Energy Efficiency: Engine Of Economic Growth

Client

Facts

Period 2009

Project Country

By Environment Northeast and Economic Development Research Group, October 2009

Group recently completed a study of macro-economic impacts resulting from accelerated energy-efficiency adoption across the six New England states. The results show that large-scale increases in energy-efficiency investments and the avoided energy/capacity costs to energy customers have the potential to create significant, positive economic growth for each state and the region even with ratepayers funding the program. At least 80% of the economic growth is tied to households and businesses spending less on fuel purchases with the remaining growth from spending on industries that provide energy-efficiency products and services. These “economic benefits” are in addition to the emission benefits which are an important motivating factor behind energy conservation policies and programs.

The work was done on behalf of Environment Northeast (ENE) and its co-sponsor NESCAUM. ENE developed proposed scenarios for ramping up energy-efficiency investments to achieve further reductions in peak (fuel consumption) load above what today’s programs achieve state-to- state. Three fuel-specific scenarios (electricity, natural gas, and unregulated fuels such as fuel oil, kerosene and propane) were designed to “achieve all remaining cost-effective energy-efficiency adoption" across energy customer segments. EDR Group analyzed these scenarios in a multi-state REMI model.

In addition to ENE’s presentation of the scenario effectiveness, defined as total gross regional product impact per dollar of (public sector) program spending, EDR Group posits that the proposed scenarios perform well economically even when considered from a perspective of total investment spending on efficiency (including the net outlay by households and businesses). Here’s a look at the New England level outcome from the 35 year interval.

New England's *Gross Regional Product* Impact	*Electricity*	*N. Gas*	*Unregulated Fuels*
per $ of Program Spending (ENE)	5.9	7.4	8.5
per $ Total EE Spending (EDRG)	4.4	4.8	6.1
New England's *net Participant Fuel Savings*	*Electricity*	*N. Gas*	*Unregulated Fuels*
per $ Total EE Spending (EDRG)	2.1	2.2	3.6

Contact Persons