



# Federal Energy Legislation in the 111<sup>th</sup> Congress

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by

**R. Neal Elliott, Ph.D., P.E.**

Associate Director for Research

# The American Council for an Energy-Efficient Economy (ACEEE)

Nonprofit 501(c)(3) dedicated to advancing energy efficiency through research, communications, and conferences.

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Focus on End-Use Efficiency in Industry, Buildings, Utilities, and Transportation; Economic Analysis & Human Behavior; and State & National Policy

Funding:

- Foundations (34%)
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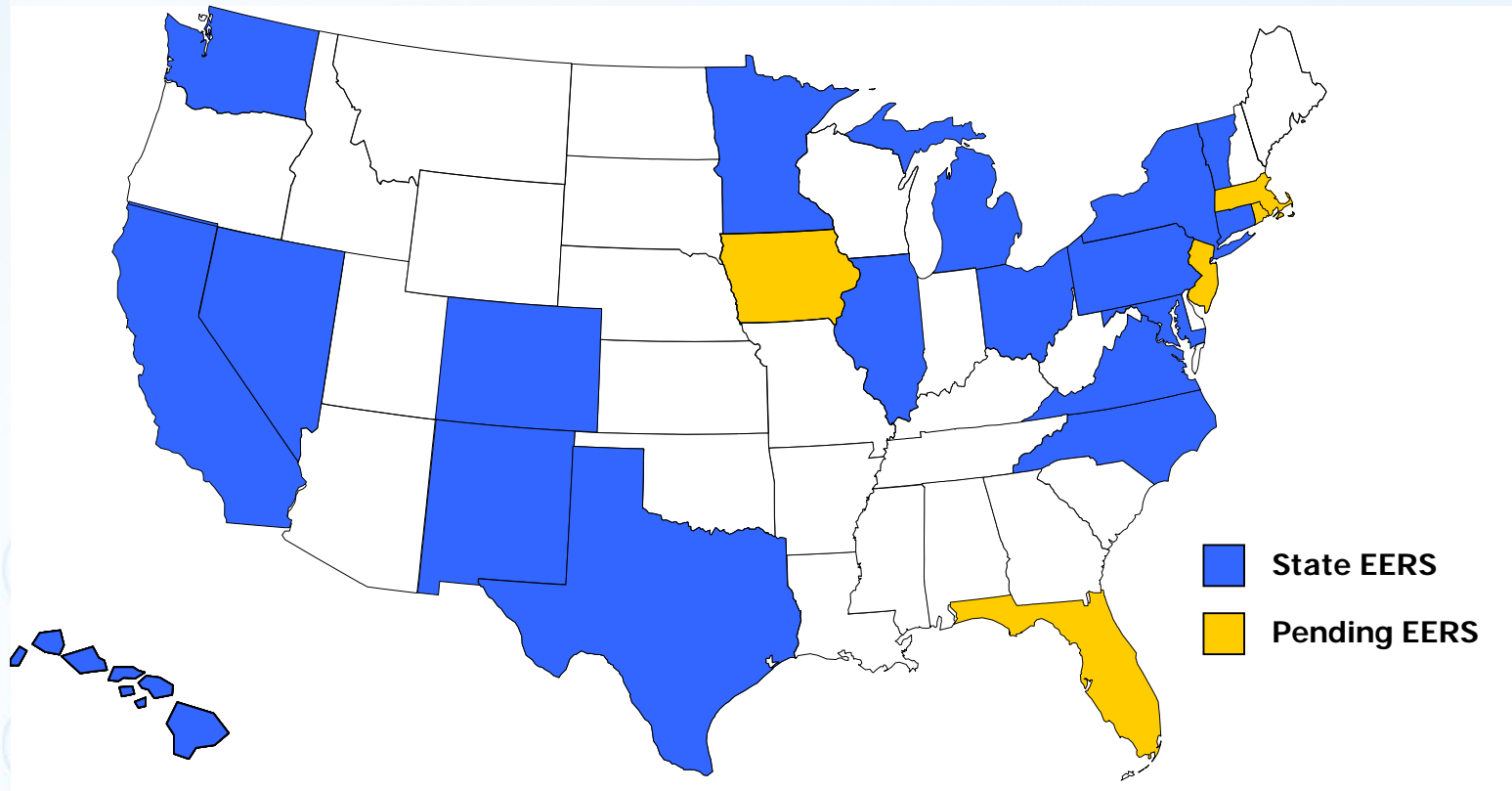
# Forthcoming Federal Legislation Impacting Energy

- Stimulus – In the hands of the states
- FY09 Omnibus Funding
- FY10 Budget & Appropriations
- Energy Bill
- Water Bill
- Transportation Bill
- Climate Legislation

# Energy Savings Targets (Energy Efficiency Resource Standards – EERS)

- Set efficiency targets for electric or natural gas providers – similar to RPS
- Allow flexibility in meeting targets at least-cost
- Currently 18 states with EERS or in process of implementing EERS (with a total of 23 in place or pending)
- Normalize overall savings targets as estimated average % annual savings

# States with Energy Efficiency Resource Standards (EERS)



These plus BAU EE will save ~6% nationally by 2020

# EERS Implementation

State EERS implemented in Hawaii, Nevada, Pennsylvania, California, Connecticut and Vermont

- In all cases have met or are on-track for meeting targets

Majority of states still developing regulations and have yet to implement targets

# A Federal EERS (Markey HR 889)

- 15% electric, 10% gas savings by 2020
- Includes CHP, recycled energy, codes and standards
- DOE to establish M&V protocols
- Allow bilateral contracts within state; within power pool with PUC permission
- 5 cents/kWh, 50 cents/therm buyout option – funds can be used in state to operate EE programs
- States implement if “willing and able”
- States can set higher targets if they want

# How Does a Federal EERS Affect States that Already Have a State EERS?

States can implement federal and state EERS simultaneously – same filings, meet higher targets

States can set higher targets to gain additional savings

States with targets greater than the federal targets also benefit from savings in nearby states

- Emission reductions
- Impacts on energy prices



# Impacts of a Federal EERS

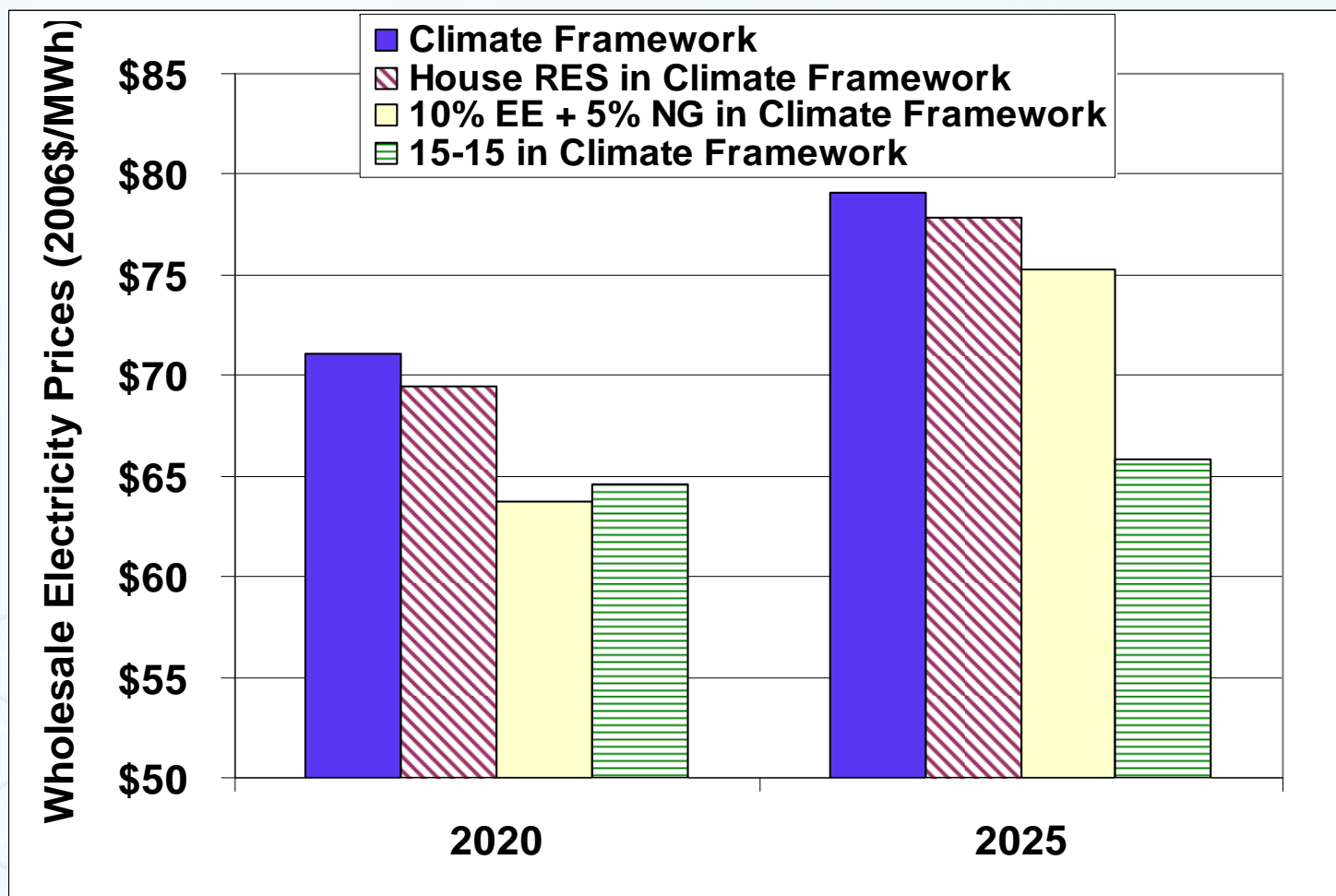
(15% electric, 10% gas by 2020; savings over and above existing state EERS's; includes codes & standards)

- Peak demand savings of 90,000 MW (300 power plants, 300 MW each)
- CO2 emissions down 260 MMT in 2020 (equivalent to taking 43 million vehicles off the road for a year)
- 260,000 net jobs created
- Net savings of \$144 billion (B/C ~3:1)

# Treatment of CHP & Recycled Energy

- CHP systems that primarily meet on-site power needs can participate
- Credit proportional to the ratio of CHP efficiency relative to average delivered grid delivered fossil fuel
- Recycled energy treated like end-use efficiency

# National Wholesale Electricity Price With an EERS (Climate Framework Scenario)



Note: Cost of efficiency programs will raise prices at retail level modestly.

# For More Information on EERS

ACEEE EERS webpage:

[www.aceee.org/energy/national/eers.htm](http://www.aceee.org/energy/national/eers.htm)

(Markey bill, fact sheet, PPT, state-specific analyses)

# Role of “Decoupling” in Legislation

- Goal to make utility indifferent to volumetric sales – actual definition somewhat vague
- Concept proven in natural gas markets – limited experience in electric markets
- Variation in electric regulatory environments by state make implementation a challenge
- Other alternative utility regulatory business models exist and may be more appropriate in some states



**Contact Information:**  
**R. Neal Elliott, Ph.D., P.E.**  
**Associate Director for Research**  
**202-507-4009**  
**[rnelliott@aceee.org](mailto:rnelliott@aceee.org)**

**529 14<sup>th</sup> Street, NW, Suite 600**  
**Washington, DC 20045**  
**<http://www.aceee.org>**