



SOUTHWEST ENERGY EFFICIENCY PROJECT

Saving Money and Protecting the Environment Through More Efficient Energy Use

Nevada Legislative Proposal: **Energy Efficiency Goal and Incentives**

Benefits at a glance:

- ✓ **Hundreds of millions of dollars in consumer energy savings**
- ✓ **Net economic benefits of more than \$600 million**
- ✓ **An additional 1,450 jobs created in Nevada by 2020**
- ✓ **Substantial water savings and emissions reductions**
- ✓ **Additional revenues generated for state and local governments**

Background/Details:

- The proposal establishes a minimum energy savings goal for NV Energy's Demand-Side Management (DSM) programs. The proposed goal is 1.0% savings from programs implemented each year starting in 2016 (savings as fraction of NV Energy's retail electricity sales). In addition, the proposal rewards NV Energy for achieving energy savings that exceed the goal on a sliding scale. The more energy savings that consumers and businesses realize, the bigger the reward for NV Energy.
- This policy will motivate NV Energy to implement energy efficiency programs that maximize energy and dollar savings for its customers. It is a good companion to the 2013 changes to the Renewable Portfolio Standard, which phase out energy efficiency credits over time.
- The goal is achievable. NV Energy achieved 1.4% savings in 2008 and 1.5% savings in 2009 through implementation of cost-effective energy efficiency programs. However, the savings achieved by the utility declined to just 0.56% of sales in 2013.
- New technologies such as LED lamps and wifi-enabled smart thermostats offer more energy savings potential today than was the case five years ago. By focusing on promoting both new and tried and true energy efficiency measures, NV Energy can exceed the proposed goal.
- Utilities in states with strong energy efficiency goals or standards, such as Arizona, are achieving far more energy savings per customer than NV Energy is at the present time. Among the seven large utilities in the Southwest that SWEEP works with, NV Energy ranks 7th in terms of energy savings per customer.
- NV Energy's DSM programs are highly cost effective. NV Energy spent a total of \$308 million on DSM programs during 2007-2013, programs that are expected to provide \$500



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million in net economic benefits for customers according to the utility's own estimates. Investing in energy efficiency is NV Energy's most cost effective resource by far.

- The proposal will save households and businesses in Nevada hundreds of millions of dollars. If this approach motivates NV Energy to achieve 1.4% savings each year starting in 2016, customers will reduce their electricity use 7% by 2020. The net economic benefits from programs implemented during 2016-2020 alone should save customers around \$670 million.¹
- Savings on energy bills are typically spent in the local economy. Increased spending on local goods and services supports additional jobs and increases sales tax revenue for local and state governments. SWEEP estimates that the proposal would result in a net increase of 1,450 jobs in Nevada by 2020.
- Utility energy efficiency programs reduce the operation of power plants and their cooling systems, thereby cutting down on water consumption. If the proposal has the impact suggested above (7% total electricity savings by 2020), it would save around 2.5 billion gallons of water during 2016-2020.
- States that have implemented energy efficiency goals or standards are realizing much greater energy savings than those that rely on Integrated Resource Planning alone. The combination of Integrated Resource Planning, a reasonable energy savings goal, and financial incentives to motivate NV Energy to exceed the goal will result in the most energy and economic benefits for consumers and businesses.
- Energy efficiency goals or standards for electric utilities are a popular policy throughout the country, adopted by 25 states that account for about 60% of national electricity sales as of 2014.² Nearby states including Arizona and California have adopted and are reaping the benefits of strong utility energy efficiency goals or standards.

¹ This assumes net benefits for customers of \$0.32 per kWh/yr of savings, which is the actual value in NV Energy's DSM Plan for Nevada Power Company during 2013-15.

² For details, see *State Energy Efficiency Resource Standards*. Policy Brief. American Council for an Energy-Efficient Economy. Washington, DC. April 2014. <http://aceee.org/files/pdf/policy-brief/eers-04-2014.pdf>