

The Case for Energy Efficiency Investments in West Virginia

West Virginia's economy will be increasingly challenged by decreasing severance revenues due to both low natural gas prices and a 30% decline in state coal production by the end of the decade. Meanwhile, West Virginia citizens pay higher electricity bills than most states; the rates charged by the West Virginia's electric utilities have risen by 50% in the last three years, with further rate hikes to come. **Energy Efficiency** tackles all of these challenges, as it boosts both jobs and the economy, while also lowering bills and rates. Yet West Virginia currently ranks 49th in the country in energy efficiency.

The Economic benefits of Energy Efficiency

- **JOBS:** Energy efficiency programs create construction, trade, and retail jobs: one state's efficiency program resulted in 12,136 jobs in the energy efficiency sector by 2009, 74% of which were construction jobs for weatherization and retrofitting.
- **LOWER BILLS:** The average electricity bill in the State is only the 27th lowest in the nation, largely due to a near total lack of efficiency programs. Neighboring Ohio, meanwhile, is slated to achieve 20% in electricity savings by 2025 due to efficiency. The savings not sent out-of-state with electric bills is spent in-state instead, with every \$1 saved via efficiency resulting in \$10 in increased local economic activity over the next 15 years.
- **LOWER RATES:** Energy efficiency is often the least expensive method for meeting additional electricity demand. West Virginia's rapidly escalating rates can be reduced over the long term not by purchasing additional power plants, which lock in the high fuel costs that cause rate spikes, but instead by requiring utilities to invest in the lower-cost method of energy efficiency.

Why West Virginia ranks so low in Energy Efficiency

West Virginia requires very little of the electric utilities that it regulates, especially when compared to the other states in which those very same utilities operate. West Virginia has required that **FirstEnergy** (MonPower) achieve savings of only 0.1% for each of the next five years, while next door in Ohio FirstEnergy will achieve over 40 times as much, with 22.2% savings achieved for its customers by 2025. **AEP** (Appalachian Power) will achieve just 01.1% savings in 2012, while in neighboring Ohio it will achieve over 20% by 2015 and 13.9% by 2020 in Indiana.

Recommendations to achieve the economic benefits of Energy Efficiency in WV

Adoption of an Energy Efficiency Resource Standard (EERS): West Virginia could join the 24 states (including neighbors Pennsylvania, Maryland, Ohio, and Virginia) that are already capitalizing on the obvious economic and energy benefits of energy efficiency by adopting an EERS. Such a standard would require West Virginia utilities to achieve specific energy savings targets for its captive customers. The EERS proposed in 2012 (HB 4363) would require electric utilities to reduce electricity consumption by 5 percent by 2018 and by 15 percent by 2025. That proposal is modest and easily achievable, but would have a significant impact on the pocketbooks of our citizens.

Ensure that utilities remain financially unharmed by promoting Energy Efficiency: Utilities can eliminate the financial harm caused by selling less energy through adoption (by the legislature or the PSC) of any number of ratemaking solutions, including "decoupling," lost revenue adjustments or shared savings mechanisms.

Interested in learning about legal issues in the energy business? The West Virginia University College of Law currently offers a broad curriculum of energy-focused courses. For more information, please contact

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