

January 8, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives

The Honorable Mitch McConnell
Majority Leader
U.S. Senate

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate

Dear Speaker Pelosi, Leader McConnell, Leader Schumer, and Leader McCarthy,

Climate change is becoming a defining issue of our time as its effects become more widely known and studies show it is accelerating faster than anticipated. Recent reports, including the [Fourth National Climate Assessment](#) released by the Trump administration, highlight the long-term economic costs and environmental consequences facing the United States. Momentum is growing on both sides of the aisle for addressing this challenge in a way that strengthens U.S. economic productivity and competitiveness.

As members of the Alliance to Save Energy – businesses and organizations representing thousands of American workers in energy efficiency – we write to remind policymakers that energy efficiency is one of the most effective strategies we have for addressing this growing threat, representing an extraordinary bipartisan opportunity to reduce carbon emissions while simultaneously boosting economic growth and job creation, strengthening U.S. leadership in innovation, improving our energy security, and advancing global competitiveness. As you search for bipartisan solutions in the 116th Congress, we urge you to seize this opportunity by prioritizing energy efficiency, whether through infrastructure and transportation policy, tax incentives, public-private partnerships, R&D investments, or other initiatives.

The benefits of energy efficiency are clear and compelling:

- Studies have repeatedly found that energy efficiency is the most effective strategy for reducing carbon emissions. [The International Energy Agency reports](#) that efficiency alone can account for more than 40 percent of the emissions reductions needed to meet global targets. The agency and many other experts recommend that climate strategy should begin with energy efficiency policy that reduces energy consumption in buildings, transportation, manufacturing, and equipment such as heating and air conditioning and lighting systems.
- Energy efficiency is by far the largest sector in the clean energy industry, supporting [more than 2.25 million jobs](#) (out of a total of 3.1 million clean energy jobs). It is also among the fastest-growing, with employers anticipating nearly 10 percent growth in 2018. Energy efficiency is also an important tool in creating a more productive and competitive U.S. economy. Advanced manufacturing practices, for example, can play a

key role in rebuilding the American manufacturing sector, while efficiency technologies represent a large and growing global market.

- Efficiency gains resulting from federal policies and programs save consumers billions of dollars in energy costs annually – money that consumers can plough back into the economy. The average household, for example, [saves almost \\$500 every year from federal efficiency standards](#) for common appliances such as dishwashers, dryers, and water heaters, while ENERGY STAR – which has a \$42 million budget – [helped Americans save](#) more than \$30 billion in energy costs in 2016 alone.

Opportunities for advancing energy efficiency exist across a broad range of policy areas, including:

- **Infrastructure:** Infrastructure is more than roads and bridges – it’s our utility grid, water and wastewater facilities, transit hubs, public buildings, ports, and other structures. These facilities use enormous amounts of energy, and a nationwide infrastructure initiative presents an opportunity to “get it right” and save consumers and taxpayers decades of wasted energy costs. In some cases, infrastructure projects can pay for themselves through public-private partnerships and innovative financing of energy savings investments. Incorporating energy efficiency can also provide a host of additional benefits, such as improving power grid reliability and resilience by stabilizing demand and reducing emissions – all while creating good-paying jobs.
- **Transportation:** The U.S. transportation sector – which accounts for about one-third of U.S. energy consumption and carbon emissions – is on the verge of a major transformation that has enormous implications for energy use. New technologies and business models such as ride-sharing, electrification, autonomous vehicles, and data-driven public transportation are creating an opportunity to reinvent mobility for a smarter, more integrated system that uses energy more efficiently. This requires new policy and coordination. In 2017, the Alliance convened the 50x50 Commission on U.S. Transportation Sector Efficiency, including automakers, utilities, public interest groups, product manufacturers, and technology providers. With a goal of reducing transportation energy use by 50 percent by 2050, the Commission in September outlined a series of [recommendations](#) including expanding tax incentives for electric and other alternative-fuel vehicles, investing in charging infrastructure, maintaining strong fuel efficiency standards, investing in research, development and deployment to strengthen U.S. leadership, and improving coordination among different jurisdictions.
- **Built Environment:** Existing homes and buildings – and new ones under construction – will be in use for decades to come, with enormous implications for U.S. energy consumption. The built environment currently accounts for about 40 percent of our energy use, and as with the transportation sector, innovation and technology are creating new opportunities for savings in residential, commercial, and industrial applications that can play a significant role in decarbonizing the economy. In addition to encouraging traditional efficiency solutions such as improved building envelopes and equipment, there are tremendous policy opportunities to pave the way for highly efficient homes and

buildings through systems-oriented practices and technologies such as integrated design, active-energy management, internet of things, grid integration, and artificial intelligence.

- **Tax Policy:** While the federal government encourages nearly every mainstream form of energy generation with tax incentives – and has done so for decades – there are currently no direct incentives for energy efficiency in the U.S. tax code. This is a glaring and costly omission. Opportunities for encouraging high-efficiency homes and buildings could lock in decades of energy and cost savings while stimulating construction activity. Likewise, long-term, meaningful incentives for high-efficiency air conditioning, water heaters, lighting systems, and other equipment are proven to stimulate markets, save consumers money, and sharply reduce emissions.
- **Federal Program Funding:** Federal investments in energy efficiency drive gains throughout the economy and stimulate billions of dollars in economic activity. Third-party, peer-reviewed studies show that total taxpayer investment of \$12 billion to date in R&D at the Department of Energy's Office of Energy Efficiency and Renewable Energy has yielded more than \$388 billion in net U.S. economic benefits. Public private partnerships such as the ENERGY STAR and Better Plants/Better Buildings Initiative have delivered equally impressive results. For example, in addition to helping Americans save more than \$30 billion in 2016, ENERGY STAR saved 400 billion kWh of electricity, delivering carbon emission reductions of 320 million metric tons – or the equivalent of the entire energy use of nearly 35 million homes for one year.

The U.S. has come a long way in using energy more productively in recent decades, and it should continue to take a global leadership position. The opportunities ahead are even greater than our past gains, and as a diverse coalition of businesses and organizations, we stand ready to work with you to advance energy efficiency throughout the U.S. economy.

Sincerely,

A.O. Smith
Alliance for Water Efficiency
Alliance to Save Energy
American Association of Blacks in Energy
American Council for an Energy-Efficient Economy
American Institute of Architects
American Public Transportation Association
Andersen Corporation
Association of Energy Engineers
Austin Energy
California Energy Commission
Copper Development Association
Daikin US
Danfoss
DFW International Airport
The Dow Chemical Company

DuPont
Hannon Armstrong
Illuminating Engineering Society
Ingersoll Rand
Intel
International Window Film Association
Johnson Controls
Knauf Insulation
Legrand
Lime Energy
Midwest Energy Efficiency Alliance
National Grid
Natural Resources Defense Council
New York Power Authority
North American Insulation Manufacturers Association
Pacific Gas and Electric Company
Polyisocyanurate Insulation Manufacturers Association
Sacramento Municipal Utility District
Schneider Electric
Seattle City Light
Sense
Signify
Southern California Edison
U.S. Green Building Council
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CC: Members of the 116th Congress