EDISON ELECTRIC INSTITUTE

Energy Efficiency: How Much Can We Count On?

NGA Center for Best Practices

State Summit on Clean Power and Efficiency

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Agenda…

1. EPRI-EEI Joint Energy Efficiency Study

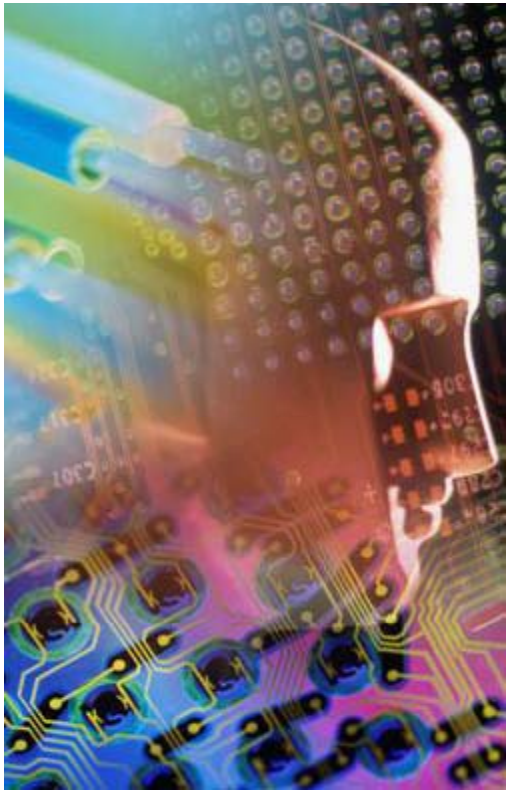
2. Barriers to Increased Investment in Energy Efficiency*

* Energy efficiency refers to using less energy to provide the same or improved level of service to the energy consumer in a economically efficient way. This includes using less energy at any time, including at times of peak demand through demand response and peak shaving efforts.

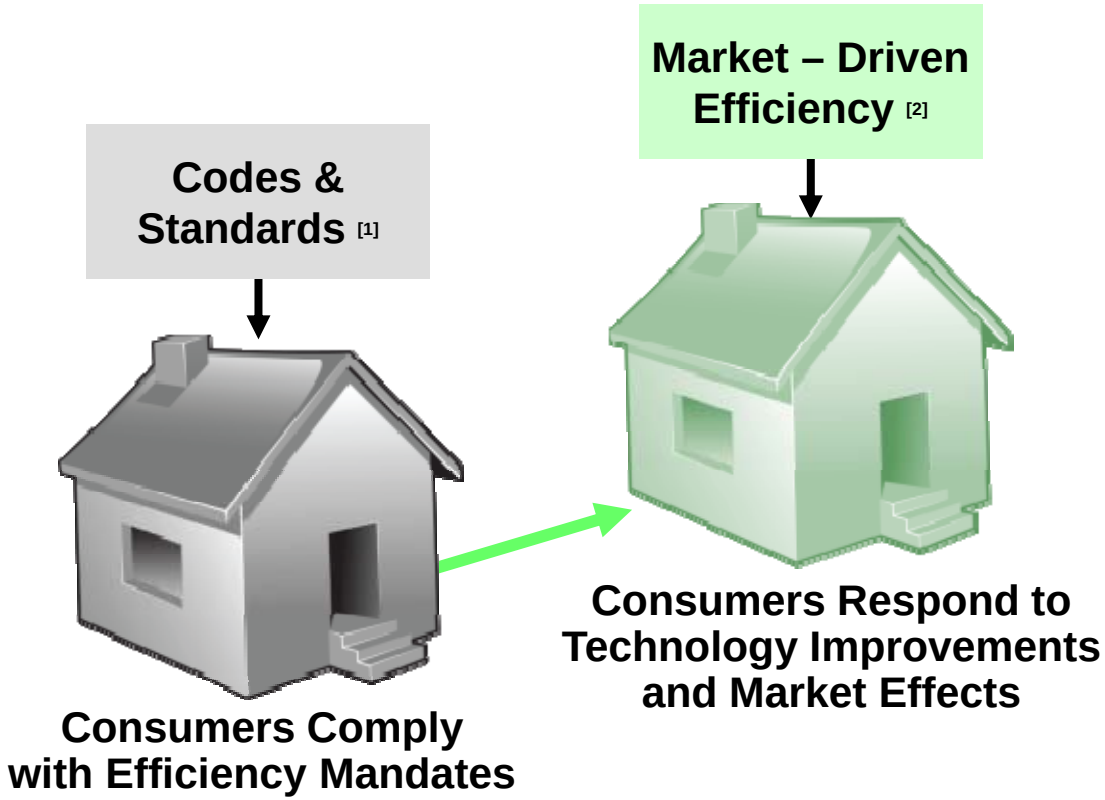
EPRI – EEI Joint Energy Efficiency Study

Analyze potential U.S. energy efficiency savings between 2008 and 2030

- Detailed micro-economic model based on equipment stock turnover
- Comprehensive database of energy efficiency technologies and measures
- Calibrated with opinions of 50+ industry experts, spanning utilities, regulators, government agencies, and NGOs



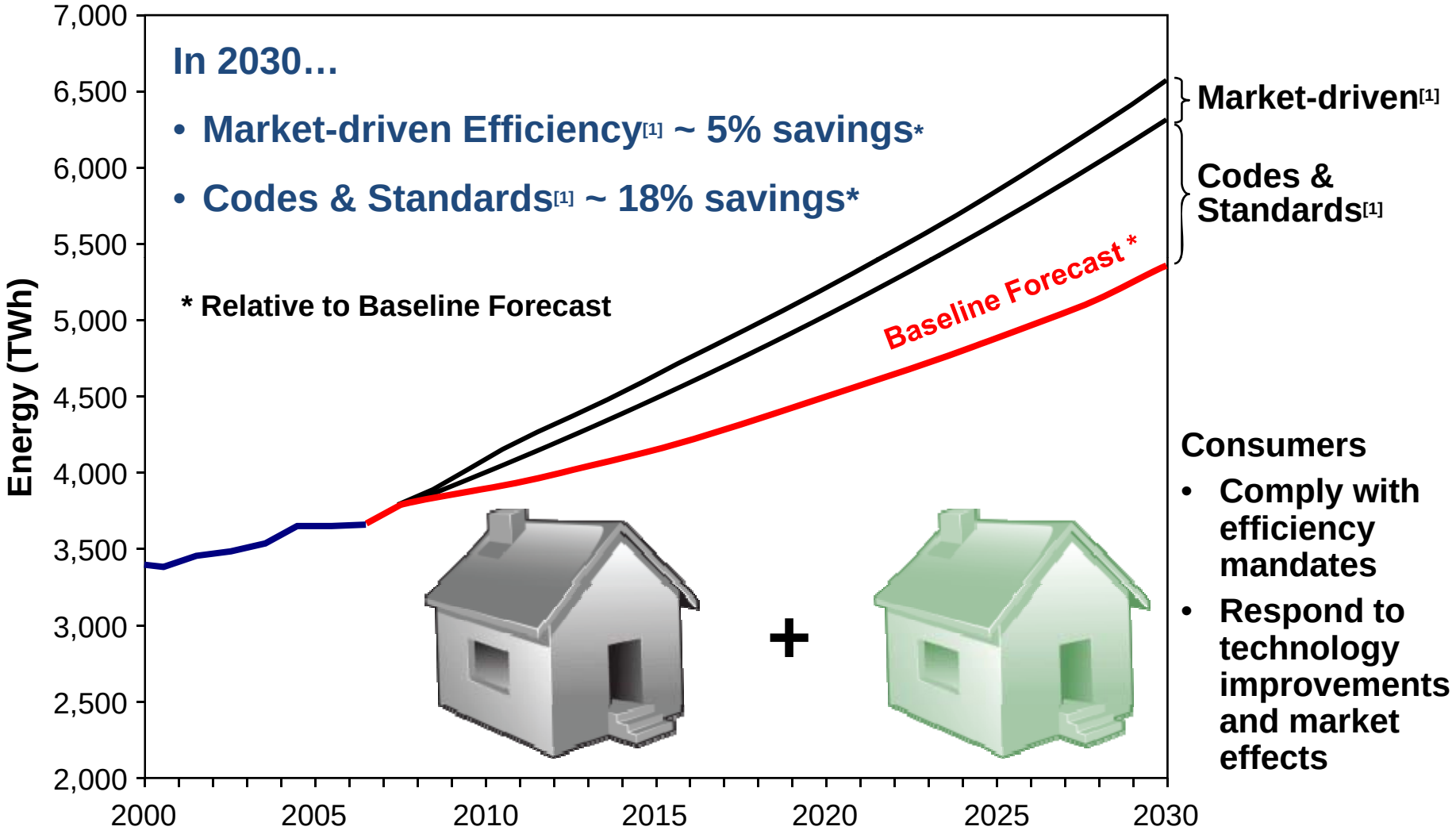
Steps to Becoming More Energy Efficient…



[1] Consumers comply with minimum building codes & equipment efficiency standards mandated by federal or state law
[2] Consumers respond, without intervention of utility programs, to market-driven improvements in technology efficiency, price effects, and other market factors that impact energy consumption

Electricity Consumption…

Impact of Codes & Standards and Market-Driven Efficiency



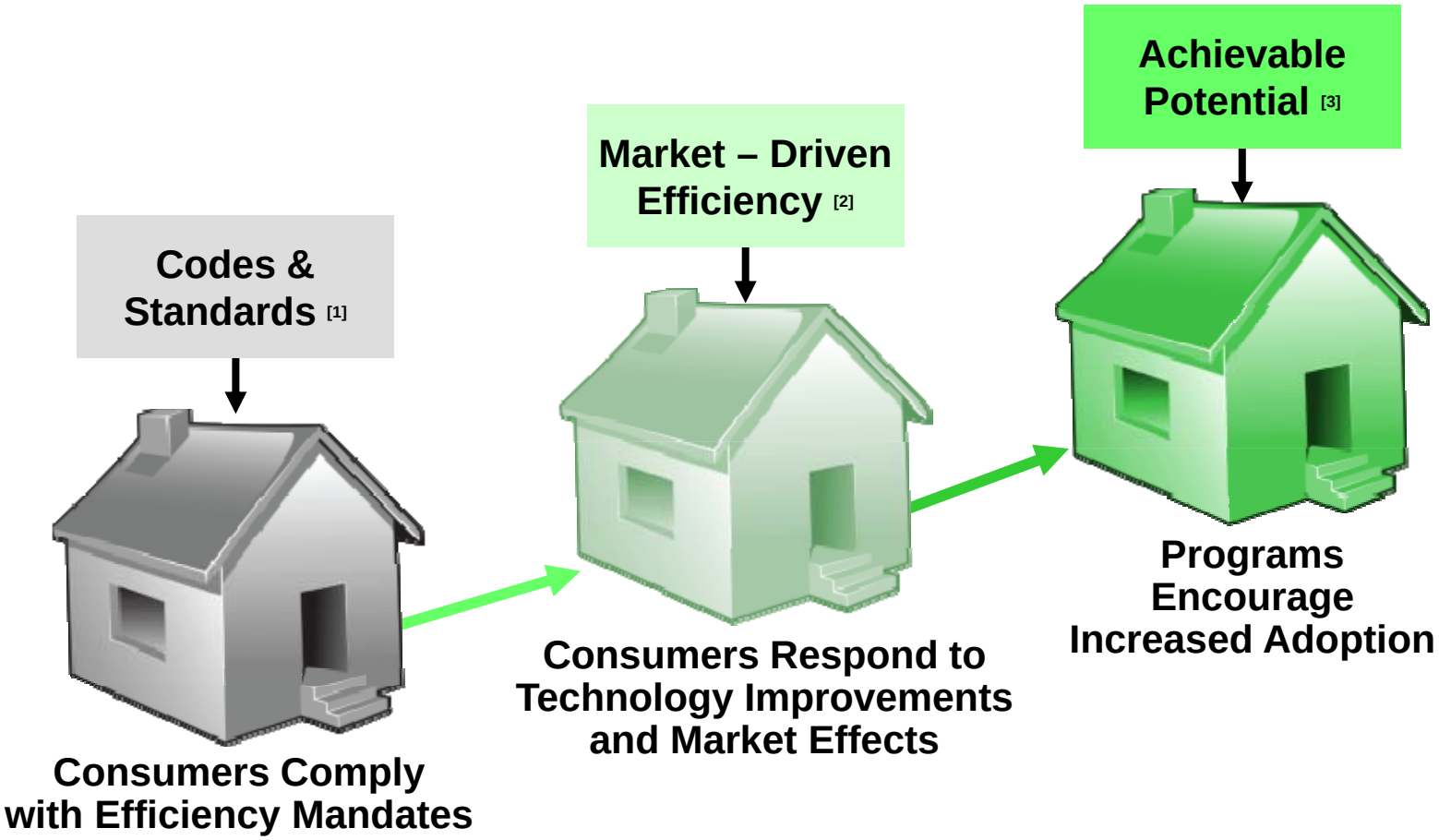
Consumers

- **Comply with efficiency mandates**
- **Respond to technology improvements and market effects**

[1] Definitions on Slide 4 and 6

* Based on EIA Annual Energy Outlook 2007 (Residential, Commercial, and Industrial sectors)

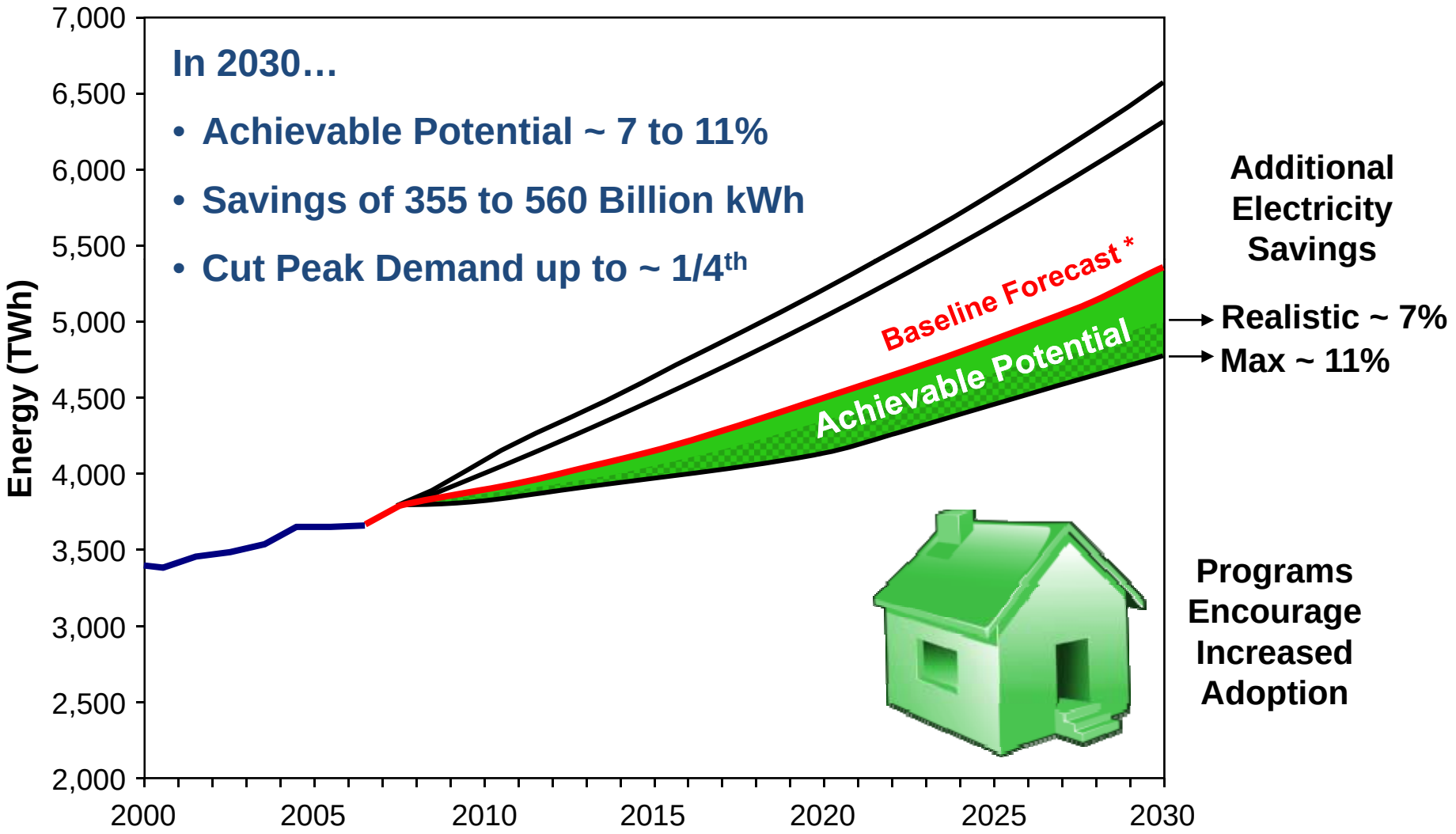
Steps to Becoming More Energy Efficient…



[1] Consumers comply with minimum building codes & equipment efficiency standards mandated by federal or state law
[2] Consumers respond, without intervention of utility programs, to market-driven improvements in technology efficiency, price effects, and other market factors that impact energy consumption
[3] Additional savings through energy efficiency programs; range bounded by realistic and maximum achievable potential. Limited to technologies that are economically-feasible, subject to consumer choice.

Electricity Consumption…

Achievable Potential Electricity Savings



[1] Definitions on Slide 4 * Based on EIA Annual Energy Outlook 2007 (Residential, Commercial, and Industrial sectors)

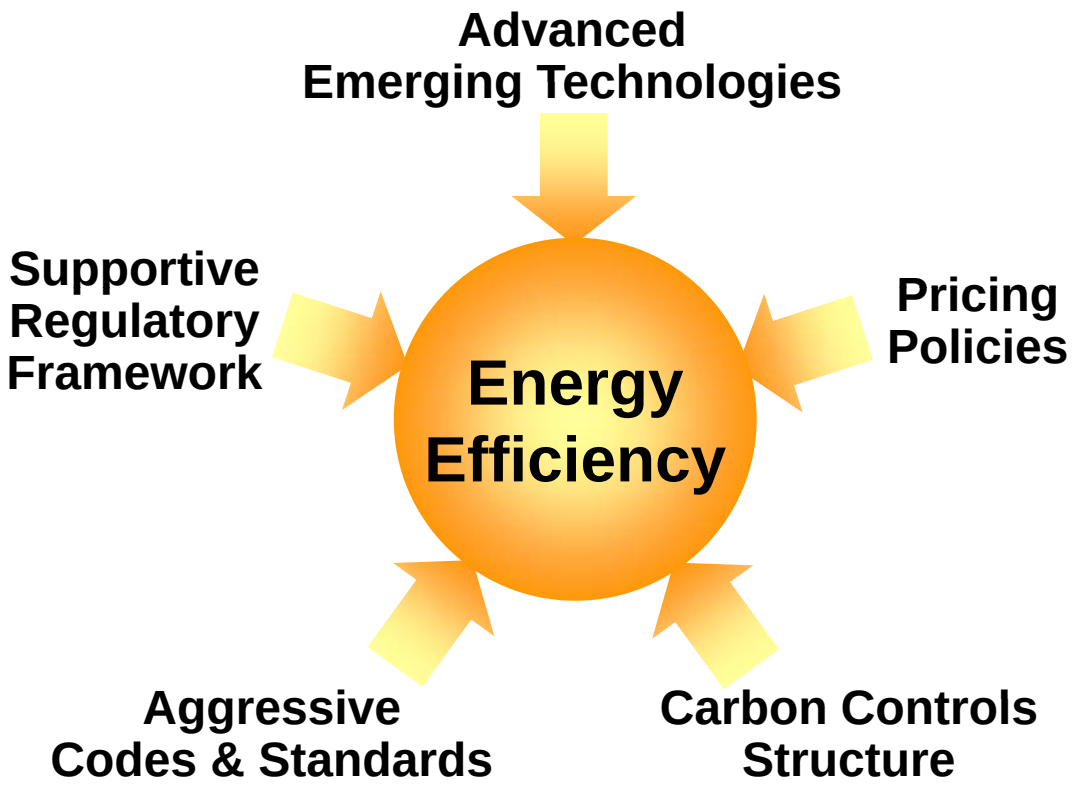
Barriers to Increased Investment in Energy Efficiencv

- Market
- Customer
- Public Policy
- Utility, State and Regional Planning
- Program, Product and Service

Actions to Overcome Barriers to Energy Efficiency

- Increase consumer education and understanding
- Adopt, implement and enforce aggressive building codes and appliance standards
- Create sustainable utility business models for energy efficiency
- Promote utility rates that more accurately reflect cost to provide electricity
- Recognize energy efficiency as an energy resource

Impact of Key Drivers on Achievable Energy Efficiency Potential



Five interdependent drivers analyzed as individual sensitivities