

Energy Efficiency and the Clean Power Plan

December 15, 2015

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Synapse Energy Economics

- Research and consulting firm specializing in energy, economic, and environmental topics
- Leader for public interest and government clients in providing rigorous analysis of the electric power sector
- Services include economic and technical analyses, regulatory support, research and report writing, policy analysis and development, representation in stakeholder committees, facilitation, trainings, and expert witness services
- Develops resources such as the Synapse Clean Power Plan Toolkit to promote transparent decision-making
- All non-confidential publications and open-source tools available for free at www.synapse-energy.com

Agenda

1. Is efficiency fair to all customers (and why is it a Clean Power Plan issue)?
2. Ten strategies to increase customer participation in energy efficiency
3. Clean Power Plan as a source of funds for energy efficiency
4. Synapse Resources

**Is Efficiency Fair
to All Customers (and
Why is it a Clean Power
Plan Issue)?**

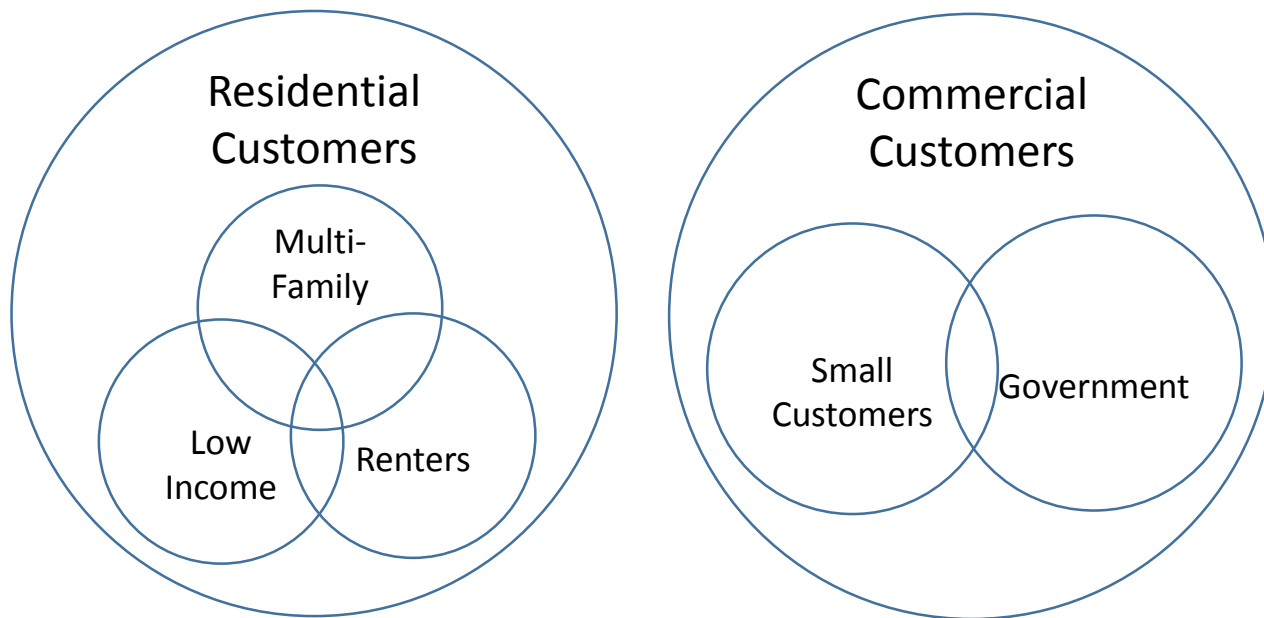
Is Efficiency Fair to All Customers?

- Some state policies such as building codes and standards generally treat all consumers and businesses fairly.
- Not all electric customers have equal access to customer-funded efficiency programs.
- Efficiency program budgets are often *limited* in response to concerns about customer fairness.
- While all customers experience some system-wide benefits of energy efficiency, customers who participate in these programs experience greater benefits than non-participants.

Hard-to-reach customers are particularly affected

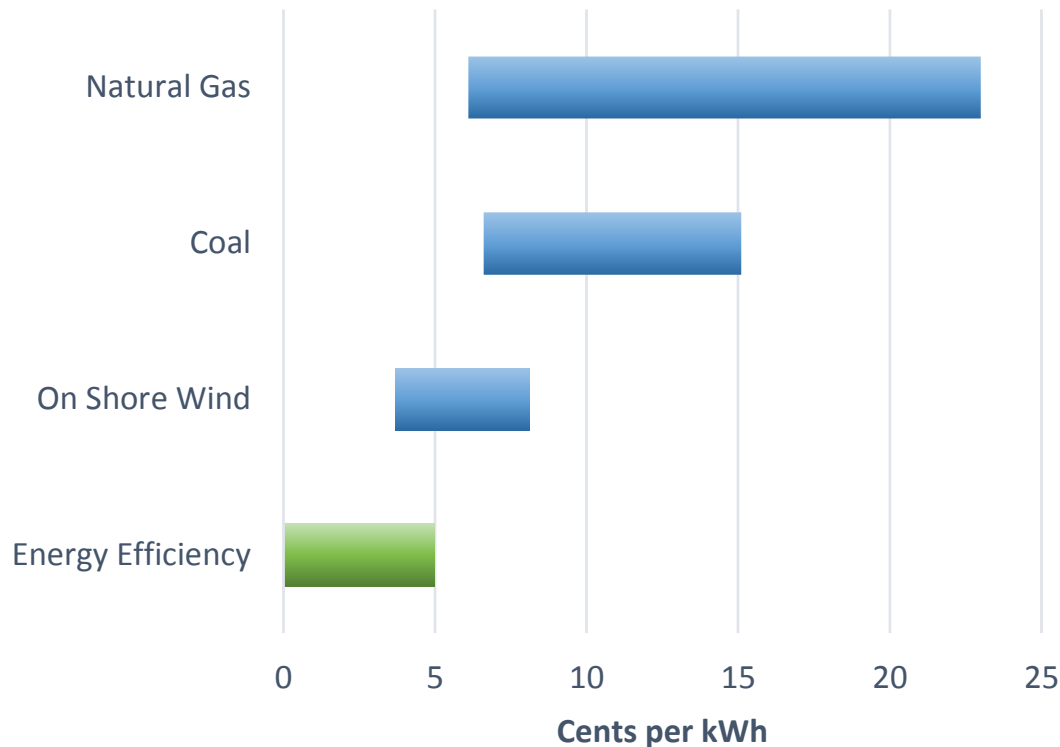
Several types of electricity customers are harder to reach, and therefore are less likely to experience the direct benefits of efficiency program participation.

Examples of hard-to-reach customers include:



Why Is This a Clean Power Plan Issue?

1. EPA recognizes energy efficiency as an “important, proven strategy widely used by states that can substantially and cost-effectively lower carbon dioxide emissions from the power sector.”



Sources:

1. Quote: U.S. Environmental Protection Agency. 2015. “Fact Sheet: Energy Efficiency in the Clean Power Plan.” Available at: <http://www.epa.gov/cleanpowerplan/fact-sheet-energy-efficiency-clean-power-plan>
2. Figure: Lazard. 2014. Lazard’s Levelized Cost of Energy Analysis - Version 8.0, Available at: https://www.lazard.com/media/1777/levelized_cost_of_energy_-_version_80.pdf

Why Is This a Clean Power Plan Issue? (cont'd)

2. EPA has demonstrated a commitment to fairness with its Clean Energy Incentive Program (CEIP) and requirements to address environmental justice concerns.
3. EPA's requirement for fair treatment under the Clean Power Plan should include ensuring that the significant benefits that are possible with energy efficiency are shared with as many customers as possible.

Purpose of Today's Presentation

This webinar will provide an introduction to 10 strategies that states, public utility commissions, and program administrators can use to overcome barriers and increase energy efficiency adoption by traditionally hard-to-reach customers.

10 Strategies to Increase Customer Participation in Energy Efficiency

10 Strategies to Increase Participation in Efficiency

Category	Initiative
State Policies and Initiatives	<ol style="list-style-type: none">1. Adopt building codes and appliance standards2. Let customers know how their energy use compares3. Enable governments to lead by example
Ratepayer-Funded Energy Efficiency Program Policies	<ol style="list-style-type: none">4. Expand program reach5. Use targets, carrots, and sticks6. Collaborate
Ratepayer-Funded Energy Efficiency Program Designs	<ol style="list-style-type: none">7. Bring efficiency to all customers8. Maximize participation9. Transform the efficiency market
Ratepayer-Funded Energy Efficiency Program Funding	<ol style="list-style-type: none">10. Leverage new funding

State Policies and Initiatives

State Policies and Initiatives

States can implement policies and initiatives to achieve energy efficiency savings across all households, businesses, and industries.

1. Adopt building codes and appliance standards

Adopt and enforce building codes and appliance standards to ensure that all new buildings and new products are as efficient as possible.

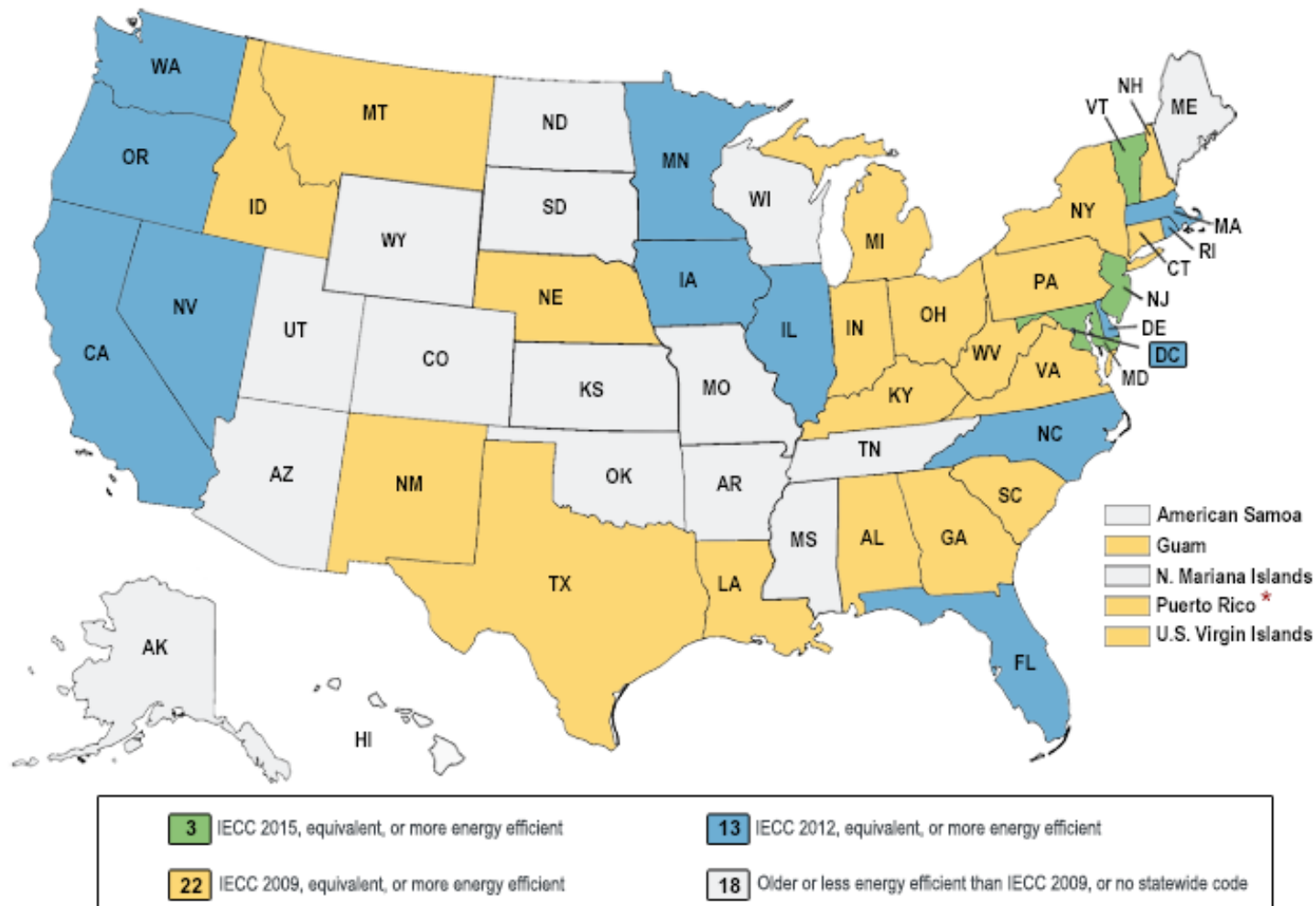
2. Let customers know how their energy use compares

Implement building benchmarking, rating, and disclosure practices to reveal efficiency levels and allow building owners, managers, and buyers to respond accordingly.

3. Enable governments to lead by example

Implement state and local government efficiency programs to reduce taxpayer energy bills and to push efficiency markets by “leading by example.”

Current Status of Building Energy Codes



* Adopted new Code to be effective at a later date

As of October 2015

Source: Reproduced from U.S. Department of Energy – Energy Efficiency & Renewable Energy, Building Energy Codes Program. November 2015. “Status of State Energy Code Adoption.” Available at: <https://www.energycodes.gov/status-state-energy-code-adoption>.

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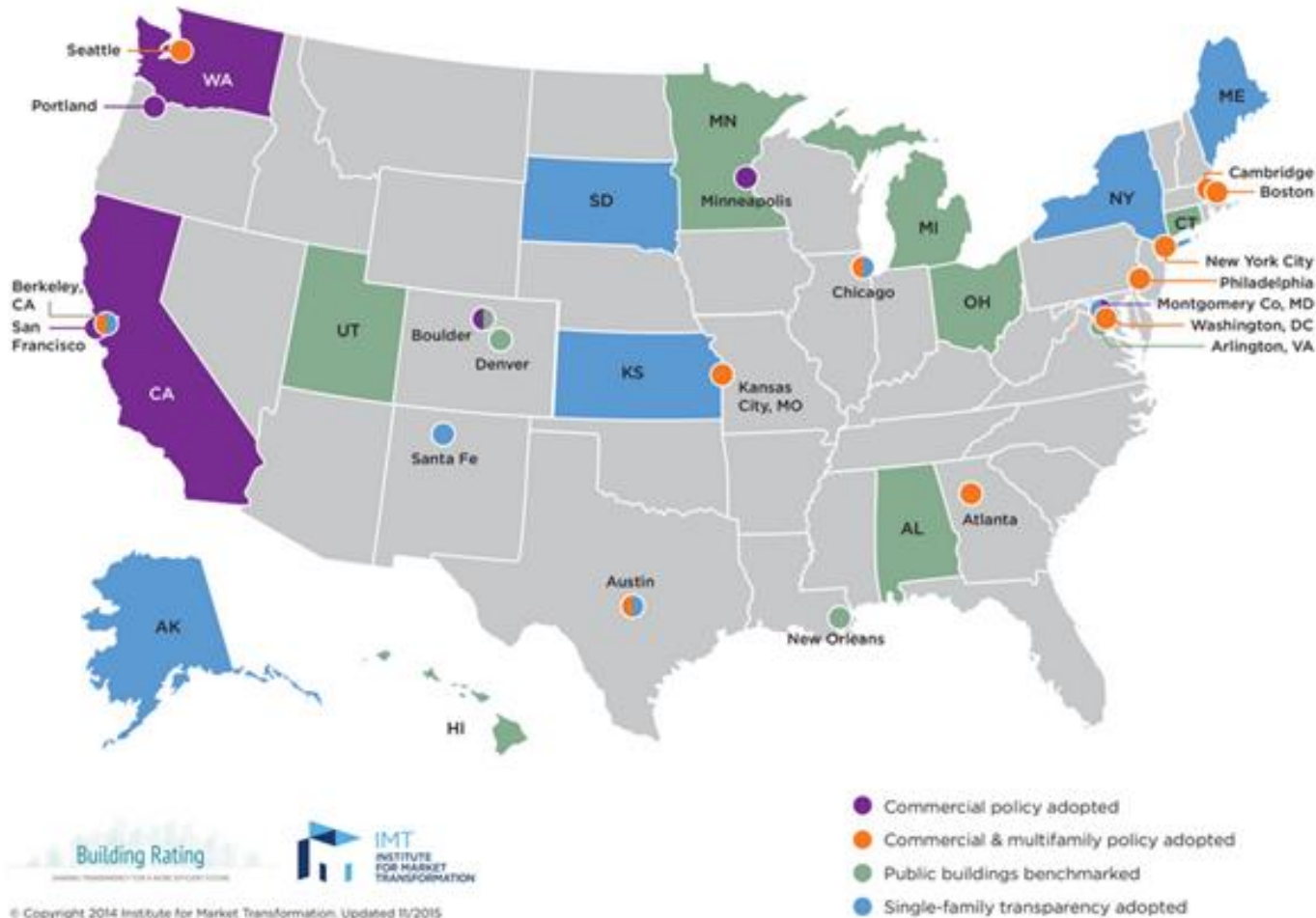
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Current Status of Benchmarking Policies



Source: Reproduced from Institute for Market Transformation. 2014. "U.S. Benchmarking Policy Landscape." Available at: <http://www.buildingrating.org/graphic/us-benchmarking-policy-landscape>.

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Ratepayer-Funded Energy Efficiency Program Policies

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Public utility commissions can implement energy efficiency program policies that drive program administrators to reach all customers.

4. Expand program reach

Adopt policies and initiatives that require program administrators to implement all cost-effective efficiency, improve cost effectiveness screening, and expand evaluation efforts to include program participation.

5. Use targets, carrots, and sticks

Provide program administrators with proper incentives to motivate them to serve hard-to-reach customers and maximize customer participation in general.

6. Collaborate

Establish collaboratives to allow low-income, business, and consumer advocates to provide input into program marketing, design, and implementation.

Ratepayer-Funded Energy Efficiency Program Designs

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Commissions can influence program administrators to adopt programs and program designs that maximize participation by all customers, especially those that are hard to reach.

7. Bring efficiency to all customers

Include a variety of programs to ensure that options are available to all customers, including those who are hard to reach.

8. Maximize participation

Design efficiency programs to ensure that options are available to all customers, including those who are hard to reach.

9. Transform the efficiency market

Design efficiency programs that emphasize opportunities to transform efficiency products and markets.

Ratepayer-Funded Energy Efficiency Program Funding

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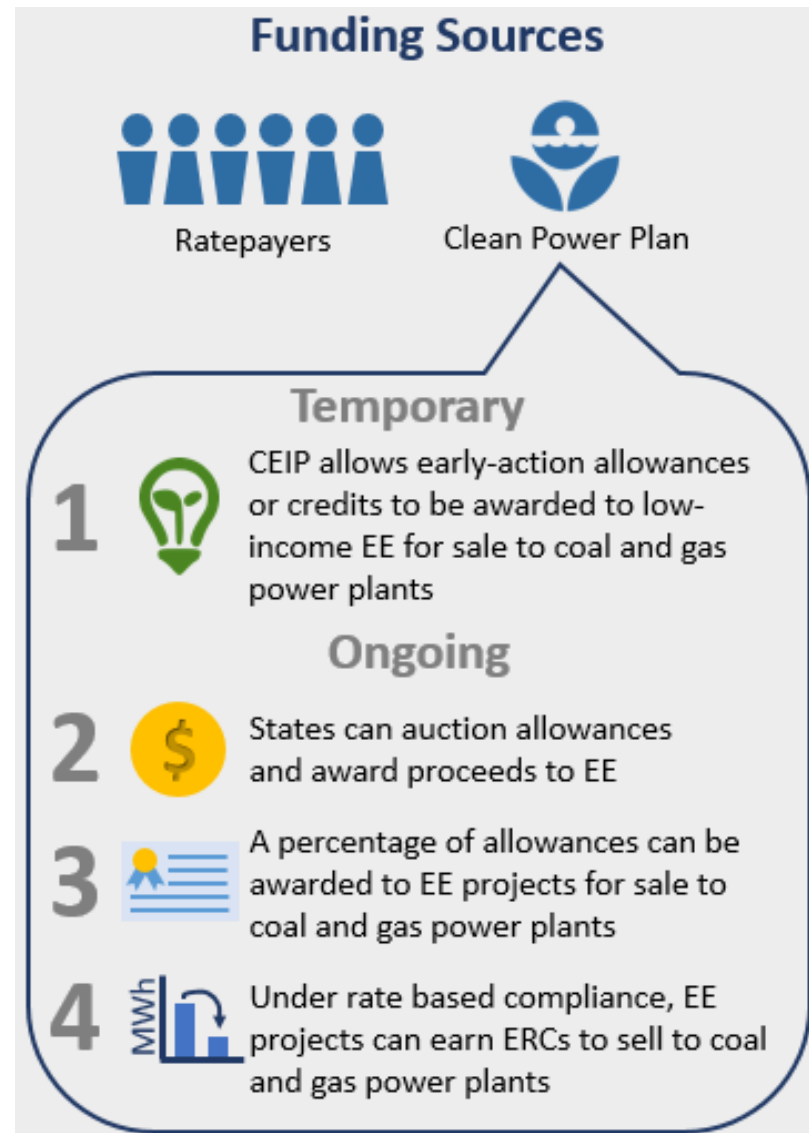
Commissions can allow program administrators to use new funding sources to pay for a portion of their energy efficiency programs.

10. Leverage new funding

Utilize funds generated by Clean Power Plan compliance to implement future energy efficiency.

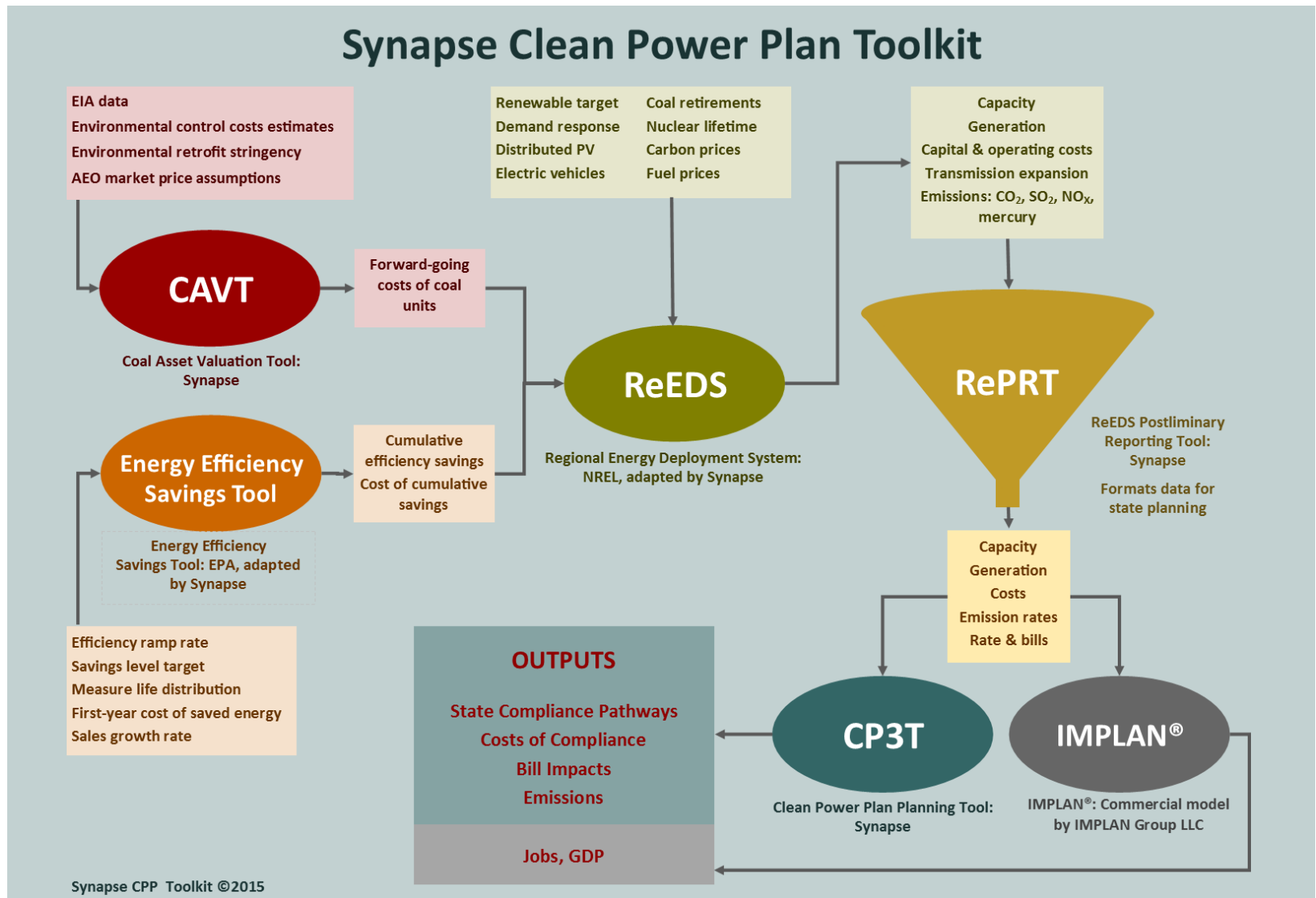
Clean Power Plan as a Source of Funds for Energy Efficiency

CPP as an Energy Efficiency Funding Source



Synapse Resources

Synapse Clean Power Plan Toolkit



Related Resources

Energy Efficiency and the Clean Power Plan handbook and factsheet: www.synapse-energy.com/EEHandbook;
www.synapse-energy.com/EEFactsheet

Environmental Justice and the Clean Power Plan factsheet: <http://synapse-energy.com/EJFactsheet>

Synapse Clean Power Plan Toolkit: <http://synapse-energy.com/CleanPowerPlan>

Past Clean Power Plan Webinars: <http://synapse-energy.com/synapse-projects-and-webinars-related-clean-power-plan>

Clean Power Plan Reports and Outreach for National Association of State Utility Consumer Advocates: <http://synapse-energy.com/project/clean-power-plan-reports-and-outreach-national-association-state-utility-consumer-advocates>

Synapse Blog Posts on Clean Power Plan: <http://synapse-energy.com/tags/clean-power-plan>

Consumer Costs of Low-Emissions Futures Briefs and Reports: <http://synapse-energy.com/project/consumer-costs-low-emissions-futures>

Stay Tuned!

Synapse will be presenting more webinars on issues related to the Clean Power Plan.

- **January 12, 2016 (tentative):** “Bill Impacts of the Clean Power Plan”
- Sign up for our newsletter at <http://www.synapse-energy.com/newsletter/signup> to receive future notifications of Synapse webinars.

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