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Energy Efficiency and The Proposed EPA Rules

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The cleanest kilowatt of energy is the one we never have to use. It turns out it's also some of the cheapest energy out there, at just 2.8 cents per kilowatt-hour. [1] And with EPA's new guidelines for carbon emissions from existing power plants, there's a lot that states can do to meet their carbon reduction goals without shutting down coal-fired power plants or changing their generation mix.

What the new rules mean for efficiency

The proposed regulation allows for states to look "outside the fence," or beyond the power plant facility itself, when drawing up carbon reduction plans. This approach opens up the option for states to use energy efficiency programs that reduce demand. The 48 states that already run energy efficiency programs will be able to build on their experience, which could ultimately lead to an 8% reduction in energy use by 2030. [2] Because energy efficiency saves money and creates economic value for businesses, many states will find the costs and benefits of efficiency programs especially attractive when writing their plans to comply with the new rules. [3]

Examples of state efficiency programs

Several states are already leading on implementing efficiency programs, due to mandates from utility commissions, from efforts led by dedicated community partners, or because of state energy efficiency regulations. Utilities still thrive in states like West Virginia and Iowa, even while the states have experienced a 10-20% drop in GHG emissions since 2005, [4] due in large part to energy efficiency gains.

States have employed a variety of energy efficiency models. These include:

Decoupling: When utility profits are separated from the amount of energy sold, utilities are no longer penalized for working with their customers to come up with efficiency gains to provide the same level of service. California has completely decoupled their electricity and natural gas utilities to align customer interests with investor interests. [5]

Energy Efficiency Resource Standards: Implemented in states as diverse as Texas and Delaware, Energy Efficiency Resources Standards (EERS) require that states meet part of the growing demand for power with energy efficiency. [6] This has the ability to create jobs and lower energy users' bills. [7]

Building Codes: Buildings account for nearly 50% of energy use in the U.S., with codes set on the state or municipal level. [8] If all states adopted building codes at the 1999 standard, it would save $5.7 billion in energy costs in the first 10 years alone. [9]

The best part about efficiency is that states want these programs—in a letter to the EPA, the National Associations of Clean Air Agencies, Regulatory Utility Commissioners, and State Energy Officials petitioned to have these included as compliance mechanisms for the carbon emission rules. [10] With these new rules, states win, customers win, and the environment wins.

Want to help states do more?

The federal government can help states with efficiency gains through increased appliance standards, encouraging building code reform, or many other approaches outlined in Third Way's PowerBook. [11]

ENDNOTES

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