

Energy Efficiency Resource Standard (EERS) for West Virginia

West Virginia experiences rising electric rates, higher than average bills.

- Appalachian Power's residential rates have increased more than 50% since 2006. Mon Power and Potomac Edison residential rates have increased about 30% in the last three years starting from a higher baseline.
- Although we have the 7th lowest electric rates in the U.S.A., 26 states have lower average bills. **West Virginia's residential electricity consumption per household is 25% higher than the national average.**

Investments in energy efficiency would create real savings.

- On average, **energy efficiency costs 3 cents per kWh saved**, which is cheaper than investing in any other power source. By comparison, FirstEnergy's Harrison plant would cost rate payers 7.4 cents per kWh.
- Efficiency programs generate additional savings on electric bills for residents and businesses that take advantage of utility energy efficiency programs.

Energy efficiency creates jobs that cannot be outsourced.

- Investing in efficiency measures like home insulation creates new jobs and an industry in West Virginia communities that cannot be outsourced.
- Energy efficiency programs in Pennsylvania created 4,000 jobs in the first two years. Ohio utility energy efficiency programs estimated 1,700 jobs created in 2010 and 2011.
- On average, **investments in energy efficiency create more than twice as many jobs as other investments** in the electric or natural gas utility sector.

Investments in energy efficiency already benefits nearby states.

AEP (the parent company of Appalachian Power) and FirstEnergy (the parent of Mon Power and Potomac Edison) are offering more energy efficiency programs in other states where they operate, including Ohio, Pennsylvania and Maryland. **The same opportunities should be available to West Virginians.**

Energy efficiency investments according to the Appalachian Regional Commission:

Can create **77,000 net new jobs** in Appalachia
Result in **over \$21 Billion in energy savings**
Reduce energy use by 24% in our region

Energy Efficiency Resource Standard (EERS) for West Virginia

The WV Division of Energy's Draft Five-Year Energy Plan recommends that the state establish an Energy Efficiency Resource Standard to create greater savings for West Virginia ratepayers.

The Energy Efficiency Resource Standard bill would:

- **Require utilities to:**
 - Save 4.5% of electric sales by 2019 based on 2011 electricity sales and peak demand levels. Save 15% of electric sales by 2027, based on 2011 electricity sales and 15% of 2011 peak demand, where this target can be modified by Public Service Commission (PSC) in 2019.
 - Develop plans to meet these energy efficiency targets and submit plans to the PSC.
 - Submit reports every three years and provide annual progress reports to the PSC.
- **Require the PSC to:**
 - Establish financial incentives for utilities that meet or exceed targets and penalties for utilities that fail to meet targets.
 - Provide an annual report to the legislature on the impact of energy efficiency programs.
 - Study the feasibility of setting energy savings targets for natural gas utilities.
 - Evaluate whether “smart meter” and “smart grid” technology are good ways to cut electric consumption.

What does it mean for a utility to invest in energy efficiency?

Just as utilities can invest in new power plants, they can also invest in reducing electricity demand. These programs are paid for through electric rates, just as investments in power plants. Nationally, such investments have proven to be far cheaper per kWh saved than investments in generating the same amount of power. In addition, participants in programs can see substantial savings on their bills. Examples of programs that utilities can offer:

- in-store mark-downs on the price of energy efficient lighting
- incentives for recycling old and inefficient refrigerators
- home energy audits by local businesses with rebates for efficiency improvements
- incentives for the purchase of EnergyStar appliances
- incentives for efficient HVAC, motors, and other commercial and industrial equipment
- custom incentives for energy efficiency projects undertaken by industrial customers