

March 2, 2016

The Honorable Douglas Ducey
Governor of Arizona
1700 West Washington Street
Phoenix, AZ 85007

Dear Governor Ducey:

As you know, energy efficiency is the lowest-cost demand side energy resource – cheaper than electric or gas generation, or renewables. Even with the U.S. Supreme Court’s recent stay of the Clean Power Plan, the electric power sector is evolving toward a cleaner, more efficient energy system. As the regulators and energy planners in your state continue their daily work to ensure reliable and affordable electricity to consumers, we encourage you to maximize your investment in energy efficiency. By reducing the need for central power generation, energy efficiency provides emissions reductions quickly, locally, and at a lower cost than other compliance options. It is also the only option that achieves sustained local job creation and concurrently reduces emissions while mitigating the cost impacts of Clean Power Plan implementation and giving Arizona residents and businesses control over their energy bills. Actions such as improving manufacturing energy efficiency, reducing commercial buildings’ energy use, and delivering residential energy efficiency upgrades are the quickest and cheapest means to meet energy demand while simultaneously improving air quality.

Arizona’s recent experience with energy efficiency demonstrates the potential of programs administered by electric and natural gas utilities and the private sector. As your state continues to expand the current portfolio of energy efficiency programs, there are additional opportunities to achieve significant emission reductions through the implementation of non-utility administered energy-efficiency policies and programs. Such programs include investments in combined heat and power, adoption of building energy codes that leverage above-code green building certification, residential retrofit financing programs, and procurement of energy savings performance contracts (ESPCs) to upgrade large buildings and facilities. Non-utility efficiency programs, taken as a whole, generate as much investment in energy savings as utility programs and should not be underestimated. For example, the ESPC market in the U.S. generates more than \$5 billion annually in new investments.

We commend the energy-efficiency initiatives Arizona has taken, especially with regards to the energy codes stringency in new construction, and the work on the part of the state and utilities to continue to innovate and incorporate cutting-edge Digital Single Market (DSM) strategies in future plan preparation. As you continue to work toward a state plan, we urge you to consider maximizing the use of this least-cost mechanism by expanding your existing programs. To maximize cost-effective emissions reductions under the plan, we also recommend that you opt into the Clean Energy Incentive Program (CEIP). The attached fact sheet shows how the implementation of a few common energy-efficiency policies, such as adoption of an energy-savings target, updated building energy codes, and increased use of combined heat and power can meet 100 percent of Arizona’s 2030 compliance goal under the Clean Power Plan, all while saving customers money and growing the Arizona economy. In fact, utilizing efficiency measures to reach Arizona’s goal would save the people of Arizona \$4.2 billion, not to mention avoiding nearly 15 million tons of carbon dioxide, and reducing toxic air pollutants that negatively affect our health.

Energy efficiency is not a “new” resource; however, applying these tools to achieve carbon reduction goals under Section 111(d) of the Clean Air Act is an entirely new context. Several tools are available for your staff and responsible state agencies to guide your decisions about Clean Power Plan implementation options, regardless of whether you pursue a mass-based or a rate-based plan. For further information and to ask questions specifically about incorporation of energy efficiency in your plan, please contact the National Association of State Energy Officials at <http://cpp.naseo.org/asq>, as well as any of the contacts below.

We are ready to work with you and your state officials to ensure that efforts to reduce emissions via the Clean Power Plan or any other means are as cost effective as possible. **Energy efficiency is the cleanest, fastest, most cost-effective compliance strategy available, and has the most direct impact on controlling consumers’ utility bills.**

Energy efficiency is also embraced by the private sector, for the operating costs it saves, and for its value for resilience and risk reduction. Additionally, energy efficiency creates lasting, non-exportable jobs and grows the economy while reducing consumer costs. We encourage you to use it robustly, and we stand ready to assist you.

Cc: Arizona Public Utilities Commission; Governor’s Office of Energy Policy; Arizona Department of Environmental Quality, Air Quality Division

Sincerely,

ABB Inc.

Jim Creevy, Senior Director, Government Affairs
Jim.creevy@us.abb.com

Alliance for Industrial Efficiency

Jennifer Kefer, Executive Director
jennifer@dgardiner.com

Alliance to Save Energy

Kelly Speakes-Backman, Senior Vice President of Policy and Research
ksbackman@ase.org

Ameresco

Ashley Patterson, Director of Government Affairs and Public Policy
apatterson@ameresco.com

American Chemistry Council

Rudy Underwood, Vice-President of ACC State Affairs
Rudy_underwood@americanchemistry.com

American Council for an Energy-Efficient Economy

Sara Hayes, Senior Manager and Researcher, Air and Climate Policy
shayes@aceee.org

AMSEnergy Corp

Michael Sams, CEO & President
michael.sams@amsenergy.com

Bruce Harley Energy Consulting, LLC

Bruce W. Harley, Principal
bruceharleyenergy@gmail.com

Building Performance Institute (BPI)

Larry Zarker, CEO
lzarker@bpi.org

CALMAC

Mark M. MacCracken, CEO
Mm@calmac.com

Columbia University, School of International & Public Affairs

Lloyd Kass, Adjunct Faculty, Environmental Science and Policy Program
Irk13@columbia.edu

Danfoss

John Galyen, President, North America
johngalyen@danfoss.com

E4TheFuture

Stephen Cowell, Executive Director
scowell@e4thefuture.org

Ecothermal Filters

Darcy McMenamin, President and CEO
Darcy@ecothermalfilters.com

Efficiency First

Kara Saul Rinaldi, Government Affairs
kara@anndyl.com

Energy Resources Center

Cliff Haefke, Interim Director
chaefk1@uic.edu

Environment Texas

Sara E. Smith, Staff Attorney
sara@environmenttexas.org

Environmental and Energy Study Institute

Carol Werner, Executive Director
Cwerner@eesi.org

Hannon Armstrong

Robert Johnson, Senior Vice President at Hannon Armstrong Sustainable Infrastructure
rjohnson@hannonarmstrong.com

Home Performance Coalition

Kara Saul Rinaldi, Vice President of Government Affairs and Policy
kSaul-rinaldi@homeperformance.org

JW Crouse, Inc.

Jesse Crouse, President
jwcincps@verizon.net

Knauf Insulation

George R. Phelps, Public Affairs Manager
George.phelps@knaufinsulation.com

Lime Energy

Adam Procell, President and CEO
aprocell@lime-energy.com

NAESCO

Donald Gilligan, President
dgilligan@naesco.org

National Electrical Contractors Association (NECA)

Marco A. Giamberardino, MPA, Executive Director, Government Affairs
mgiamberardino@necanet.org

National Housing Trust

Todd Nedwick, Housing and Energy Efficiency Policy Director
tnedwick@nhtinc.org

North American Insulation Manufacturers Association

Curt Rich, President and CEO
crich@naima.org

Ohio Sustainable Business Council

Mayda Sanchez, Executive Director
Msanchez@ohiosbc.org

Owens Corning

John Libonati, Vice President of Government and Public Affairs
John.Libonati@owenscorning.com

Powder River Basin Resource Council

Bob LeResche, Chair
sanderson@powderriverbasin.org

Schneider Electric

Anna Pavlova, Vice President, Government Relations
Anna.Pavlova@schneider-electric.com

Siemens Corporation

Tom Phillips, Senior Director, State & Local Government Affairs
tom.phillips@siemens.com

Stoney Point Farms

Larry Lambeth, President
llamrtment@hotmail.com

TerraShares

John Atkins, President
jatkins@terrashares.com

The Dow Chemical Company

Greg Bergtold, Business Advocacy & Policy Director
gsbergtold@dow.com

Trane

Douglas M. Young, Energy Services Leader
dmyoung@trane.com

U.S. Green Building Council

Elizabeth Beardsley
Ebeardsley@usgbc.org

VEIC

Mary Sprayregen, Deputy Director, Policy and Public Affairs
msprayregen@veic.org

Veolia North America

Elinor Haider, Vice President, Market Development
elinor.haider@veolia.com

Washington Gas, a WGL Company

Doreen Hope, Federal Government & Business Relations
dhope@washgas.com

