

Energy Efficiency and Renewable Electricity Standards Maximize Benefits, Minimize Cost of Climate Solutions

A national climate and energy policy that prioritizes energy efficiency and renewable energy will save consumers and businesses money, put people to work in high quality jobs and establish the U.S. as a global leader in energy technology innovation. Strong energy efficiency and renewable energy standards will also mitigate the cost of reducing global warming.

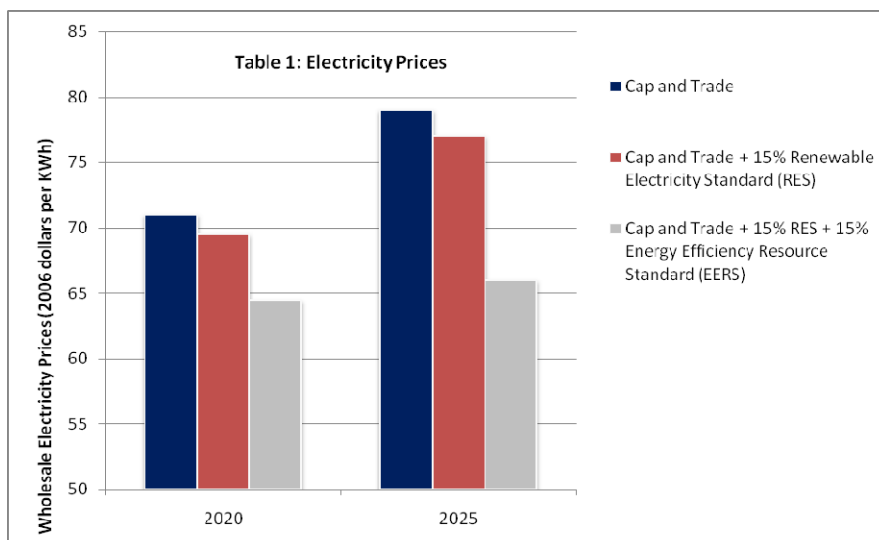
The Waxman-Markey discussion draft of **The American Clean Energy and Security Act of 2009** combines energy and climate legislation in one bill, providing a golden opportunity to recognize the beneficial synergies of an integrated “Three Pillars” approach that includes:

- A federal Energy Efficiency Resource Standard (EERS) to reduce cumulative electricity usage by at least 15% and cumulative natural gas usage by at least 10% by 2020;
- A Renewable Electricity Standard (RES) to increase renewable energy production to 25% by 2025; and
- A greenhouse gas cap or standard that reduces emissions to 20% below 2005 levels by 2020 and 83% below 2005 levels by 2050.

ENERGY EFFICIENCY AND RENEWABLE ELECTRICITY STANDARDS REDUCE THE COST OF MEETING CLIMATE GOALS

Opponents say the EERS and RES are overly ambitious and would increase costs to utility companies trying to meet emissions reduction targets. They are attempting to eliminate both standards or combine them, which would weaken both. This is a mistake and here is why:

1. Weakening or eliminating the EERS or RES results in fewer new jobs, lower utility savings for consumers and businesses and fewer opportunities for new economic development – at a time when jobs and economic growth are top national priorities;
2. Energy efficiency and renewable energy investments can help *lower* the cost of electricity under cap-and trade legislation, saving consumers money. Energy efficiency reduces energy demand, providing utility bill savings and making the RES target easier to meet while renewable energy sources provide energy without the carbon dioxide emissions associated with traditional generation sources. Energy efficiency and renewable energy sources reduce the need for expensive new power plants, which in turn reduces the cost of generating power and cuts greenhouse gas emissions;
3. American Council for an Energy-Efficient Economy (ACEEE) analysis shows that electricity prices under cap-and-trade legislation will be 15 percent less if an EERS and RES are also in place. In other words, investing in energy efficiency and renewable energy will help minimize the cost of complying with climate legislation.



Source: ACEEE, *Assessment of the House Renewable Electricity Standard and Expanded Clean Energy Scenarios*, Dec. 2007

Standards represented in Table 1 include an EERS that achieves 10% cumulative reduction in electricity usage and 5% cumulative reduction in natural gas usage by 2020; an RES that increases renewable electricity generation to 15% by 2025; and cap-and-trade to reduce greenhouse gas emissions to 2006 levels by 2020 and 1990 levels by 2030.

ACEEE's analysis shows that adding an EERS and RES basically returns wholesale electricity prices in 2025 to where they would be without any cap in place. The Waxman-Markey discussion bill includes higher EERS (15% electricity and 10% natural gas savings by 2020) and RES (25% by 2025) standards, which should yield even lower electricity prices than those illustrated.

BENEFITS OF EERS, RES AND GREENHOUSE GAS CAP AND TRADE

EERS – reduces demand, lowers utility bills and decreases pollution from power plants¹

- Saves consumers \$169 billion, creates 222,000 jobs, eliminates the need for 390 expensive new power plants and reduces the need for imported energy sources;
- Delivers energy at 1/2 the cost of power from coal, nuclear or natural gas power plants;
- Decreases greenhouse gas pollution by 262 million metric tons in 2020, the equivalent of taking 48 million cars off the road for one year.

RES – increases the amount of electrical power generated by clean, renewable sources²

- Increases America's energy independence and spurs investment in wind, solar, geothermal, biomass and other clean technologies;
- Creates almost 300,000 well-paying jobs that can't be outsourced and delivers \$64 billion in utility bill savings by 2025;
- Decreases greenhouse gas pollution by 277 million metric tons in 2025, the equivalent of the annual output from 70 typical new coal plants.

Greenhouse Gas Cap-and-Trade – limits and puts a price on greenhouse gas emissions

- Puts a cap on the total amount of greenhouse gases that can be emitted and requires polluters to buy credits for the pollution they create. Those who reduce their pollution can sell extra credits on the open market;
- Works in concert with energy efficiency resource standard and renewable electricity standard to further decrease greenhouse gas pollution;
- Efficiency and renewable energy will go a substantial way toward meeting the cap.

¹ Statistics on the benefits of an EERS are from *Laying the Foundation for Implementing a Federal Energy Efficiency Resource Standard*, the American Council for an Energy-Efficient Economy, March 2009

² Statistics on the benefits of a RES are from *Green Jobs: A National Renewable Electricity Standard Will Boost the Economy and Protect the Environment*, Union of Concerned Scientists, Clean Power, April, 2009