

Third-Party Delivered Energy Efficiency Coalition

Presentation for Virginia's Executive Order 57
Working Group



Carbon Emission Reduction Strategies for Virginia

Richmond, Virginia | December 1, 2016

TPDEE Coalition Talking Points Overview

- ✓ The **cost effectiveness** of pollution reduction technologies that may be deployed;
- ✓ The **economic development opportunities** associated with deployment of new carbon reduction technologies;
- ✓ **Flexibility** in achieving the goals of any carbon reduction regulation
- ✓ **Carbon reduction strategies** for TPDEE measures

The TPDEE Coalition is Compromised of:

- TPDEE projects, measures, and approaches are private sector EE projects that **require no ratepayer or taxpayer funding** and complement traditional utility-led EE approaches
 - Ensure reliable, predictable, and quantifiable reductions of harmful environmental pollutants and greenhouse gases
- **Energy Service Companies:** **whole-building energy** modernization including lighting, HVAC systems, boilers, building envelopes, renewable energy, etc. (VA state and local governments waste one-third or more of the energy they purchase-nearly \$235 million per year, which can be converted into payment streams that can finance **about \$1 billion in energy saving capital improvements**)
- **Industrial Energy Efficiency:** large **industrial retrofits/optimization**, operational productivity and improved product processes
- **Green Building Certification:** **sustainable certification measures, like LEED**, that ensure superior building performance across energy, water, waste, and other indicators
 - US Green Building Council has 1,129 LEED Certified projects encompassing 140M+ sq. ft. in Virginia

Members of the TPDEE Coalition



New Opportunity:

Create better models for EE participation in GHG reduction programs

- Energy efficiency and its potential is relatively untapped in Virginia.
 - By implementing a set of energy efficiency policies and programs, Virginia can reduce 19.1 million tons of carbon pollution and save 34 million MWh statewide by 2030
- Consumers will save an estimated \$2.8 million in energy costs
- Energy efficiency creates opportunities for local job creation and economic development (\$1 billion of potential projects = 14,000 direct and indirect jobs)
- Reduces the energy burden for those most in need, reduces pollutants, improves public health, and lowers utility bills for consumers
- State actions that increase near-term demand for EE projects should be a priority focus

Recommended Strategy on Carbon Emission Reduction

- Setting a Cap on Carbon: Now more than ever, the Administration should set a cap on carbon as a pollutant under its clean air regulatory authority
 - Carbon markets are the most effective way to regulate CO2
 - Energy efficiency, as one of the lowest-cost resources, can play an active role in trading
- State Executive Orders
 - On October 16, 2014, Gov. McAuliffe signed Executive Order 31 identifying EE in state government as a priority
 - Established goal of reducing consumption by 15% by the end of 2017
 - Virginia has achieved **38%** of the Governor's goal through ESCO projects
 - To reach the final goal, the Administration should ensure that the Dept. of Mines and Minerals can approve more ESCO projects

Policy Recommendations: State Executive Orders/Incentives

RENEW/RE-ADOPT STATE INITIATIVES – BUT INCLUDE GHG TRACKING

Many states have successful mechanisms to support deep retrofit and other TPDEE activities

ESCO-driven investments in 10 states resulted in:

>**\$3.4 billion** of investments

↓ **488,000** tons CO₂ emissions

State Example



Delaware Sustainable Energy Utility

Issued EE revenue bonds to support ESPCs



Over 950

Construction jobs created



\$147.9 million

Guaranteed Energy Savings



44,200,000 lbs CO₂

Avoided emissions Year 1



Since eventual GHG mandates on states are likely, enacting state mechanisms now will have even greater advantages:



States get energy/cost benefits now



States can accumulate GHG reductions that can count against reductions needed later under other federal programs

Benefits

- Builds on existing state approaches to drive new market demand for TPDEE
- Creates process for state to get comfortable with GHG reductions & reporting for TPDEE

Recommended Green Building Executive Actions

- The High Performance Buildings Act (2012) requires all new or substantially renovated executive branch buildings 5,000 sq. ft. and larger to be LEED Silver or achieve two Green Globes.
 - To push forward the Commonwealth's Leadership by Example policy, the Administration should track and make public data associated with buildings impacted by the Act, helping demonstrate the Commonwealth's commitment to sustainability
- The Administration can direct the Division of Engineering & Building Bureau of Capital Outlay Management to review the VA Construction and Professional Services Manual to more substantially encourage green building for all new capital outlay projects funded entirely or partially with general fund-supported resources, including projects not currently under the jurisdiction of the High Performance Buildings Act

Q&A



Mona Sheth
Senior
Associate
AJW, Inc.

2200 Wilson
Boulevard
Suite 310
Arlington, VA 22201

202-296-8086
www.AJW-inc.com

Ted Michaels
Partner
tmichaels@ajw-
inc.com