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**Testimony before the
Senate Consumer Protection and Professional Licensure Committee
on
High Energy Costs and Adverse Impact on Consumers**

Liz Robinson

Good morning Senators, ladies and gentlemen. Thank you for this opportunity to testify on this critical subject before your committee. I am Liz Robinson, Executive Director of the Energy Coordinating Agency, a Pennsylvania nonprofit corporation. ECA helps make energy affordable to people through conservation, education, and bill payment assistance. This year we will provide more than 75,000 energy services to more than 35,000 households.

I can think of no subject more important to the citizens of Pennsylvania today than energy prices and what to do about them.

High and rising energy prices are eroding family income and financial stability all across the Commonwealth. Heating oil now costs over \$4 a gallon and gasoline will soon be there. Coal prices have tripled in the last few years. Natural gas prices have more than doubled. Oil is selling for over \$121 a barrel and climbing. As energy prices rise, so do food and virtually all consumer goods. The cost of food is up 40% in the last 12 months.

Energy affordability is not just a low income problem anymore; it's a middle class problem. In fact, it's everyone's problem.

Scope of the Problem

Virtually all the world's geologists agree that we are either just past or are now experiencing "Peak Oil", that period of maximum oil extraction and production worldwide. As we descend the downward slope of that extraction curve and supplies tighten, all energy prices will rise. On the demand size, the global energy demand is growing at 30% per year as China and India build their industrial economies. Rising demand and constrained supply are pushing prices up very rapidly now.

The era of Cheap Energy is over. The age of Expensive Energy has arrived. It's very important to understand that the energy prices we see today are not the temporary reaction to some short-term reduction in supply as happened in our earlier oil shortages in 1973 and 1979. Energy prices will continue to rise as long as our economy is fossil

fuel based. These fuels are finite, and the entire world is now competing for these finite supplies.

Unless we can rapidly reduce our consumption, and transition to a sustainable energy economy, Americans will see our real incomes steadily and rapidly erode. Pennsylvania's economic future is in peril and we need new solutions.

Conservation and Efficiency: Clean, Cheap and Abundant

Energy conservation and efficiency are often overlooked in discussions about alternative and clean energy. Somehow they're not as sexy as wind or solar. However, what energy conservation lacks in sex appeal, it more than makes up for it in sheer abundance and low price. In fact energy conservation is the cleanest, cheapest, and most abundant clean energy resource in America. Conservation costs 2 ½ to 3 cents per kilowatt hour, compared to more than 5 cents for coal, and 15 cents for nuclear. It can also be deployed in a very short timeframe. Juneau, Alaska has cut its electricity consumption by 30% in the last month in the face of dramatic price increases.

Before the electricity price caps come off for the remaining Pennsylvania electric utilities by January 1, 2010 and 2011, it is essential that we have effective energy conservation programs operating statewide on a sufficient scale to avoid significant economic injury to people and businesses across the Commonwealth.

House Bill 2200 and Special Session Bill 1 deserve immediate support and passage by both chambers. Nothing the General Assembly can do between now and the end of the session is as important as passing this legislation. Pennsylvanians, whether we own or rent our homes, desperately need to reduce our energy bills. Significant, sustained investment in energy efficiency and conservation is critical to the financial stability of Pennsylvanians and of the Commonwealth itself.

In ECA's experience weatherizing homes in Philadelphia and the surrounding counties, 30% to 50% energy savings is very do-able and extremely cost effective. Robust energy conservation programs are underway in almost all surrounding states. In fact Pennsylvania is the only state from Maine to Delaware that does not have a Home Performance with Energy Star program. New Jersey, New York, Delaware, and Maryland have all passed significant legislation and frankly are way ahead of us. They all have very significant programs with ambitious energy conservation targets. New Jersey is aiming to reduce carbon dioxide (CO2) emissions by 80% by 2050, New York: 20% by 2020; Maryland: 15% by 2015.

These are very ambitious goals, but frankly, if Juneau, Alaska can reduce its average electricity consumption 30% in just the last month, they're not out of reach. By comparison, Pennsylvania's goal of a 2.5% reduction from current levels by 2012 as embodied in HB 2200 is very modest.

It's important to understand how much consumers gain by conserving energy. Energy conservation provides all the following benefits:

1. **Increased comfort** - Energy conservation eliminates drafts and uneven distribution of heating and cooling in the home.
2. **Elimination of health and safety problems** - ECA has just launched a *Home Performance with ENERGY STAR* pilot program in the Philadelphia area. This program requires a comprehensive whole house audit to start with, to identify all the cost effective energy saving opportunities in the home. In virtually every home we have audited thus far, and mind you, these are not low income homes, we have found multiple gas leaks. The other day we audited a beautiful big home in Jenkintown and found 8 gas leaks!
3. **Elimination of moisture and mildew problems** - The whole house approach identifies any and all moisture problems and eliminates them. I have to say that we've also seen customers who have paid tens of thousands of dollars to remedy moisture and mildew problems in their homes, only to find that the contractor treated only the symptoms of the problem, but left the source of the problem untouched!!
4. **Energy Affordability** - These days, between skyrocketing energy prices, mounting mortgage foreclosures, and declining real incomes, homeowners are under increasing financial pressure. By significantly reducing energy consumption and cost, we can restore financial stability to many Pennsylvanians.
5. **Environmental Benefits** - Reducing fossil fuel use lowers greenhouse gas emissions, notably carbon dioxide, CO₂, which is critical to slowing global warming and stabilizing the climate. Other environmental problems, such as acid rain, mercury contamination and particulates, are also reduced.
6. **Job Creation and Economic Development** - In addition to being the cleanest and cheapest energy source, energy conservation is also the most labor intensive. These jobs: auditors, insulators, air sealers, heating and air conditioning mechanics, educators, carpenters etc. are all great technical jobs with a bright future and a real career ladder. They are also local jobs that cannot be outsourced!! If a robust program of energy efficiency were to be implemented in Pennsylvania, approximately 10,000 jobs would be created by 2020. In addition, there are many manufacturing jobs related to energy conservation and efficiency. Pennsylvania manufactures a number of these products, but could be growing more rapidly in the core energy conservation area. There are hundreds of products that we could be manufacturing here.

So, while we are behind our neighboring states, I have every confidence that we can catch up. Pennsylvania already has more than sixty energy conservation companies

and nonprofit corporations statewide, almost all of which are members of the **Keystone Energy Efficiency Alliance (KEEA)**. Several KEEA members are in the audience today and I have included the current membership list with my testimony.

While all these companies are located in Pennsylvania, many of them earn their living in other states, because there are no programs to speak of here.

Passage of House Bill 2200 and House Bill 1 this session is critical. We need to begin to transform the housing market to one which provides a higher level of energy efficiency and affordability for all Pennsylvanians. Market transformation in both new construction and existing homes will be best accomplished by starting with programs that have demonstrated their success in other states. The national ENERGY STAR programs are the building blocks to energy efficiency in every state that has started down this road. The Pennsylvania Housing Finance Agency now requires that all of its affordable housing tax credit projects meet or exceed the ENERGY STAR Homes guidelines. We need to provide this same level of quality and affordability for all new homebuyers.

In fact, there are two pilot programs just getting started in the Commonwealth that will lay the groundwork for large scale, statewide efforts. The West Penn Power Sustainable Development Fund and ECA are both conducting pilot programs in *ENERGY STAR Homes* for new construction and the *Home Performance with ENERGY STAR* for existing homes. ECA's program is funded through a market transformation grant from the Department of Energy. These two regional pilots will provide invaluable lessons to integrate into program designs which can be rolled out statewide.

Training and Certification are needed. Quality energy conservation program delivery will require that we invest in Pennsylvania's workforce. There are two national certifications for building science professionals: RESNET for new homes and the Building Performance Institute or BPI for existing homes. Right now Pennsylvania only has a handful of people trained and certified to these standards. In order to grow this industry statewide, we need to commit significant resources to training on an on-going basis. New Jersey and New York have five and ten times as many of these certified people as Pennsylvania. While both of the pilot programs are providing training, Pennsylvania needs a state-wide, sustained commitment to preparing its workers for these important green jobs of the future.

Independent Statewide Administration is the best way to insure the most cost effective result for the Commonwealth. The Commission needs to set specific goals. If the Administrator fails to meet the level of energy savings expected, the Commission should replace them.

Education is the cornerstone of market transformation Statewide consumer education is a critical building block for energy security and affordability. Americans are woefully unprepared for the price increases we are experiencing. People are desperate to save money and don't know where to turn for factual information or reliable

contractors. Energy education must be provided in a comprehensive and consistent manner, which is yet another reason why we need a statewide administrator.

Evaluation is critical to high quality programs. To build consumer confidence and to ensure that public and ratepayer dollars are being invested wisely, Pennsylvania's new energy conservation programs need to be evaluated on an on-going basis by independent third party evaluators. Without this feedback, it is virtually impossible to improve the programs. It will also be impossible to build public confidence and public trust.

Another element of ECA's award from DOE is a grant to enable us to contract with the American Council for an Energy Efficient Economy (ACEEE) to conduct a comprehensive survey of the energy efficiency and solar energy resources in Pennsylvania in order to develop the baseline information that policy makers need to plan for the future. ACEEE will also develop a set of recommendations as to how these clean energy resources can best be deployed, what the cost effectiveness of each method is, how many jobs will be created, and other benefits that will result. We are planning to have this study completed in the fall of this year.

In closing, let me just reiterate the benefits you can expect to see if you pass significant energy conservation legislation this session:

- Financial stability among Pennsylvanians of all incomes will be strengthened.
- Many new good jobs will be created.
- Utility delinquencies and shut-offs will decline.
- The environment will be cleaner and healthier.
- Pennsylvania's economic competitiveness in the world economy will be strengthened.
- Our energy security and national security will be strengthened.

So please enact HB 2200 and HB 1 as quickly as possible. Your constituents will thank you. Your children and grandchildren will thank you.

I certainly thank you and I'm pleased to answer any questions you might have.