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 EPAct 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