There aren't any energy service companies making commitments—what role can they play and have you reached out to them?

- Johnson Controls is represented in the Leadership Group, which relied on a strong effort to gain broad participation.

What is the potential for an all-generation tracking system in the Western Electricity Coordinating Council (WECC)? WREGIS is the Western renewable energy generation information system but only covers kWhs.

- I've worked with the voluntary California GHG registry, and one challenge is to estimate the GHG emissions associated with the energy consumption in the West (particularly California). An all-generation tracking system does not exist, and the registry falls back to the Emissions & Generation Resource Integrated Database (eGRID) (a comprehensive inventory of environmental attributes of electric power systems) default factors, which may not be representative.
- The Western governors are very active but I am unaware of their specific actions at this point.

Regarding a national registry for GHG, will any indirect emissions be part of a national registry or would it only cover direct emissions?

- I will look into this and get back to you. Right now, the voluntary California registry does require indirect electricity emissions. Without tracking electric purchases back to sources, you can't calculate GHG emissions associated with those purchases.
- *[Post-call response from EPA]: Climate Leaders guidance does capture both direct and indirect emissions for EPA's voluntary GHG inventory.*

Are there key slides/bullets that states can share with stakeholders?

- EE is really important right now, and you need organized processes to figure out how to implement cost-effective measures.
- You may use the slides being presented today. The website also has a sample outreach presentation and a communications kit for the Action Plan. Stacy Angel (angel.stacy@epa.gov) is happy to help anyone with their outreach efforts.

Regarding metrics for measuring progress (slide 18, Smith), can you talk about the relative merits of using those different metrics to select which programs/projects are worthy of funding?

- The Leadership Group is still discussing which metrics are best, and have not made any recommendations yet.
- It might be useful to look at the results from various programs. There is a large table in Chapter 6 of the Action Plan that illustrates recent results for a number of states.

How did Idaho approach working with stakeholders, and do you have any advice for other states?

- Idaho is a small state, so it was pretty easy. We essentially reached out to entities within the state government because we felt that the public generally supported EE.

- New Jersey is working hard toward a 20% reduction by 2020 commitment. They performed a great deal of analysis and gathered stakeholder input. They knew EE was cost effective from other programs that have been implemented. The NJ energy master plan has a set of documents associated with this topic.

NEXT TECHNICAL FORUM CALL: March 13th, from 2:00 p.m. to 3:30 p.m. ET
TOPIC: Conducting Energy Efficiency Potential Studies