

ELCON PRESS RELEASE

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Statement of John Anderson, President of the Electricity Consumers Resource Council (ELCON),
upon Release of ELCON's Policy Brief,

'Utility Energy Efficiency Programs: Too Cheap to Meter?'

December 1, 2008

The issue of Energy Efficiency, or EE, has gained a lot of attention lately. And I want to assure everyone at the outset that large industrial electricity users who comprise ELCON are strong supporters of cost-effective energy efficiency. They have to be to stay competitive, to reduce manufacturing costs, which increases competitiveness, and because they recognize that energy resources are limited. And it is important to point out that when industrial users undertake energy efficiency projects, they do so using their own capital, sometimes at a financial risk. For industrial electricity users, energy is, in many ways, the "first fuel."

But too often the debate on energy efficiency is played on a home field shared by utilities and environmentalists, but not consumers. Utilities and environmentalists advocate cost recovery mechanisms which shift the financial risk of these programs to ratepayers

The Policy Brief ELCON is releasing today brings an industrial consumer's perspective to the energy efficiency debate. First and foremost, any energy efficiency program must be designed to be cost effective in the context of the broader economy. ELCON believes there should be national standards and business practices – protocols if you will – that determine the net energy and capacity savings of EE programs. Similarly, we must be able to determine the cost effectiveness of energy efficiency programs – what is the next, or marginal, unit of energy that will determine the avoided cost. In addition, energy efficiency programs should produce lower costs – and by that I mean lower costs to customers, not the lowest cost to the utility. And finally, if higher costs can be avoided with EE programs, as this Policy Brief states, ELCON believes the utility should not be allowed to recover any portion of those costs as profits or incentive for administering the program. There should seek a "least-cost resource mix," and every dollar given to a utility as incentive for what is really ordinary business behavior is a dollar that could have been spent on more energy efficiency.

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ELCON, established in 1976, is the national association of large industrial users of electricity from virtually every manufacturing sector. ELCON members seek a reliable supply of electricity at competitive prices and have long supported federal and state efforts to achieve that objective. More information about ELCON is available at ELCON's website, www.elcon.org.

A copy of the Policy Brief is available at ELCON's website (www.elcon.org under "What's New") or by can be obtained by contacting ELCON (202-682-1390 or elcon@elcon.org).