



The “*American Energy Efficiency Act*”

U.S. Senator Peter Welch

Background:

A national energy efficiency resource standard (EERS) is a simple and widely used mechanism to encourage the efficient use of electricity and natural gas by setting energy savings targets that increase over time. Currently, 26 states have such standards, on average providing customers four times the amount of energy savings compared to states without a standard. State EERS programs cost utilities on average less than 3 cents per kilowatt-hour (kWh) saved, which is cheaper than the average cost of procuring new electricity supply. For most states, the savings from these programs are about two to three times the cost.

Energy efficiency already employs more than 2.2 million Americans, dominating the number of jobs in clean energy. Studies have estimated that a national EERS proposal could create 400,000 jobs, reduce CO2 emissions by over 280 million tons, and save consumers over \$56 billion on their energy bills. The *Inflation Reduction Act* is making energy efficiency even more attractive, providing a 30% tax credit for families investing in home energy efficiency upgrades and funding \$1 billion in grants to help state and local governments adopt updated building energy codes.

Legislation:

The *American Energy Efficiency Act* would build upon state successes to establish a national energy efficiency resource standard (EERS). This bill would help all states benefit from commercial, cost-effective energy savings technologies by:

- Setting the parameters for a national EERS, which would be administered by each state;
- Requiring retail electric and natural gas utilities to achieve energy savings of 22% and 14%, respectively, by the year 2039;
- Encouraging distributors to obtain energy savings in a variety of ways, including helping customers save energy by upgrading insulation, lighting, and appliances;
- Directing the Department of Energy to set uniform national energy savings measurement protocols for retailers to measure, verify, and report energy savings achieved; and
- Allowing states to continue to administer their own programs and encourage them to adopt even more stringent efficiency goals.

The federal EERS established in the *American Energy Efficiency Act* will help the U.S. overcome information and upfront cost barriers that inhibit home- and business-owners from making sound investments in proven energy-saving technologies that reduce energy bills and save money. Putting money back in the pockets of Americans improves the health of our local economies and supports increased job growth. A nationwide EERS will send a clear signal to

markets on the importance of energy efficiency in utility program planning, creating the certainty necessary to encourage large-scale productive investment in energy efficiency technologies and services.

Endorsements:

The *American Energy Efficiency Act* is endorsed by: American Council for an Energy Efficient Economy (ACEEE), Clean Energy Economy Minnesota, Environmental and Energy Study Institute (EESI), Fresh Energy, Heat is Power, National Association of Energy Service Companies (NAESCO), National Wildlife Federation, Third Way Clean Energy, and U.S. Green Building Council.