

## Frequently Asked Questions

### **What is energy efficiency?**

Energy efficiency refers to technologies, processes and equipment that allow us to do the same activities (or more) with less energy. It means getting better use out of the energy we consume. In practical terms, this could mean installing better insulation, buying ENERGY STAR appliances or using a programmable thermostat.

Efficiency differs from conservation, which means changing behaviors to reduce energy use.

### **What is an EERS (Energy Efficiency Resource Standard)?**

An EERS is a law requiring utilities (both electric and gas), and in some cases, states, to meet specified energy savings within a given timeframe. Nineteen states have established an EERS. A federal EERS would set a national target for gas and electric utilities to meet, but allow states flexibility on how to achieve the targets through rebates and financial incentives for energy efficiency home improvements, use of energy-efficient lighting and appliances, combined heating/cooling systems and other measures for homes and businesses.

### **Nineteen states have EERS programs. Do we need a national standard?**

The 19 states that have passed an EERS over the past decade have demonstrated promising results. However, the full potential of energy efficiency cannot be realized unless an EERS is put in place across the country, and the quickest way to do that is to pass a federal standard, rather than work state-by-state.

### **Why should the states who are already leading the way on this issue be involved in a national policy?**

Though most states with an EERS plan to achieve close to the 15 percent electricity savings target by 2020 in their state, they stand to enjoy increased gas savings as a result of a federal EERS. These states will also benefit because the federal EERS will reduce demand in nearby states, helping to cut energy prices throughout their region, while increasing jobs and reducing carbon emissions far beyond what any individual state could achieve on its own. Furthermore, even in states with an established EERS, businesses will benefit from a federal EERS as they will see an increased demand for their energy efficiency services and goods in neighboring states.

New economic analysis shows the tremendous benefits that would result from a national EERS reducing electricity usage by 15 percent and natural gas usage by 10 percent by 2020. For instance, energy saved through the proposed federal EERS could power almost 48 million households in 2020, accounting for about 36 percent of the households in the United States. Moreover, this will save American consumers and businesses almost \$170 billion on utility bills, create over 220,000 jobs and reduce greenhouse gas emissions by 262 million metric tons while eliminating the need to build 390 power plants. (American Council for an Energy-Efficient Economy (ACEEE), *Laying the Foundation for Implementing a Federal Energy Efficiency Standard*)

### **How many jobs could a national EERS create? What kind of jobs would be created?**

In the face of rising unemployment, implementing a strong energy efficiency resource standard will put hundreds of thousands of Americans to work immediately using the skills they already have, including weatherizing homes, retrofitting old buildings and conducting energy audits.

A national EERS would create an estimated 222,000 net American jobs by 2020. (ACEEE, *Laying the Foundation for Implementing a Federal Energy Efficiency Standard*)

### **If energy efficiency is so affordable, why can't we trust people to do it on their own during these tough economic times, rather than passing legislation and regulations requiring investment?**

Even though energy efficiency is the cheapest, fastest, and cleanest energy resource, there are a variety of reasons why it is not being implemented as widely as it could be. The proposed national EERS could address many barriers, including these:

- *Split incentives* – This includes situations where one party (a tenant) pays the utility bills, and another party (the landlord) pays for equipment (refrigerators, for example), so there is no incentive for the landlord to spend more money on an energy-efficient refrigerator when the tenant is the one who will see the benefits of a lower electricity bill.
- *Upfront costs and financing* – Even though buying a highly efficient refrigerator or replacing all of the inefficient light bulbs in a home or office would save money in reduced energy costs, paying for these measures all at once or borrowing the money to do so is beyond the reach of some consumers and businesses.
- *Lack of awareness* – Many consumers and businesses underestimate their energy consumption and the environmental impacts associated with operating their appliances and equipment. They are often unaware that buying more efficient products can lead to energy and utility bill savings.
- *Limited availability of efficient products* – Manufacturers often produce two versions of the same product line: one is a basic model that typically meets minimum efficiency standards while the other is a value-added model that includes improved efficiency and other extra, non-energy features at a significantly higher cost. Consumers who want improved efficiency without the extra features usually purchase the less efficient basic model to save money. What's more, equipment distributors generally have limited storage space and tend to only stock equipment that is in high demand, so even those wishing to purchase energy-efficient equipment often are stuck with the inefficient selection.

Ultimately, it's important to have a national EERS that will accelerate investment in enhanced energy efficiency and overcome the barriers mentioned above to help build a strong, sustainable economy. Investment in the energy efficiency of factories, industrial facilities and commercial, retail and residential buildings will improve the bottom line of American businesses and give American workers an edge in an increasingly competitive global marketplace.

### **How does energy efficiency contribute to reducing greenhouse gas emissions that contribute to climate change?**

Almost fifty percent of electricity in the United States comes from coal. As electricity use drops – for instance, through achieving standards set by a national EERS – so does the amount of coal being burned at power plants. Carbon dioxide emissions will be reduced as existing power plants are able to do more for their customers, without increasing production. The federal EERS proposed by Rep. Markey and Sen. Schumer would eliminate the need to build 390 new coal-fired power plants and reduce CO<sub>2</sub> emissions by 262 million metric tons in 2020 – the equivalent of taking 48 million cars

off the road for that year. (ACEEE, *Laying the Foundation for Implementing a Federal Energy Efficiency Standard*)

### **How much energy could we save with a national EERS?**

The energy saved through the proposed federal EERS could power almost 48 million households in 2020 – 36 percent of the households in the United States. Technically speaking, a federal EERS could save American consumers and businesses about 360 billion kWh in electricity and 790 trillion Btu in natural gas between now and 2020. Peak demand will be reduced by 117,000 MW – the equivalent to what 390 power plants would supply. (ACEEE, *Laying the Foundation for Implementing a Federal Energy Efficiency Standard*)

### **Should energy efficiency be allowed to fulfill part or all of a renewable electricity standard (RES)?**

Strong RES and EERS policies are both needed to reduce energy demand and dramatically cut greenhouse gas emissions that contribute to climate change. Energy efficiency is important in its own right and by reducing overall energy demand, makes a renewable electricity standard easier to meet. Working together, energy efficiency and renewable energy will reduce demand and dependency on conventional fossil fuels while having a positive impact on the environment.

### **Does your coalition support any specific legislation proposing to establish a national EERS?**

Representative Edward Markey (D-MA7) and Senator Charles Schumer (D-NY) have both introduced versions of the “Save American Energy Act.” (H.R. 889 in the House of Representatives and S. 548 in the Senate) Both bills call for a national EERS that will work with states and utilities to reduce electricity usage by 15 percent and natural gas usage by 10 percent by 2020.

The Campaign for an Energy-Efficient America is united behind a statement of principles, not any particular piece of legislation. However, we believe that the introduced bills represent the kind of EERS that would effectively drive innovation, create jobs and save money for businesses and consumers.

### **The EERS sets a target for utility companies. Why are they the appropriate organizations to meet the EERS?**

Electric and gas utilities have the advantage of existing customer relationships and are uniquely positioned to help consumers realize the benefits of efficiency. Setting annual and cumulative targets helps utilities meet short-term goals and monitor progress. The initial savings targets start at modest levels, giving utilities in states without an existing EERS the opportunity to develop successful energy efficiency programs. As utilities gain experience, they are able to reach higher savings targets by eliminating programs that are not performing as anticipated and building programs that are successfully achieving savings by expanding into additional sectors.

### **Will a national policy potentially weaken state efforts?**

States would have the flexibility to go above and beyond federal standards, which would act as a “floor” rather than a “ceiling.” For states that currently have an EERS that is on target to reach 15 percent electricity savings by 2020, the federal policy should not weaken those efforts – under the current federal proposal, any state can apply to the Department of Energy to administer an EERS at the state level which meets or exceeds the federal targets. The federal policy will also strengthen implementation of natural gas savings programs in states with an EERS, as most do not have natural gas savings targets.