



Reaching the Tipping Point: Majority of States Have Now Adopted Energy Efficiency Resource Standards

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Media Contact(s):

[Max Neubauer](#), 202-507-4005, Research Associate

[Dan York](#), 608-243-1123, Utilities Program Director

Washington, D.C. — While the prospect of passing a comprehensive national energy policy remains uncertain for the 112th Congress, two states reminded the country last week that bold energy efficiency policies, which will save consumers and businesses millions in wasted energy costs, can win bipartisan support.

On December 10, Arkansas became the first state in the Southeast to adopt a comprehensive set of policies on utility energy efficiency programs, including an Energy Efficiency Resource Standard (EERS). Four days later in Wisconsin, the Joint Committee on Finance approved recommendations set in an Order given by the Public Service Commission of Wisconsin (PSCW) to increase funding to Focus on Energy, the statewide energy efficiency provider, and set performance goals that will function as an EERS. An EERS requires electricity and natural gas providers to meet annual energy savings goals by providing energy efficiency program services.

ACEEE Executive Director Steven Nadel commended the states' efforts: "The actions taken in Arkansas and Wisconsin should signal to policymakers at the state and federal level that moderate and even conservative constituencies can rally behind the cause of creating an energy-efficient economy. Energy efficiency is an abundant resource that reduces waste across all sectors and improves economic productivity."

Max Neubauer, ACEEE Research Associate, authored an [energy efficiency potential study for Arkansas](#) early in 2010 that recommended the adoption of an EERS and was pleased with the result. He said: "The orders given by the Arkansas Public Service Commission signify a break from the commonly voiced doctrine in the Southeast that any expense on utility bills is a bane of business and economic growth. In fact, it is quite the opposite with regards to energy efficiency. It costs far less to save a kWh than to generate one, so energy efficiency encourages economic growth by creating a robust, sustainable energy market that offers new business opportunities, generates jobs, saves consumers money, and curbs the strain on our environment."

The Arkansas targets are moderate, rising from an annual reduction of 0.25% of total electric kilowatt-hour (kWh) sales to 0.75% of total electric kWh sales over the next three years (and slightly less for natural gas sales), but require a high level of verification to ensure that utility companies are fairly rewarded, and that consumers get solid cost benefits.

The Wisconsin electricity goals, as a percent of peak load and electric sales, amount to 0.75% in 2011, ramping up to 1.5% in 2014. The PSCW also approved natural gas goals of 0.5% in 2011, ramping up to 1% in 2013.

Twenty-six states now have an EERS, accounting for 65% of the country's electricity demand. The policies currently on the books will provide electricity savings equal to 6% of nationwide retail sales by 2020. Dan York, Deputy Director, ACEEE Utilities Program, explained further: "The EERS will ensure that Wisconsin continues to reap the significant cost savings that result from investments in more energy-efficient homes, businesses, and industries." A native Wisconsinite, he was glad to see his home state adopt such a strong policy. "For years, Wisconsin has been a leader in its energy efficiency programs

serving electric and natural gas customers. This policy demonstrates Wisconsin's strong commitment and vision to invest in energy efficiency—a resource that lowers energy costs, creates local jobs, and improves the environment. It's a big win for Wisconsin.”

Link to summary of AR decision: http://www.apscservices.info/pdf/08/08-144-U_153_1.pdf

Link to Wisconsin EERS Order: http://www.aceee.org/files/state/WI_5-GF-191_Order.pdf

The American Council for an Energy-Efficient Economy is an independent, nonprofit organization dedicated to advancing energy efficiency as a means of promoting economic prosperity, energy security, and environmental protection. 2010 marks ACEEE's 30th anniversary as an organization.