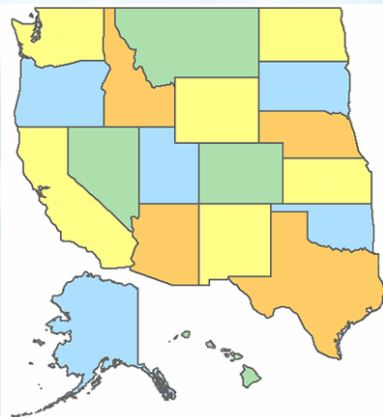


Building an Energy Efficient Future for the West

Richard Halvey
Western Governors' Association

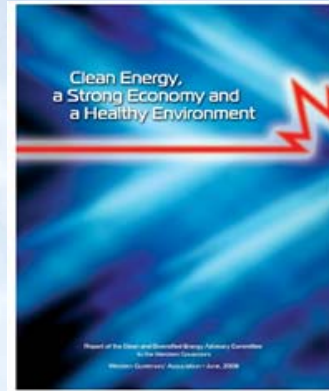


- WGA represents the Governors of 19 States and 3 U.S. Flag Pacific Islands
- Address important policy and governance issues in the West and advance the role of the Western states in the federal system
- Focuses on natural resources, the environment, human services, economic development, international relations and state governance.



In the Clean and Diversified Energy Initiative the Governors sought technically and financially viable incentive-based recommendations that would:

- Bring 30,000 megawatts of new clean energy online by 2015
- Meet transmission needs over the next 25 years
- Increase energy efficiency 20% by 2020



According to the WGA Clean and Diversified Energy Report, potential savings from adoption of energy efficiency best practices in all 19 WGA states could be enormous:

- Over the next 15 years, new generating needs across the region could be reduced by as much as 75%:
 - Eliminates the need for 100 large generating facilities (48,000 MW).
 - \$53 billion net economic gain shared among the Western states.
 - 1.8 trillion gallons in water savings.
 - 17% decline in regional CO2 emissions.



WGA convened a workshop in July featuring a wide variety of stakeholders to discuss recommendations for energy efficiency improvements in public and residential buildings, with the long-term goal of exceeding IECC energy codes by 30%:

- Builders and industry representatives
- Utilities
- Public interest groups
- Government energy officials
- Energy service companies



Workshop policy recommendations are published in a report to be released in November 2008. Go to www.westgov.org for a copy



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Participants in the WGA workshop generally agreed that a combination of the following actions could generate the desired gains in energy efficiency:

- Education
- Code performance
- Incentives
- Decoupling/Regulatory restructuring
- Demand side management (smart meters, improved building efficiency performance)
- Performance contracting



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Energy Efficiency Education

Recommendations:

- Education should play a key role by promoting labeling systems, home energy rating (HERS), and outreach with results-oriented information.
- K-12 curriculums and boosting the green technology sector in Western states.



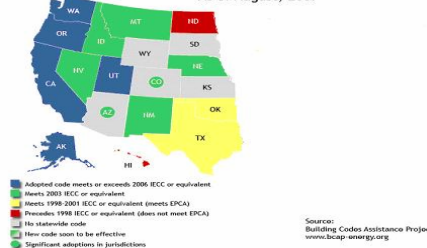
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Higher Performing Building Codes

Recommendation:

- Establish a regional code council to discuss long-term strategies for improving state and local code performance, enforcement and education.

Residential State Energy Code Status
As of August, 2007



WGA

Incentivizing Energy Efficiency

Recommendations:

Increase the number of federal, state, local and utility incentive options to award consumers and builders who make energy-conscious decisions.

- Extend the federal energy efficiency tax credit that expires at the end of 2007.
- Expand net metering (MT, WY, NM, UT, NV, WA, OR, ID, CA have activated net-metering policies)
- Carbon regulation as a market signal
- Expedited plan review for the most efficient buildings or reduced property taxes



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Near-Zero Homebuilding

- Made more economical through net-metering and sets of strong incentives.
- Reductions in utility bills of 60% or more, often costs can be paid off in less than a decade.



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Remove Utility Impediments

Recommendation: Remove utility impediments by encouraging public utility commissions to establish public benefits funds and decoupling mechanisms.

- Oregon's PUC collects a 3 percent *public benefits* surcharge on electricity sales to fund EE and renewables, totaling \$52 million for EE.
- California adoption of *decoupling* electricity sales from total revenues for its biggest investor owned utilities expected to cut electricity/natural gas demand by more than half by 2013, with net savings of \$10 billion.



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Demand Side Management

Recommendation: Develop and expand the use of demand-side management tools.

- Meet long-term demand needs by including DSM considerations as an integral component of energy portfolios.
- Expand smart meters and infrastructure to serve as the price driver, charging time-of day or off-peak pricing and installing new meters to have a rate impact.



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The Greening of Government

Recommendation:

Utilize performance contracting and energy service companies for energy efficiency results in public building projects

Recently, the Colorado State Capitol Complex used a performance contract to finance:

- \$13.6 million in improvements and energy efficiency upgrades
- 25-30% drop in energy costs
- \$800,000 in annual savings
- \$20 million in total cost savings over the next 2 decades.



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Additional Information

For the “Building an Energy Efficient Future” report and policy recommendations, and to learn more about the WGA, its initiatives and receive updates, please visit:

www.westgov.org



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