

REACHING HIGHER



ENERGY EFFICIENCY BUDGETS TOTAL \$4.5 BILLION
CEE ORGANIZES CAMPAIGN FOR ENERGY STAR WATER HEATERS
EFFICIENCY COMING TO CONSUMER ELECTRONICS
NEMA PREMIUM® EXPANDS TO INCLUDE CEE T8 BALLASTS
CEE LEADS INDUSTRIAL PROGRAM PLANNING
NATURAL GAS OPPORTUNITIES EXPLORED IN ALL SECTORS
WHOLE BUILDINGS BENCHMARKED
QUALITY INSTALLATION GENERATES ADDITIONAL HVAC SAVINGS
BEHAVIOR CHANGE OUTCOMES PROMISE NEW ACHIEVEMENTS
ADVANCING EFFICIENCY WITH CEE INITIATIVES

CEE 

ANNUAL INDUSTRY REPORT 2008



CEE is a consortium of energy efficiency program administrators and their public stakeholders from across the United States and Canada who work together on common approaches to advancing efficiency. By joining forces, the members of CEE are able to partner not only with each other, but with other industries, trade associations, and government agencies. Working together at CEE, administrators leverage the effect of their funding dollars, exchange information on effective practices, and, by doing so, advance energy efficiency for the public good.



THE ENERGY EFFICIENCY PROGRAM INDUSTRY

REACHING HIGHER

U.S. and Canadian energy efficiency budgets rise to \$4.5 billion.

Energy efficiency is maturing as an industry. With the widespread recognition by ratepayers, regulators, and elected officials that global climate change presents a real threat, and that energy efficiency presents a real solution, focus on what energy efficiency programs can provide has intensified. Financial motivation to engage in energy efficiency increased as volatile energy prices spiked to record highs midyear. Changing regulations often provided a profit opportunity for investor-owned utilities and granted new authority to nonprofits. Both American Gas Association and Edison Electric Institute recognize efficiency as critical to their industries and are simultaneously seeing that CEE, with its infrastructure and history of success, is the place to work together to advance efficiency programs.

Energy efficiency budgets rose for the fourth year since CEE began collecting data for the United States in 2005 and Canada in 2007. The more highly populated states and provinces are seeing budget increases, and the number of states and provinces with programs is also growing.

With larger budgets and higher expectations comes greater responsibility. State and provincial regulations are decoupling prices, viewing efficiency as a supplier of energy, and trending to “all cost-effective efficiency” as a first choice for new supply. Our members are demanding more complex initiatives with longer payback periods, in order to move beyond the low-hanging fruit and reach for higher savings.

What's In the Charts

The budgets reported here are for ratepayer-funded energy efficiency administered by both CEE member organizations and nonmember organizations across the United States and Canada. Budgets for state energy programs, most low income weatherization programs run by state energy offices, and renewables programs are excluded. We identified current and new program administrators using the CEE member list, EIA 2006 data, and help from the Canadian Electrical Association, the Canadian Gas Association, the American Gas Association, and the American Public Power Association, among others. We have attempted to gather data from only the larger municipal power providers and a few large co-ops. Most smaller municipal power providers and most co-ops are excluded. We have done our best to be comprehensive, but with so many small providers and such rapid change in the efficiency industry, it was not possible to identify and obtain data from all program administrators in time for this report. As a result, this report somewhat understates the actual amount budgeted for energy efficiency in the United States and Canada in 2008. In addition, budgets are subject to frequent change. The data reported here are a snapshot of a moving target. (For more detailed information on the data collection and the organizations reporting, see www.cee1.org.)

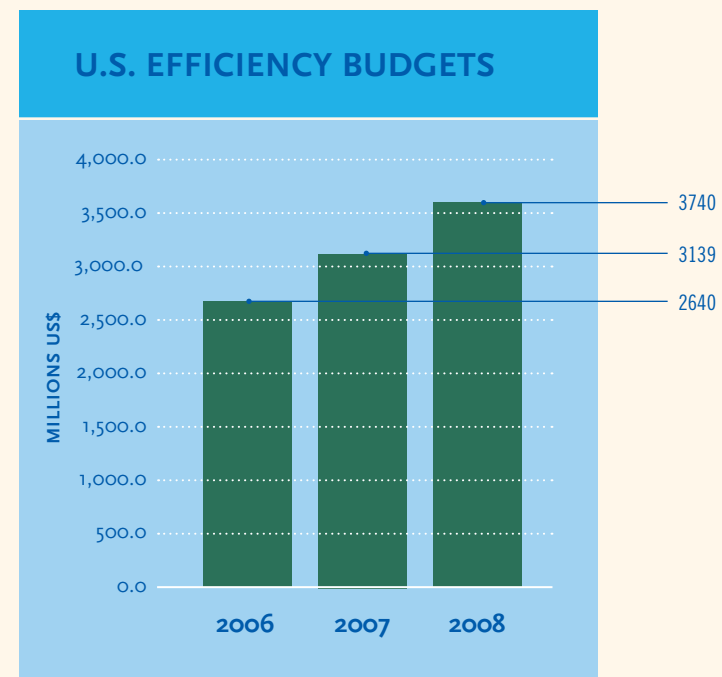
Unlike the budget data, the savings reported here are only for CEE member programs. For savings definitions, see the instructions for EIA Form 861.

How to Read the Charts

Every efficiency program sets out to best serve its ratepayers while operating within its state regulations. As a result, it's difficult to directly compare program budgets in a meaningful way. The categories commercial and industrial, residential, load management, and low income are both common and straightforward, but most programs spend more on efficiency than the sum of those categories. For purposes of this report, load management budgets are reported separately from other energy efficiency budgets, since the aim and measured outcome of such programs is the reduction of kW rather than kWh. Items that may fall into the "other" category on the charts include administration, advertising, agriculture, education and training, codes and standards, EM&V, and so on.

This report uses the September 2, 2008 Bank of Canada exchange rate of CAD\$1=USD\$0.93 throughout. For ease of reading, all currency is reported here in USD.

Years of Growth in U.S. Efficiency Budgets



Since CEE became the first to collect current year energy efficiency program budget data, we've been excited to showcase the size of the industry. Understanding the magnitude of these budgets has been significant in recognizing the impact of the efficiency program industry. In 2005, at the beginning of this effort, when no low income or load management data were yet collected, we surprised ourselves with budgets that quickly added to a billion dollars just for the United States. Not small change, especially as members leveraged those dollars working through CEE.

2006

In our first year of complete measurement, which included low income and load management programs, budgets in the United States doubled to \$2.6 billion dollars. Electric programs represented 90 percent of the total, with program administrators in 34 states reporting. Residential programs took the lion's share of the budget, about thirty percent.

2007

United States efficiency budgets grew again, by 19% to \$3.1 billion, a new record reported by program administrators in 35 states. For the first time, CEE measured Canadian budgets reported by eight provinces at \$0.6 billion, for a binational total of \$3.7 billion.

2008

Together, budgets reported by program administrators in the United States and Canada now total \$4.5 billion, rising from last year by 21 percent. Electric programs



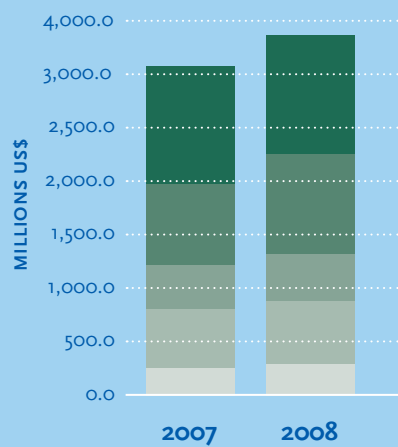
represented 87 percent of the total. As the number of states with efficiency programs has grown, so has the number of states with administrators reporting budgets—this rose again to 36. The number of Canadian provinces reporting remained high at eight. Since CEE started complete data collection in 2006, U.S. budgets have risen by 42 percent and since last year, Canadian budgets have risen by 32 percent.

Total efficiency budgets in the United States reached \$3.74 billion, increasing more than 18 percent since 2007, driven by budget growth of 30 percent or more in each of the residential and commercial and industrial sectors. Canada's budgets increased by 32 percent to \$768 million, showing particularly dramatic growth in low income budgets, which nearly doubled, and load management budgets, which increased by 92 percent. Residential and commercial and industrial budgets grew by 29 and 26 percent respectively.

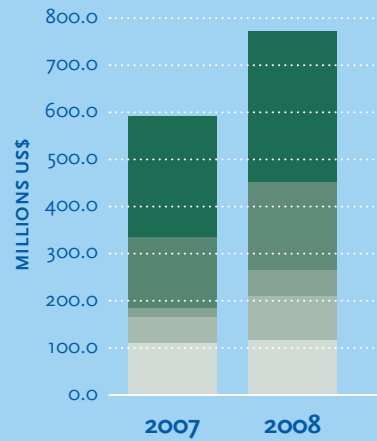
U.S. and Canada Both Grow

2007-2008 COMBINED BUDGETS

UNITED STATES



CANADA



US	Other	Load Management	Low Income	Residential	Commercial and Industrial	Total
2007	243	536	438	752	1,170	3,139
2008	288	602	462	937	1,452	3,740

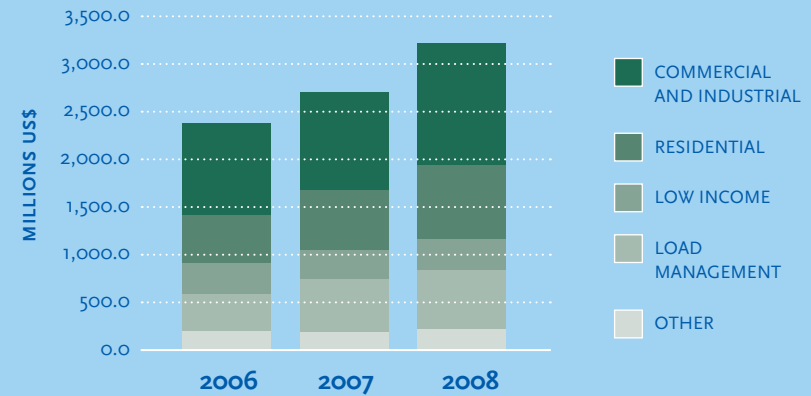
CANADA	Other	Load Management	Low Income	Residential	Commercial and Industrial	Total
2007	112	52	19	164	236	582
2008	120	100	40	212	297	768

- COMMERCIAL AND INDUSTRIAL
- RESIDENTIAL
- LOW INCOME
- LOAD MANAGEMENT
- OTHER

United States

U.S. Electric Budgets

U.S. ELECTRIC BUDGETS



	Other	Load Management	Low Income	Residential	Commercial and Industrial	Total
2006	235	392	267	569	929	2,393
2007	217	536	303	638	1,029	2,723
2008	253	602	347	774	1,268	3,245

Over the reporting period, U.S. budgets for electric energy efficiency programs grew each year by double digits, with an increase from last year of 18%. Eighty-one percent of the U.S. electric budgets reported are administered by CEE members.

States Make Dramatic Gains

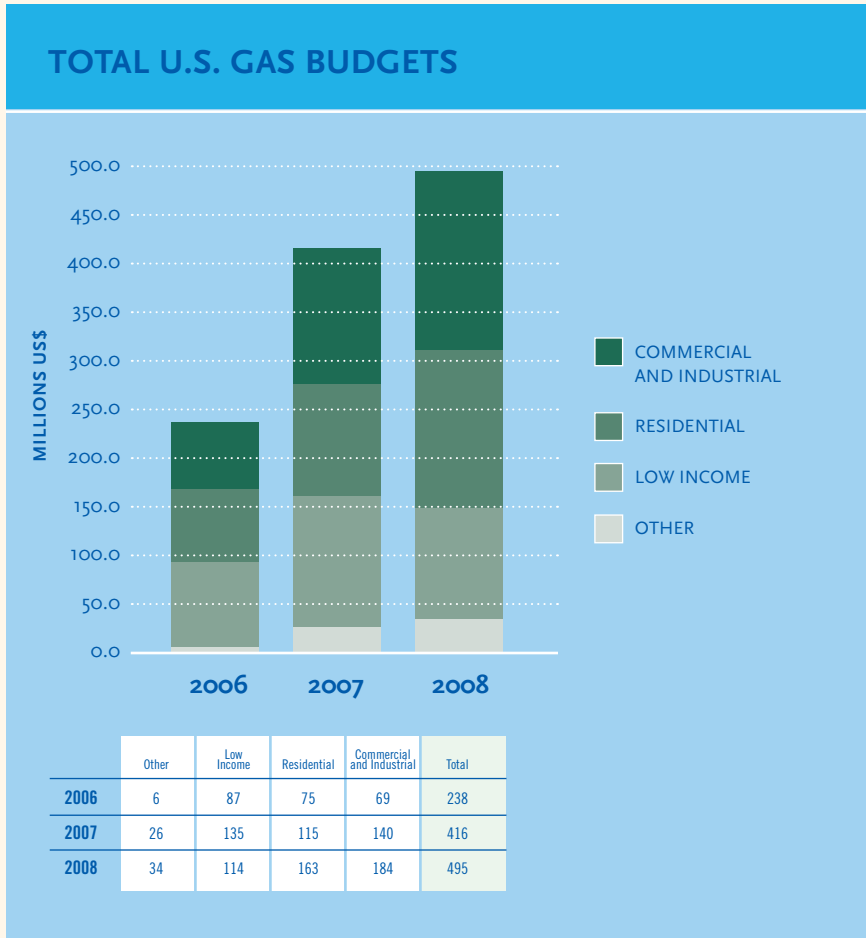
Several states made enormous gains, for example, New Mexico's current budget is 29 times the size of last year's, going from \$312,000 to \$9,000,000. This increase is due to the governor signing legislation requiring cost-effective efficiency gains with specific goals and new incentives for utilities to meet the goals. Likewise, Ohio's current budget is 20 times that of last year increasing from just over \$3,000,000 to \$62,000,000. Illinois' current budget is almost 5 times that of last year, reaching from \$8,500,000 to \$41,000,000. These three states exemplify the impact new regulatory legislation can have on our industry.

Electricity Program Budgets By Sector

As in previous years, commercial and industrial programs continue to dominate U.S. electric efficiency budgets. In 2008, they account for 48 percent of electric budgets (excluding load management), with residential program budgets accounting for 30 percent and low income budgets for 13 percent. The "other" category, which

accounts for 9 percent of electric budgets in 2008, varies somewhat by state and includes items that not all program administrators allocate by sector, such as administration, advertising, agriculture, education and training, codes and standards, EM&V, and so on.

U.S. Gas Budgets



Gas Programs Continue Expansion

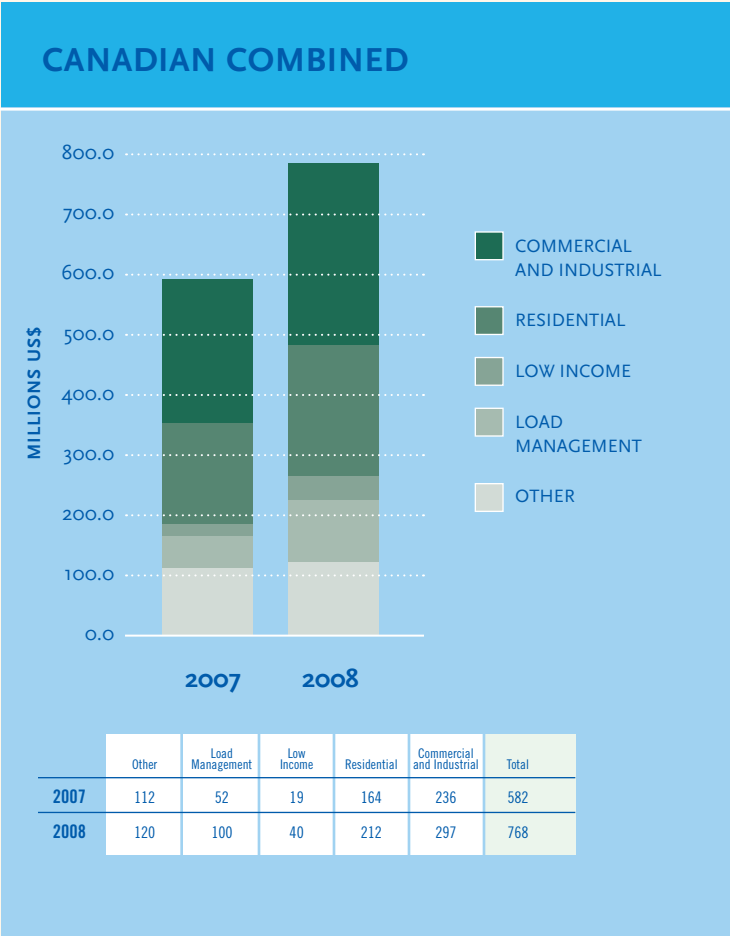
Gas programs continued to show strong growth among U.S. energy efficiency efforts this year, with a solid 19 percent increase over last year's 75 percent increase, more than doubling since 2006. This year's budget growth was relatively evenly distributed among the three main types of gas programs, residential, commercial and industrial, with a 15 percent decrease in low income budgets. Ninety-three percent of U.S. gas budgets reported are administered by CEE members.

States Approve, Greatly Expand Budgets

In addition to the large increase in electric, Ohio also grew their gas budget by almost five times, from \$2,900,000 to \$14,300,000. New gas DSM budgets were approved in Florida (\$15,400,000.), Arizona (\$4,400,000), Arkansas (\$886,000), and Illinois (\$805,000).

Canada

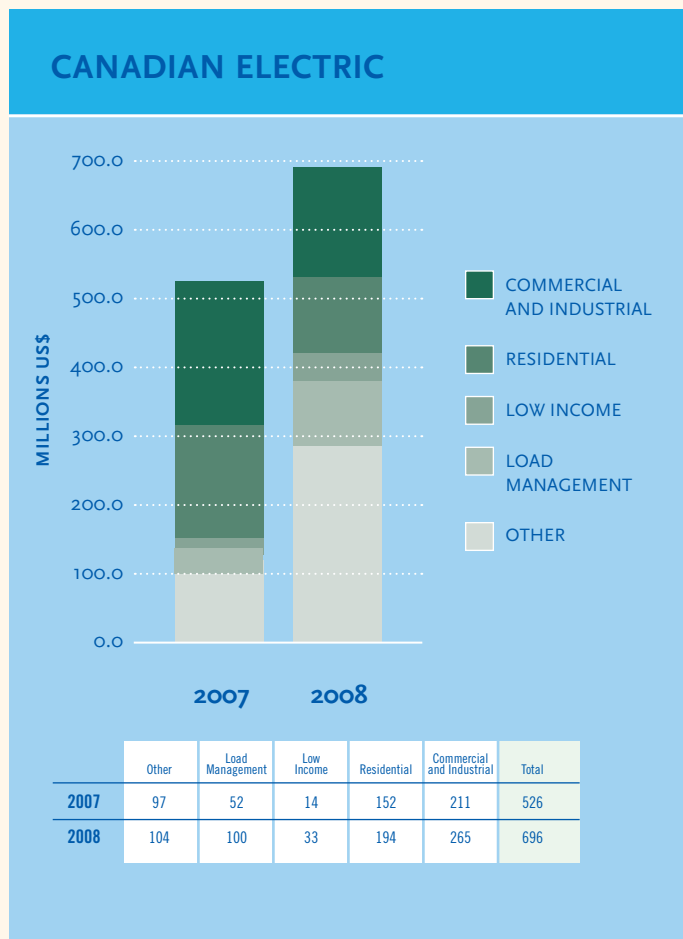
Canadian Combined Fuel Budget



Canadian efficiency budgets grew 32 percent since 2007, the first year of data collection. The rate of growth was nearly identical for the two fuel types. From less than 4 percent in 2007, Canadian low income budgets have grown to nearly 6 percent of gas and electric sector budgets, calculated excluding load management programs. By comparison, in 2008 low income budgets represented 13 percent of gas and electric sector budgets in the U.S.



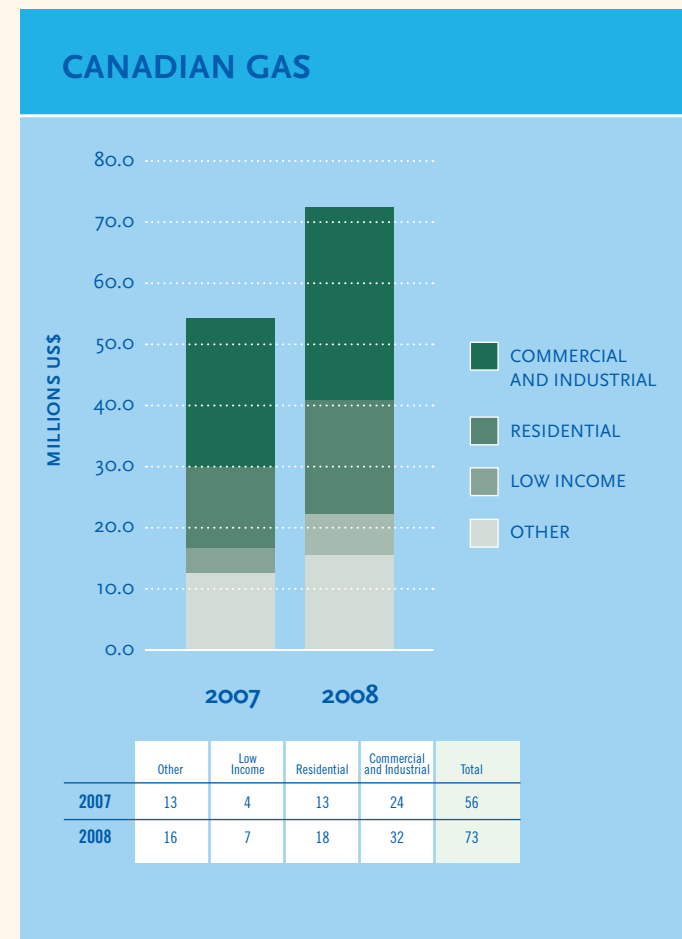
Canadian Electric Budgets



Ontario and British Columbia Lead Electric Budgets

Canadian electric budgets rose 32 percent, with Ontario and British Columbia leading the way. Ontario passed legislation requiring all available cost-effective efficiency as a first choice for new supply, increasing its budget by 87 percent to over \$300 million, while British Columbia's budget rose 66 percent, to \$120 million. Some of the growth in electric budgets came from load management and low income programs. Ninety-four percent of Canadian electric budgets reported are administered by CEE members.

Canadian Gas Budgets



New Gas Programs

Alberta, which had formerly only mandated electric programs, added gas programs this year. In Québec, Gaz Métro more than doubled the size of its gas budget. These provincial enterprises greatly expand gas opportunities in Canada.

Overall, Canadian gas program budgets have grown 30 percent. These budgets grew across all the sectors, with low income budgets increasing the most at 60 percent, followed by residential budgets at 41 percent and commercial and industrial budgets at 31 percent. Seventy-three percent of Canadian gas budgets reported are administered by CEE members.



CEE Members *as of September 15, 2008*

NORTHWEST

AVISTA Utilities
Bonneville Power Administration
Cascade Natural Gas Co.
Energy Trust of Oregon
Eugene Water & Electric Board
Idaho Power
Northwest Energy Efficiency Alliance
NW Natural
Oregon Department of Energy
Puget Sound Energy
Seattle City Light
Snohomish Public Utility District
Tacoma Public Utilities

CALIFORNIA

California Energy Commission
California Institute for Energy & Environment
Los Angeles Department of Water & Power
Pacific Gas and Electric
Sacramento Municipal Utility District
San Diego Gas & Electric
Southern California Edison
Southern California Gas

SOUTHWEST

Arizona Public Service
Nevada Power Company
Questar Corporation
Rocky Mountain Power

Salt River Project
Sierra Pacific Power Company
Southwest Energy Efficiency Project
Xcel Energy–Colorado

MIDWEST

Alliant Energy
Ameren Illinois Utilities
Ameren UE
Centerpoint Energy–Minnesota
City Utilities of Springfield, Missouri
Commonwealth Edison
Great River Energy–Minnesota
Iowa Energy Center
Madison Gas & Electric
MidAmerican Energy
Midwest Energy Efficiency Alliance
Minnesota Department of Commerce
Southern Minnesota Municipal Power Agency
Vectren Corporation
We Energies
Wisconsin Division of Energy Services
WI Focus on Energy
Xcel Energy–Minnesota

NORTHEAST

Bay State Gas
Berkshire Gas
Cape Light Compact
Efficiency Maine
Efficiency Vermont

Long Island Power Authority
Massachusetts Division of Energy Resources
National Grid USA
New England Gas Company
New Hampshire Electric Co-op
Northeast Energy Efficiency Partnerships
Northeast Utilities
NSTAR Electric & Gas
NYSERDA
Public Service of New Hampshire
United Illuminating Unitil
Vermont Dept. of Public Services
Vermont Gas Systems, Inc.
Yankee Gas

MID-ATLANTIC

Atlantic City Electric
Baltimore Gas & Electric
Delmarva Power
New Jersey Clean Energy Program
Pepco
PPL Electric Utilities
Public Service Electric & Gas
South Jersey Gas

SOUTHEAST

Austin Energy
CenterPoint Energy–Arkansas

CenterPoint Energy–Texas
Delta Natural Gas Company
Dominion Virginia Power
Georgia Power Company
Oncor Corporation
Progress Energy–Florida
Tennessee Valley Authority

CANADA

BC Hydro
Efficiency New Brunswick
Enbridge Gas Distribution, Inc.
FortisBC
Gaz Métro
Hydro-Québec
Natural Resources Canada
Ontario Power Authority
Terasen Gas
Union Gas

U.S. NATIONAL

ACEEE
Alliance to Save Energy
Lawrence Berkeley National Lab
Natural Resources Defense Council
New Buildings Institute
Oak Ridge National Laboratory
Pacific Northwest National Lab

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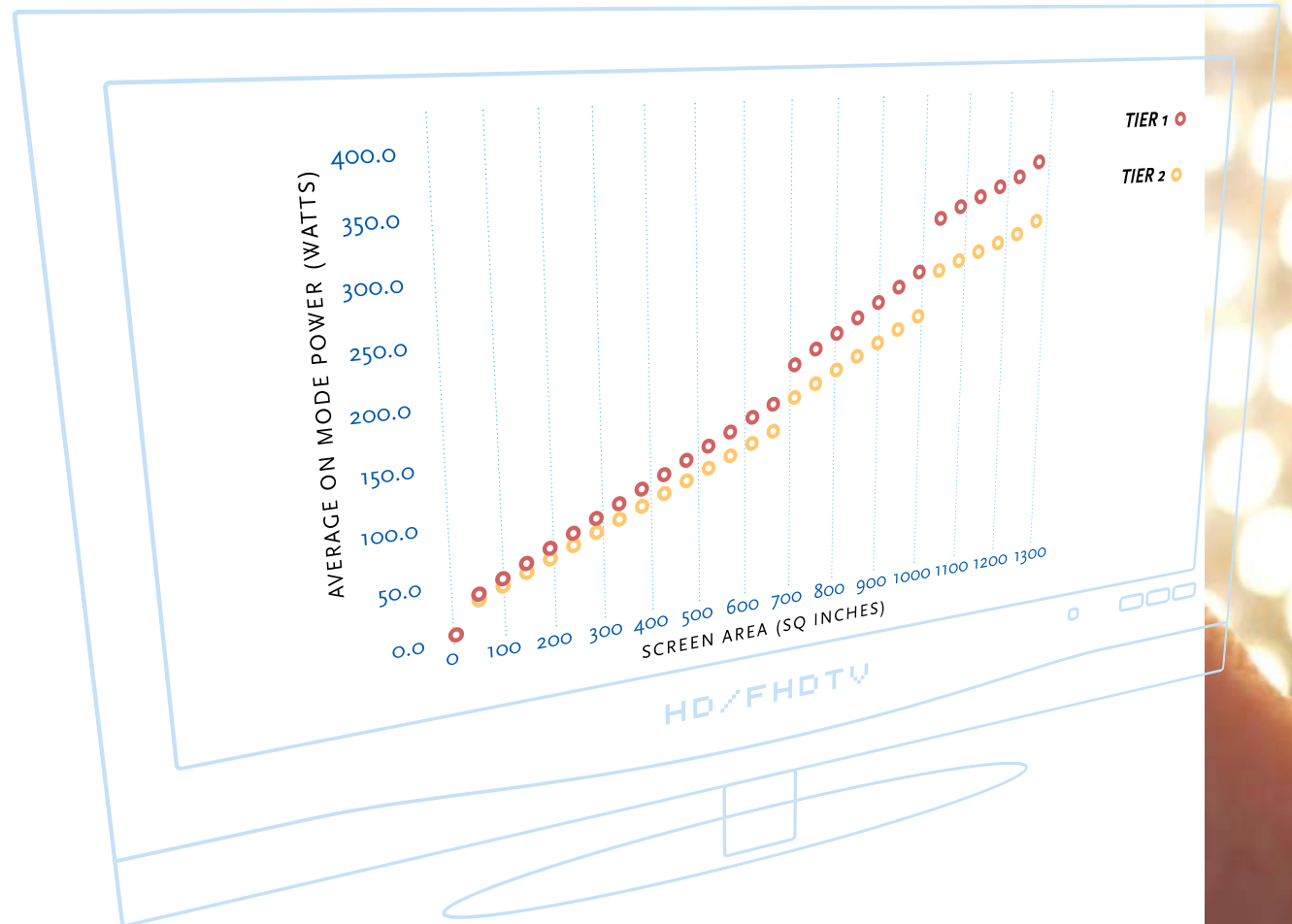
CEE members continued to advance previous initiatives and began new ones this year, in each case pulling from the processes and relationships that CEE has built into powerful program platforms. This year's themes emerged from our CEE value proposition, that energy efficiency programs are more effective working in concert than they are working alone. Each of our stories demonstrates the power of working together to **REACH HIGHER**.

\$ Finding Future Savings

Most importantly, CEE initiatives represent multinational program templates, allowing our members and stakeholders to act in the market with confidence, as they voluntarily embrace future efficiency goals. In consumer electronics, a complex, fast-changing market, members worked together to identify one new efficiency tier and are close to identifying another. Both Lighting for Tomorrow and the Lighting Visioning Group continue their work to illuminate the path to more efficient products.

Consumer Electronics

CEE members recognize the growing load from consumer electronics, and the potential for achieving savings. Electronics are a complex area, due to the variety of end uses in the home and the fast changing nature of the products, each responsible for only a small fraction of total electricity use. With expected growth from 13 percent of residential energy use to 18 percent by 2015, CEE started in 2006 to provide a forum



for our members to engage consumer electronics manufacturers. Our initial strategy was to work through the ENERGY STAR® process, and programs embraced ENERGY STAR as an appropriate program vehicle. As part of this process, CEE has submitted comments to ENERGY STAR on both televisions and set top boxes. But we didn't stop there.

Televisions, alone responsible for three to four percent of residential electrical use, received focused attention from members.

By adapting our tried and true process to analyzing TV performance, we are now in a position to launch the CEE Television Initiative, identifying a tier with 15 percent better performance than ENERGY STAR. Members now look forward to identifying a stretch tier 3 in the near future. This initiative sends a market signal for higher efficiency models that point the way to future advances.

Residential Lighting



Through the Lighting Visioning Group, CEE has continued its role as the forum for energy efficiency programs to work with manufacturers and retailers in an effort to reduce residential lighting intensity by 50 percent by 2020. As a central resource, CEE provided sound information about the mercury content in CFLs and posts emerging technical information on solid state lighting from DOE and other researchers. As savings from lighting continue to emerge, CEE continues to represent our member's best interests and to engage appropriate organizations on technical developments.

Lighting for Tomorrow

Over the five years since the Lighting for Tomorrow design competition was inaugurated, technology has rapidly changed, generating the need for new events. In the first year, 2004, 19 sponsors funded fluorescent fixture entries. Today, 26 sponsors fund events on dimmable fluorescents, recessed cans, and SSL fixtures, all with an emphasis on fixture families. Event categories, such as outdoor living, support the market research funded by CEE members and create new market supply. By challenging lighting manufacturers to meet new goals and providing marketing messages to support their efforts, CEE led the way to greater efficiencies in lighting.



Collaborating With Other Industries

As the voice of the energy efficiency industry, CEE provides a central forum to speak and listen to representatives of other industries and their manufacturers that fosters mutual respect and manages antitrust concerns through the use of clear rules. This worked spectacularly well with the manufacturers of hot water heaters, and we are now on our way to a joint national marketing campaign that will transform that market. A closer relationship is evolving with our water and wastewater partners at both the national and local levels, creating a huge opportunity for energy savings across the country. CEE has adapted to working with the many players in the arena of data servers and centers as well, helping pave the way for our members with those programs.

CEE Campaign for ENERGY STAR Water Heaters



For years program administrators have discussed the feasibility of a water heating program that could address this large residential use of energy. CEE moved talk into action this year with Board approval of the *High Efficiency Residential Gas Water Heating Initiative* for gas storage and tankless water heaters, both of which acquired the ENERGY STAR label through CEE influence.

Manufacturers responded enthusiastically to CEE efforts to unify efficiency standards across the United States and Canada.

Manufacturers have the technical know-how to produce more efficient heaters, but they haven't seen enough consumer demand to bring new products to market without external support. The CEE gas committee leaped right into developing a supplemental marketing campaign to work with manufacturers on reaching builders, installers, distributors, and retailers with common messaging about the importance of efficiency. Once again, CEE helps program administrators reach higher through meaningful partnerships.

Water and Wastewater



CEE members targeted water and wastewater as a major savings opportunity early on. Municipal water and wastewater facilities are widespread and energy intensive, accounting for approximately three percent of U.S. electricity use. Given the size and magnitude of this market, CEE took on the role of identifying activities that complement our long term vision for efficiency in the water and wastewater sector. For instance, in a joint effort with EPA and AWWA Research Foundation, CEE supported the development of an energy performance benchmarking methodology for water and wastewater treatment plants in 2007. This methodology has been incorporated into ENERGY STAR Portfolio Manager and is now being piloted by eight CEE members. CEE identified a savings opportunity early, built relationships with operators and members, formed appropriate partnerships, and developed tools and programs that other members can adopt.

Data Centers and Servers



Energy efficiency for data centers and servers has taken off in the last few years, with multiple players of all stripes entering the scene. The opportunity for partnerships is broad, and CEE sorts through them to find the credible efforts. CEE has worked with members to wade through the alphabet soup of organizations, build common definitions among all players for energy performance, and pave the way for industry accepted specifications and metrics. The CEE work has moved quickly from understanding the opportunities to evolving a program roadmap. As early adopters learn from their experiences, they're eager to share with other members at CEE.

Embracing Change

Our industry, and CEE, is growing in importance as evidenced by the new members who have joined us this year, and by the recognition we're receiving from EPRI, EEI, and AGA as we pursue partnering on efficiency programming. In addition, our current members are bringing on new staff and starting new programs. CEE recognizes the need to bring all these individuals up to speed with training through our DOE webinars in support of the National Action Plan for Energy Efficiency, *Ask the Experts*. In addition, we've continued to reach out to regulators with an annual training forum.

New Members

CEE extends a special welcome to our newest members.

Ameren UE

Georgia Power

Ameren Illinois Utilities

Great River Energy

CenterPoint Energy Arkansas

PEPCO Holdings

CenterPoint Energy Texas

PPL Electric Utilities

Commonwealth Edison

Progress Energy Florida

Delta Natural Gas Company, Inc.

Yankee Gas

Partnerships

The utility trade associations have recognized that their industries' fortunes are being driven by global warming and energy efficiency has become critical to their success. Rather than reinvent the wheel, they've turned to CEE, as the hub of energy efficiency program design and data collection. We understand the value proposition of energy efficiency, and trade associations who are looking to support developing energy efficiency platforms among their membership are looking to partner with us.

“We look forward to working closely with CEE to help our shared members become leaders in energy efficiency and demand response.”

LISA WOOD, EXECUTIVE DIRECTOR, INSTITUTE FOR ELECTRIC EFFICIENCY

“As AGA supports our member natural gas utilities in achieving cost-effective advances in energy efficiency, we are pleased to be able to draw on the history and expertise of CEE in advancing stakeholder dialogue and efforts on this important subject.”

PAULA GANT, VICE PRESIDENT FOR REGULATORY AFFAIRS, AMERICAN GAS ASSOCIATION

As efficiency is moving front and center for electric and gas utilities in the United States and Canada, their CEOs, through EEI and AGA, are paying attention to CEE and what we have to offer. For potential industry partners, the fact that these utility

industry trade associations are choosing to work with us in order to step up their support for energy efficiency demonstrates the importance of working at CEE with the efficiency program industry and validates the process we have developed over the past seventeen years.

Our collective ability to accelerate market acceptance of high efficiency technologies is respected as well. As EPRI searches for a way to match their research, development, and deployment expertise to an organization that could accelerate market acceptance for the emerging technologies desired by their electric members, they are discussing partnership with CEE. EPRI views CEE as the on ramp for moving member supported research, development, and demonstration projects on end use, smart grid, and others out of the lab and into the market through our common members' efficiency programs.

Ask the Experts

One of the goals of the National Action Plan for Energy Efficiency is to accelerate best program practices among new program administrators. As the focus on energy efficiency increases, programs are growing and hiring new employees, and new members are joining CEE as additional states adopt energy efficiency. DOE recognized the central role CEE plays in the energy efficiency program industry by granting us an official training role through our *Ask the Experts* series.

Training programs are short, about an hour and a half, and targeted, focusing on a single, basic program type. New employees and new members are invited to attend via webinar. The format invites volunteers from among our members with expertise in the given area to share their experience and observations. *Ask the Experts* recognizes



that each state and region handles efficiency differently. Attendees are urged to bring their questions, concerns, and ideas to discuss with the experts. CEE has been pleased to support the National Action Plan and the needs of growing programs by allowing newcomers to tap in to CEE knowledge and demonstrating our successful model of working together.

Reaching Out to Regulators

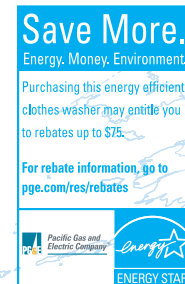
While CEE is strongly focused on program development, we haven't forgotten the regulators critical to the policies enabling the process. Through partnership with the Advanced Regulatory Studies program of the Institute of Public Utilities, which provides training to NARUC, CEE has continued to offer workshops for regulators about the implications of evaluation approaches and parameters for achieving policy goals.



Building Multinational Market Platforms

Harmonized markets require harmonized programs; working with programs in both the United States and Canada increases the market impact and efficiency possibilities for both countries. Powerful energy efficiency brands, such as ENERGY STAR and NEMA Premium®, are a trusted tool to increase market penetration of energy efficient products and services in both countries and are critical to reaching higher savings goals. Motor Decisions MatterSM continues as a high-impact supplemental project that led to an expansion of the NEMA Premium brand. CEE engages well-recognized and accepted brands, and brand managers listen, knowing the power of our members' programs to influence markets. When CEE speaks, brand managers listen.

ENERGY STAR



ENERGY STAR seeks stakeholder input from CEE—the voice of energy efficiency programs in the United States and Canada—to the mutual benefit of both. The CEE Board Committee on ENERGY STAR prioritizes strengthening efficiency programs partnership with ENERGY STAR because it is our national marketing platform for energy efficiency. In an exciting development this year, members Pacific Gas and Electric and Efficiency Vermont piloted a program for ENERGY STAR household appliances achieving a more efficient CEE tier than the ENERGY STAR level, dubbed Save More with ENERGY STAR. Based on the positive findings from these pilots, LIPA, now a part of National Grid USA, is also conducting a pilot. Speaking with a common voice has enabled CEE to gain recognition of our higher tiers in the marketplace, while strengthening the ENERGY STAR brand, a wonderful achievement. Through the Board and individual program committees, CEE plans to continue representing efficiency programs in the ENERGY STAR partnership, by submitting comments, developing new product categories, and representing member interests.

Motors

The Motor Decisions Matters (MDM) supplemental project is a longstanding CEE partnership with manufacturers, trade associations, repairers, and suppliers that focuses on an efficient lifecycle for motors. CEE is opening the door to broader opportunities that members are positioned to capture through the marketing capacity of MDM.



A major change in the motor market lies ahead when new federal minimum standards go into effect in late 2010 that are equivalent to the CEE specification labeled NEMA Premium. During the coming year, CEE will anticipate how new motor standards will impact industrial customers and industrial program design.

NEMA Premium

ENERGY STAR is not the only efficiency label that looks to us for marketing support. When NEMA was interested in expanding their Premium brand beyond motors to tap into the larger efficiency market, they turned to CEE. Based on their previous experience with us in motors, they felt confident relying on CEE analysis of the commercial lighting arena, and chose to align with the CEE T8 ballast performance specification for their first foray into commercial lighting. Because identifying high performance ballasts in the distribution channel was difficult, CEE was able to offer its partnership to NEMA, extend the NEMA Premium label to CEE qualifying ballasts. NEMA's lighting ballast manufacturers will now achieve sales targets, in turn helping programs achieve their efficiency goals



Thinking Big

Reaching higher requires thinking big, beyond programs focused solely on a single product, and that's been especially true of committee explorations into industrial program planning, expansion of gas opportunities throughout the sectors, and commercial and residential whole building savings. Quality Installation of HVAC equipment presents another opportunity to think big, as CEE works with multiple organizations to ensure that efficient HVAC equipment can deliver. New this year is the Behavior Interest Group (BIG), a very active committee of members dedicated to unraveling the ways to motivate and assess behavior change to achieve savings beyond those measured by financial transactions.

Industrial Program Planning

The need for greater savings drives the future of energy efficiency, and CEE brings the right people together to formulate new, complex programs. For example, two years ago CEE initiated a new committee for emerging program opportunities in the industrial sector. The CEE Industrial Program Planning Committee has explored potential savings within specific, vertical industrial sectors and across key industrial processes along with reviewing member program needs. From this work, the Committee expects to identify a particular work area to develop for additional industrial savings, such as a focus on food processing or process heating.



Industrial program planning also requires closer working relationships with DOE and EPA to better tap their program resources. The committee hosted webinars featuring DOE and EPA industrial efficiency programs and supported the development of a framework for efficiency programs to incorporate DOE and EPA resources. CEE is a leader in industrial program planning through its pursuit of ways to incorporate energy management into all industries.

Pursuing Expanded Gas Programming

In addition to rolling out the water heating initiative, additional explorations and initiative development will continue in 2008. As residential gas heat has achieved a very successful set of tiers ranging from 90–94 percent AFUE, and gas water heating is obtaining high visibility, the gas committee has joined with the industrial and commercial sector committees to begin exploring new opportunities. Gas boilers, commercial water heating, and rooftop units have all surfaced as future directions to pursue. These explorations have been strengthened this year by new, supportive relationships with the Energy Solutions Center and the American Gas Association. Also



high on the priority list of the CEE Gas Committee is building the ability, through shared best practices information, to help programs deliver natural gas savings through better informed and engaged staff. The goal is a natural gas efficiency program industry as robust as the electrical efficiency program industry CEE has fostered.

Whole Building

Property managers are finding it valuable to offer greener space. Owners are pushing for greater efficiency in a time of rising energy costs. More and more companies are benchmarking their properties, and often working across utility districts to do so.

Members are working through CEE to drive greater and greater energy savings.



For CEE members who are looking for long term customer engagement in whole building program strategies, CEE supports research activities in development of fuel neutral, deployable program packages. As a central forum for energy efficiency, CEE is able to bring together

manufacturers from lighting, HVAC, and computing to develop a systematic view of how these components work together, as measured through automated benchmarking with ENERGY STAR. As these programs develop, CEE plans to build a curriculum from which other members can learn.



Quality Installation

CEE continues to be deeply involved with Quality Installation of central air conditioner and heat pump equipment, the specification for HVAC installation that arose from our longstanding partnership with ACCA. CEE supports promotion of high efficiency equipment together with Quality Installation to generate additional energy savings and provide consistency with industry and ENERGY STAR.



While ENERGY STAR is using its name recognition to reach the marketplace with information, training, and tools to facilitate widespread deployment of Quality Installation, CEE is working with ACCA and other HVAC industry stakeholders to develop protocols for verifying that a Quality

Installation has been achieved. CEE tackled the problem of getting information right and is supporting both programs and manufacturers in their efforts to move forward.

Behavior Interest Group

As targets for savings have grown, members have begun to look for new ways of achieving ambitious energy efficiency goals. One promising area is program approaches that target changes in energy consumption behavior as a source of energy savings. Such program approaches offer unique challenges, including how to reach audiences and effectively elicit change; how to estimate changes in energy consumption behavior resulting from the effort and energy saved; and the persistence, and in some cases timing, of the savings. With these challenges in mind, members came to the CEE forum with these and other questions about basing program design on desired behavior change outcomes, along with marketing and evaluation of these programs. As the core organization for developing energy efficiency programs that are accepted by state and provincial regulatory agencies, CEE was the natural home

for this new endeavor. CEE has formed a Behavior Interest Group for members to explore and pursue answers to the challenges raised by behavior change-based program approaches, share information, and communicate issues and findings to regulators in an effort to improve members' ability to actively pursue these promising program approaches.



Measuring Results

Clear, consensus-driven methods of measuring the market help members analyze their program strategies and move forward with improvements. The CEE annual ENERGY STAR report is one of these tools, along with the market penetration data CEE also pulls together. And, of course, there's this report on current year energy efficiency budgets and previous year savings accomplishments presented in this booklet!

ENERGY STAR Survey

With the guidance and generous support of sponsoring members, each year CEE collects data on consumer awareness and understanding of the ENERGY STAR label and other indicators of the value, or brand equity, accrued to the label in the eyes of consumers. These data help members to better understand the effects of their own efforts to publicize the label and leverage it in programs. One of the features of our close working relationship with ENERGY STAR is help with the analysis of the national data, which makes it possible for members to direct their resources toward collecting data from a large enough random sample of households to make statistically defensible generalizations to the U.S. population, and compare key indicators of label progress in their states or service territories with those of other areas. Since the label is used and recognized nationally, but regulatory agencies rarely approve members' efforts to conduct survey research outside their own service territory, the survey provides an important evaluation service to members. It also helps members and ENERGY STAR by providing valuable market data to assist in planning for future ENERGY STAR promotions and campaigns.

Market Penetration

Market penetration data is a key component in the evaluation of market transformation program approaches.

Over the years, CEE has worked closely with ENERGY STAR, NEMA, and other industry associations in an effort to obtain market penetration data for member use. As a result of our strong relationship with members, NEMA, in 2007, began releasing state-level motors market penetration data going back to 2005 to CEE members—and only CEE members. CEE has been working with ENERGY STAR to communicate member's prioritized market penetration data needs; in the last year, this has resulted in the release of preliminary state-level CFL and appliance sales data, with the promise of more data in the coming months. Each year, we expand efforts to obtain new and more detailed market penetration data, and work with ENERGY STAR to improve the generalizability of state ENERGY STAR sales data.

Impacts of CEE Member Programs

The U.S. economy has become more energy efficient per dollar of GDP in recent years. Nevertheless, overall energy use and associated output of greenhouse gases has continued to rise, as energy use per dollar of GDP continues to decline. By 2006, annual total carbon dioxide emissions for the U.S. had risen to six billion metric tons of gas, an 18 percent increase over 1990. According to the IPCC, the rate of greenhouse gas emissions needs to be reduced from current levels to avoid further warming and its associated effects.

Energy Efficiency Means Avoiding Greenhouse Gases

CEE's members are contributing to solving the problem of global climate change. In 2007, CEE member's efficiency programs across the United States and Canada are estimated to have saved **68,520 GWh of electricity** and **235 million therms of gas**, and have avoided the production of more than **41 million metric tons of CO₂**, up from 36 million metric tons in 2006.

The carbon dioxide emissions avoided by CEE member's efforts in 2007 is equivalent to the annual emissions from nearly nine coal-fired power plants—which is more than two percent of all coal-fired power plants in the U.S. in 2005. The savings is also the equivalent of the greenhouse gas emissions from powering **3.7 million homes** for a year and is more carbon dioxide than could have been sequestered by a **billion tree seedlings grown** for ten years.

Energy Efficiency Saves Customers Money

Based on the average retail value of electricity and gas in 2007, the electric and gas savings from CEE member's programs saved ratepayers **more than \$6 billion USD** in 2007.

Energy Efficiency Generates Jobs,

And the jobs created by energy efficiency are desirable ones. Jobs related to energy efficiency are largely skilled and pay well. They cannot be outsourced to labor in foreign countries (Bezdek 2008).

The Regulatory Assistance Project estimates that between 2000 and 2004, more than 1,000 new jobs each year were created in New England due to energy efficiency programs (Regulatory Assistance Project 2005). The New York State Energy Research and Development Authority estimates that in New York alone, more than 500 new jobs were created each year due to its energy efficiency programs (NYSERDA 2008).

In the Pacific Northwest, the Energy Trust of Oregon estimates that in 2002 alone, 203 new jobs were created in Oregon as a result of its programs (ECONorthwest 2003). For all three examples, these are sustained, net jobs.

At the national level, about 14,000 direct jobs, and another 18,000 indirect jobs—a total of **32,000**—were created in the U.S. just by utility-administered energy efficiency programs in 2006, according to the American Solar Energy Society.

With budgets for energy efficiency increasing around the country, it is likely that annual job creation from energy efficiency programs is now even higher.

Energy efficiency generates money for local economies

For example, NYSERDA estimates that since 1999, its New York Energy Smart Program has resulted in an average net gain of \$386 million in labor income per year, a net gain in total output of \$669 million per year, and a net gain in value added of \$324 million per year (NYSERDA 2008). The Energy Trust of Oregon estimates that its \$19.5 million investment in energy efficiency in 2002 yielded increased output in Oregon's economy of \$23.9 million, and increased wages of \$7.8 million (ECONorthwest 2003).

Audited Financial Statement

Statement of Financial Position

December 31, 2007

ASSETS

Cash and Investments	\$1,301,477
Government Grants and Memberships Receivable	140,212
Other Assets	155,266

Total Assets 1,596,955

LIABILITIES AND NET ASSETS

Current Liabilities	\$322,955
Unrestricted Net Assets	981,581
Temporarily Restricted Net Assets	292,419

Total Liabilities and Net Assets 1,596,955

Statement of Activities and Change in Net Assets

For the year ending December 31, 2007

UNRESTRICTED NET ASSETS

REVENUES

Membership Support	\$1,169,500
Government Grants	460,811
Net Assets Released from Restrictions	396,195
Investment and Other Income	76,246

Total Revenues 2,102,752

Total Expenses 2,188,990

Change in Unrestricted Net Assets (86,238)

TEMPORARILY RESTRICTED REVENUE

Member Grants for Special Projects	\$441,285
Net Assets Released from Restrictions	(396,195)

Change in Temporarily Restricted Net Assets 45,090

TOTAL CHANGE IN NET ASSETS \$ (41,148)

Staff

CORPORATE

- Marc G. Hoffman** Executive Director
- Ed Wisniewski** Deputy Director
- Laura May** Administrative Director
- Sarah Griffith** Strategic Communications Director
- Cathy Dittmore** Financial Officer

RESIDENTIAL

- Rebecca Foster** Senior Program Manager, Team Lead
- John Taylor** Senior Program Manager
- Eileen Eaton** Program Manager
- Margie Lynch** Program Manager

INDUSTRIAL

- Ted Jones**, Principal Team Lead
- Toby Ast** Program Manager
- Kellem Emanuele** Program Manager

GAS

- Kara Rodgers** Senior Program Manager, Team Lead
- Jennifer Anziano** Program Manager
- Joanne O'Donnell** Program Associate

COMMERCIAL

- Jason Erwin** Senior Program Manager, Team Lead
- Afroz Khan** Senior Program Manager
- Kate Baldacci** Program Manager
- Kim Erickson** Program Manager

EVALUATION AND RESEARCH

- Monica Nevius, PhD** Senior Program Manager, Team Lead
- Johanna Krouk** Research Assistant

PROGRAM SERVICES

- Casey Erisman** Program Services Manager
- Alison Nihart** Program Services Assistant



Reach Higher With CEE

Program Administrators

CEE can help you reach higher for more savings when you become a member. You'll be able to participate in the development of our industry's collective, voluntary approaches to binational program initiatives, along with consensus recommendations to ENERGY STAR. A seat at the table empowers you to articulate your input and gain continuous access to the latest program designs, news, industry partners, and best practices.

When you combine your time and dollars with your counterparts across the United States and Canada, our collective wisdom infuses innovative programs available for your adoption. Programs that allow you to capture both the low hanging fruit and reach higher energy and peak savings. Programs that are not feasible without a harmonized, CEE-led program industry effort.

Industry Partners

We also invite industry to work with us. Come to the CEE forum to contribute your expertise to the discussion of tackling common market barriers. Learn how to leverage efficiency programs for your own products and services. We don't want your money; we want to partner in the best approaches to aligning our efforts to promote more efficient products and services.

If you are interested in Working Together, Advancing Efficiency, we are interested in working with you.

Marc Hoffman mhoffman@cee1.org

617-589-3949 ext. 200

ACKNOWLEDGEMENTS

CEE is grateful to all the program administrators, both members and nonmembers, that shared information for this report. CEE owes special thanks to Natural Resources Canada and the Canadian Electricity Association for rounding up data on nonmember Canadian program administrators, as well as to the American Gas Association and American Public Power Association for helping to identify and obtain data from new program administrators who are not yet members of CEE. CEE is grateful to EIA and FERC for the data collected and made available to the public on their Web sites, and to EIA for making its data collection form available; these were all useful tools in helping to collect and understand the data reported here. David Kathan of FERC and Howard Geller of SWEET also provided helpful guidance and feedback on data collection. Finally, we owe a debt of thanks to the members of the CEE Evaluation Committee for providing guidance on data collection and reporting. For a full list of program administrators who supplied data, see www.cee1.org.



Working Together, Advancing Efficiency

Consortium for Energy Efficiency

REACHING HIGHER

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