



**JOINT STATEMENT ON ENERGY EFFICIENCY  
May 3, 2010**

- We recognize energy efficiency as a high-priority energy resource with significant, near-term economic and GHG reduction benefits.
- Large energy efficiency opportunities can be realized by individuals, building owners and businesses through increased utilization of efficient products and the retrofitting of existing building stock using technologies that exist today (e.g. Walmart's Supplier Energy Efficiency Program).
- Well known market barriers including lack of information, split incentives (e.g., landlord/tenant), high upfront installation cost, and limited access to capital prevent the market participants from fully realizing the energy savings potential.
- Strengthened uniform national building codes and product standards can help advance energy efficiency. To improve compliance, more education and training should be emphasized.
- Consumer education, energy benchmarking, improved price signals, lease structures that align interests of owners/tenants and greater availability of financing can all go a long way in advancing delivery of efficiency by the private sector.
- Various barriers that are believed to be impeding the success of realizing the full potential savings from energy efficiency implementation should be addressed on the basis of the following principles:
  - Electric and natural gas utilities should recognize cost-effective energy efficiency as part of their resource planning requirement and should recognize energy efficiency as the highest priority in the hierarchy of their resource procurement strategy and regulatory policy should ensure that such acquisition is done in a least-cost manner that maximizes net-benefits (maximizes savings and minimizes costs).
  - The applicable state regulatory authority should seek to implement, in appropriate proceedings for each electric and gas utility, a policy that ensures that utilities are given the opportunity to recover authorized fixed costs, in a way that sustains or enhances utility customers' incentives to use energy more efficiently. This can be accomplished through the adoption of an appropriate revenue collection mechanism, or rate design principle for each customer class of the utility.
  - Utilities should collaborate with retailers, financial institutions, and real estate industry to help acquire energy efficiency in the most cost-effective manner and maximize net-benefits.
  - Accurate cost of service allocation between customer classes (e.g. Residential, Small General Service, Medium and Large General Service, Industrial or Large power class) is critical to maximize economic efficiency. Cross-subsidization between customer classes should be avoided.
  - Large customers who are able to prove that they have implemented or are planning to implement comprehensive energy efficiency measures within their facilities should be allowed to opt-out from utility specific energy efficiency programs or self-direct their own programs. Such customers should retain ownership of all of the various environmental or other attributes resulting from these efforts. Utility energy efficiency targets should be allowed to be adjusted for these individual customer actions outside of utility programs.
- Investment in advanced meters and smart grids should be done in a manner that is technology neutral to optimize both economic and environmental benefits for consumers. The implementation of these technologies would ideally be introduced in a competitive marketplace to minimize risks to utility customers while spurring innovation and new choices without worries of stranded costs or obsolete technology in the very near term.