Ratepayer-funded Energy Efficiency: Nationwide Trends

Lisa Wood
National Conference of State Legislatures

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In 2008, ratepayer-funded EE programs saved 96 TWh. But, significant potential for much more energy efficiency savings.

96 TWh represented about 2.6% of total usage in 2008.
Ratepayer funded EE budgets are growing significantly

LBNL forecasts $12.4 billion of ratepayer funded EE by 2020 (under high scenario) – a three-fold increase from today.

Source: LBNL's The Shifting Landscape of Ratepayer-Funded Energy Efficiency in the U.S. (October, 2009) by Galen Barbose, Charles Goldman, and Jeff Schlegel
In 2009, ratepayer-funded electric efficiency budgets totaled $4.4 billion in the U.S. Electric utilities responsible for 87% (CEE)

Total 2009 budget = $4.4 billion

$3.8 billion
87%

$0.6 billion
13%

Utility
Non-Utility
Majority of consumers look to their electric utility as a source of energy efficiency information.

What groups or organizations would you look to for more information on how to use electricity more efficiently?

- Your electric utility: 55%
- Retailers (e.g., Home Depot): 25%
- Federal government: 20%
- Home contractors: 17%
- Local government: 10%
- State government: 14%
- Web/online: 3%
- Other: 4%

EEI PowerPoll Q1 2010
Aligning incentives for EE investments – three regulatory components

Program cost recovery

Lost margin recovery  Performance incentives
State regulatory environments are evolving to support increased electric utility EE efforts

The number of states aligning utility incentives with investments in EE has increased significantly over the past 2 years

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Electric utility lost revenue and decoupling mechanisms by state (details vary by state)

July 2010

Revenue Decoupling Mechanism
Lost Revenue Adjustment Mechanism
Pending

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Electric utility performance incentives by state (details vary by state)

July 2010

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Thoughts on EE incentive mechanisms

- Incentives work! States with mechanisms that support EE have more EE savings.
- In the past 2 years:
  - 15 additional states have adopted a lost revenue or decoupling mechanism
  - 10 additional states have adopted a performance incentive for energy efficiency
- To-date, most contention has been around performance incentives (EM&V issues) not lost revenue recovery/decoupling.
Utility scale smart meter deployments, plans, and proposals – about 61 million meters (April 2010)

*This map represents smart meter deployments, planned deployments, and proposals by investor-owned utilities and large public power utilities.

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Smart meter platform and home area network technologies will take EE and DR to new levels

...It’s all about giving customers the tools and the know-how to be smarter energy consumers. Educate, educate, educate!

HAN communication

SmartMeter communication
For more information, contact:

Lisa Wood
Executive Director

Institute for Electric Efficiency
The Edison Foundation
701 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2696
202.508.5550

lwood@edisonfoundation.net

www.edisonfoundation.net/IEE