



National Action Plan for Energy Efficiency

Vision for 2025: Developing a Framework for Change

The National Action Plan for Energy Efficiency Vision for 2025 document provides an implementation framework for achieving all cost-effective energy efficiency by 2025.¹ It is a framework for implementing the five policy recommendations of the Action Plan, announced in July 2006, and realizing significant financial and environmental benefits. The Vision can be modified and improved over time. Highlights from this document are provided below.

Long-term Aspirational Goal

The long-term aspirational goal for the Action Plan is to achieve all cost-effective energy efficiency by the year 2025. Based on studies, the efficiency resource available may be able to meet 50 percent or more of the expected load growth over this time frame, similar to meeting 20 percent of electricity consumption and 10 percent of natural gas consumption.² The benefits from achieving this magnitude of energy efficiency nationally can be estimated to be more than \$100 billion in lower energy bills in 2025 than would otherwise occur, over \$500 billion in net savings, and substantial reductions in greenhouse gas emissions.

Ten Implementation Goals

The Vision document sets forth ten implementation goals and the key steps that state decision-makers can consider to meet these goals. A goal is to have these policy and program steps in place by 2015 to 2020 to establish the necessary policy foundation to help ensure success.

Goal One: Establishing Cost-Effective Energy Efficiency as a High-Priority Resource

Utilities³ and applicable agencies are encouraged to:

- Create a process to explore the energy efficiency potential in the state and commit to its full development.
- Regularly identify cost-effective energy efficiency potential in conjunction with rate making bodies.
- Set energy savings goals consistent with the cost-effective potential.

- Integrate energy efficiency into energy resource plans at the utility, state, and regional levels.

Goal Two: Developing Processes to Align Utilities Incentives Equally for Efficiency and Supply Resources

Applicable agencies are encouraged to:

- Work with utilities to implement revenue mechanisms to promote utility and shareholder indifference to supplying energy savings, as compared to energy generation options.
- Consider how to remove utility disincentives to energy efficiency such as by removing the utility throughput disincentive and exploring other rate making ideas.
- Ensure timely cost recovery in place for parties that administer energy efficiency programs.

Goal Three: Establishing Cost-Effectiveness Tests

Applicable agencies along with key stakeholders are encouraged to:

- Establish a process to examine how to define cost-effective energy efficiency practices that capture the long-term resource value of energy efficiency.
- Incorporate cost-effectiveness tests into rate making procedures going forward.

Goal Four: Establishing Evaluation, Measurement, and Verification Mechanisms

Rate making bodies are encouraged to:

- Work with stakeholders to adopt effective, transparent practices for the evaluation, measurement, and verification (EM&V) of energy efficiency savings consistent with establishment of rate making incentives.

Program administrators are encouraged to:

- Conduct EM&V consistent with these practices.

Goal Five: Establishing Effective Energy Efficiency Delivery Mechanisms

Applicable agencies are encouraged to:

- Clearly establish who will administer energy efficiency programs.
- Review programs, funding, customer coverage, and goals for efficiency programs; ensure proper administration and cost recovery of programs, as well as ensuring that goals are met.
- Establish goals and funding on a multi-year basis to be measured by evaluation programs established.
- Create public education programs for energy efficiency.
- Ensure that best practice information is shared regionally and nationally.

Goal Six: Developing State Policies to Ensure Robust Energy Efficiency Practices

Applicable agencies are encouraged to:

- Have a mechanism to review and update building codes.
- Establish enforcement and monitoring mechanisms of energy codes.
- Adopt and implement state-level appliance standards.
- Develop and implement lead-by-example energy efficiency programs at the state and local levels.

Goal Seven: Aligning Customer Pricing and Incentives to Encourage Investment in Energy Efficiency

Utilities and rate making bodies are encouraged to:

- Examine, propose, and modify rates considering impact on customer incentives to pursue energy efficiency.
- Create mechanisms to reduce customer disincentives for energy efficiency (e.g., financing mechanisms).

Goal Eight: Establishing State of the Art Billing Systems

Utilities are encouraged to:

- Work with large customers to develop methods of supplying consistent energy use and cost information across states, service territories, and the nation.

Goal Nine: Implementing State of the Art Efficiency Information Sharing and Delivery Systems

Utilities and other program administrators are encouraged to:

- In conjunction with their regulatory bodies, explore the development and implementation of state of the art efficiency delivery information, including smart grid infrastructures, data analysis, two-way communication programs, etc.
- Explore methods of integrating advanced technologies to help curb demand peaks and monitor efficiency upgrades to prevent equipment degradation, etc.
- Coordinate demand response and energy efficiency programs to maximize value to customers.
- Support development of an energy efficiency services and program delivery channel (e.g., quality trained technicians).

Goal Ten: Implementing Advanced Technologies

Applicable agencies and utilities are encouraged to:

- Review advanced technologies such as batteries, strategically integrated solar facilities, and other clean distributed generation forms; ensure their adaptation into the broader resource plans for efficiency achievements.
- Work collectively to review advanced technologies and determine rapid integration time lines.

Measuring Progress

Progress will be measured and reported on every few years, with an emphasis on measurable outcomes. An initial strawman approach to measuring progress was released in November 2007. This approach included a summary of key policy and program steps in support of the Vision's ten implementation goals and proposed a set of quantitative metrics. During 2008, the Leadership Group will refine this process for measuring progress and release an update to the Vision for 2025 document.

1 The Leadership Group of the National Action Plan for Energy Efficiency is committed to taking action to increase investment in cost-effective energy efficiency. The Vision document was developed under the guidance of and with input from the Leadership Group. The document does not necessarily represent a consensus view and does not represent an endorsement by the organizations of Leadership Group members.

2 The energy efficiency savings as a percent of load growth depend on forecast assumptions used and vary by region. This magnitude of savings is consistent with the potential savings documented in a number of recent studies. See Appendix B of the Vision document for references to these studies.

3 "Utility" refers to any organization that delivers electric and gas utility services to end-users, including investor-owned, cooperatively owned, and publicly owned utilities.