

## BUCKING *The Downturn*

Led by the West coast and the Northeast, state and province efficiency budgets continue to show signs of life.

As the global economic slowdown continues to monopolize the headlines, there's been no shortage of data points heralding continuing declines in manufacturing output, consumer spending, and other related metrics. Two themes are emerging from this blizzard of bad news, and both hold the potential to sabotage our progress toward a more resource-efficient and sustainable world.

The first theme is that rapidly decelerating global economic growth is mitigating the pace of carbon emissions and the urgency of addressing climate change. A second, closely related theme is that companies and countries alike should be forgiven for focusing more on near-term fiscal survival than on long-term environmental sustainability.

It's too soon to say how many business leaders will be seduced into taking their eyes off the sustainability ball to focus on their current quarter's financial performance. One thing is for sure, though: a steadily increasing bounty of financial, tax, and technical assistance incentives await those managers who remain focused on reducing their operating expenses and helping the planet in the process.

### BUDGETS TREND UPWARD IN U.S. AND CANADA

The Consortium for Energy Efficiency (CEE) recently released its *2008 Annual Industry Report*, the latest in a series of annual surveys of program administrators in the U.S. and Canada. This year's survey incorporated data from 95% of CEE members and 74% of non-members. Its findings confirm that energy efficiency budgets have continued to trend upward for the last several years.

CEE reports that in 2006, energy efficiency budgets in the U.S. doubled to \$2.6 billion, with 34 states reporting.

In 2007, energy efficiency budgets grew by 19% to reach \$3.1 billion, a new record reported by 35 states. For the first time, CEE also measured Canadian budgets, which amounted to \$600 million distributed among the eight provinces reporting. These programs brought the combined US/Canada total to \$3.7 billion.

CEE's latest report shows that budgets continue to grow. CEE's respondents in the U.S. and Canada had energy efficiency budgets totaling \$4.5 billion U.S. dollars in 2008, a 21% increase over 2007. As shown in Table 1, the Commercial and Industrial subset of programs enjoyed an even greater percentage increase.

Since CEE started complete data collection in 2006, U.S. budgets have risen by 42%. Canadian budgets have risen by 32% in the last year alone.

Given that Pennsylvania, Colorado, and other states are expecting to debut new efficiency programs or increase funding levels for existing ones in 2009, it wouldn't be surprising to see even higher program totals reported in CEE's next survey.

Table 2 shows CEE's state-by-state changes in energy efficiency budgets from 2006 through 2008. Additional information regarding CEE and its *2008 Annual Efficiency Industry Report* can be found at [www.cee1.org](http://www.cee1.org).

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	OVERALL (Millions USD)			C&I ONLY (Millions USD)		
	2008	2007	Increase	2008	2007	Increase
<b>U.S.</b>	\$3,740	\$3,139	19%	\$1,452	\$1,170	24%
<b>Canada</b>	\$768	\$582	32%	\$297	\$236	26%
	<b>\$4,508</b>	<b>\$3,721</b>	<b>21%</b>	<b>\$1,749</b>	<b>\$1,406</b>	<b>24%</b>

**TABLE 1. CEE 2008 Annual Industry Report on Energy Efficiency Budgets.** This report uses the September 2, 2008 Bank of Canada exchange rate of CAD\$1 = USD\$0.93 throughout. For ease of reading, all currency is reported here in USD.

### STATES LEADING THE WAY

Here in the U.S., the states are clearly leading the nation in advancing energy efficiency policies and programs. In fact, some sources estimate that the states outspend the federal government by a factor of three to one.

The American Council for an Energy-Efficient Economy (ACEEE) recently released its *2008 State Energy Efficiency Scorecard*, which not only compares the magnitude and effectiveness of dozens of existing state programs, but also suggests where new programs are likely to emerge in 2009.

ACEEE is quick to explain why states need to be focused on this issue. "Energy efficiency is the only resource that can help states actually reduce energy consumption to combat rising energy demand and create a hedge against skyrocketing energy prices — making efficiency the 'first fuel' states can use to balance their energy portfolios."

Efficiency programs make tremendous sense, whether the goal is relieving strain on overburdened energy grids, decreasing greenhouse gas emissions, helping ratepayers cope with utility rate increases, or all of the above.

While CEE relies on a universe of program administrators to report current annual budgets, ACEEE used 2006-year program data because it was the most recent information available from the Energy Information Agency (EIA) for electric programs, and not all states were able to provide 2007-year spending data for the state-by-

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	2006	2007	2008
<b>New England and MidAtlantic</b> (Millions USD)			
Connecticut	\$60.5	\$170.7	\$114.3
Delaware	NC	NC	1.0
District of Columbia	NC	NC	1.5
Massachusetts	148.1	148.8	148.9
Maryland	2.2	17.3	6.1
Maine	11.9	15.9	16.8
New Hampshire	17.8	21.3	22.0
New Jersey	125.2	144.4	196.8
New York	271.7	270.6	314.0
Rhode Island	21.0	21.8	20.9
Vermont	17.9	25.3	36.1
<b>Midwest</b>			
Iowa	93.9	94.7	96.7
Illinois	32.8	8.5	41.8
Indiana	5.7	10.6	11.7
Kansas	NC	4.3	4.8
Kentucky	2.5	2.4	2.4
Michigan	15.0	20.0	20.0
Minnesota	99.9	89.6	145.6
Missouri	8.3	7.7	9.1
Ohio	15.8	6.2	76.4
Wisconsin	103.9	113.8	140.8
<b>Southwest</b>			
Arizona	25.9	30.5	46.7
Colorado	24.1	24.8	34.4
Nevada	30.1	37.1	56.9
New Mexico	2.7	2.0	11.0
Utah	25.2	38.7	43.0
Wyoming	0.4	1.2	0.0
<b>Pacific Northwest</b>			
Idaho	15.0	22.9	27.2
Montana	10.6	12.0	15.4
Oregon	51.0	56.0	77.1
Washington	66.4	87.2	131.5
BPA and NEEA	80.8	78.0	97.5
<b>Southeast and South Central</b>			
Arkansas	NC	NC	0.9
Florida	245.4	256.0	303.0
Georgia	27.7	29.7	38.6
Texas	82.9	83.0	114.3
Tennessee	14.1	13.7	26.4
<b>West</b>			
California	872.6	1210.3	1255.5
Hawaii	18.9	24.4	31.0
<b>Total</b>	<b>\$2,647.8</b>	<b>\$3,138.6</b>	<b>\$3,737.7</b>
NC = Not Collected			

**TABLE 2. 2006-2008 energy efficiency budgets, electric, and gas programs, including load management.**

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state survey. ACEEE attempts to capture the extent to which states increased their spending goals for 2008 in its “energy savings target category,” one of several weighting factors in the first of its eight scoring categories: 1) utility-sector and public benefits programs and policies; 2) transportation policies; 3) building energy codes; 4) combined heat and power; 5) appliance efficiency standards; 6) lead by example in state facilities and fleets; 7) research, development and deployment; and, 8) financial and information incentives. ACEEE explains that it generates its overall ranking by assigning a weight to each of these eight categories in accordance with its potential impact on energy savings.

Taking all of these factors into account, the top 10 states in ACEEE’s 2008 report were California, Oregon, Connecticut, Vermont, New York, Washington, Massachusetts, Minnesota, Wisconsin, and New Jersey. Keep in mind, though, that there are plenty of other states that continue to make impressive progress on the energy efficiency front. ACEEE’s report notes that although it provides “individual state rankings, in terms of measuring commitment to energy efficiency, the difference between rankings is most significant among bins of every 10 or fifteen ranks rather than individual scores.”

The complete ACEEE’s 2008 *State Energy Efficiency Scorecard* can be found on the Web at [www.aceee.org/pubs/e086.htm](http://www.aceee.org/pubs/e086.htm). That same webpage features a link to ACEEE’s *State Energy Efficiency Policy Database*, which provides excellent summaries of both existing and planned programming on a state-by-state basis. **ES**

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