

Impacts for Demand-Side Energy Efficiency Investments

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Implications of Climate Change Programs on Energy Efficiency

- Climate change programs will make energy efficiency investments more attractive
 - Raise public awareness
 - Lower cost
 - Create new financing vehicles – Energy Efficiency Credits
- Climate change programs can drive higher building code standards and appliance standards
- Expand consumer rebates



Energy Efficiency and Climate Change

- Lowest cost and easiest option to reduce emissions
- Supply- and demand-side efficiency options abound
- Challenging to incorporate into market-based climate change programs
 - Cap-and-trade programs do not always reward energy efficiency
 - Program design is important
 - Allocation policy; set-asides and offsets
 - Importance of complementary energy policies



Incorporating Energy Efficiency into Market-Based Programs

- Demand-side management projects more challenging
- May receive set-aside allowances, auction revenue or be able to generate emissions offsets
 - Need Aggregation: Quantify the emissions benefits to provide alternative revenue streams to purchase energy efficient products and services
 - Standardized measurement, monitoring and verification criteria needed
 - For offsets, must demonstrate that they are outside the "cap" and that they are beyond business as usual (prove "additionalty")

