

Statement of Chairman Edward J. Markey

"Energy Efficiency: Complementary Policies for Climate Legislation"
Subcommittee on Energy and Environment
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When we look into the energy and climate solutions toolbox, we tend to focus on exciting new technologies like high-powered wind turbines, thin-film solar cells, or carbon capture and sequestration. Today's hearing is about the less eye-catching but equally important solutions that improve energy efficiency: better building and appliance standards, energy efficiency resource standards, demand-side management programs, and the host of other policies and technologies that enable us to use energy more intelligently.

The Department of Energy estimates that U.S. electricity demand will grow by 30 percent by 2030. There are two ways to meet this rising demand—megawatts and "negawatts." The first approach is familiar to us—simply building more power plants. The second uses efficiency measures to do more with less. It is based on the reality that the cheapest and the cleanest power plant is the one we never have to build. Energy efficiency will also play a critical role in avoiding an excessive "dash to natural gas," which many fear could damage the competitiveness of U.S. manufacturing.

A recent study by McKinsey & Company concluded that in 2030, efficiency measures can cut U.S. global warming pollution by nearly 15 percent of current levels, at a profit. The 10 northeastern States participating in the "RGGI" cap-auction-and trade system have found that by auctioning 100 percent of the pollution allowances and investing the proceeds in efficiency measures, they can achieve their climate goals at virtually no additional cost to consumers. Climate legislation can provide the resources to make efficiency policies work, while efficiency cuts pollution at the lowest possible cost. These solutions help us to work smarter, not harder.

Investing in efficiency is not just a cost-effective energy and climate solution. It will also pay major dividends in new jobs and economic growth. America's efficiency industry already produces close to a trillion dollars in annual revenues. By putting America in the vanguard of the efficiency revolution, we can create high-quality green jobs at home, while exporting high-quality green technology to the world.

Unfortunately, increasing America's energy efficiency is not as straightforward as it may seem. As we will hear from our witnesses, many efficiency improvements can already be achieved today at a profit, but are not being implemented because of market barriers and market failures. For this reason, simply putting a price on carbon is not enough. Focused policies must be used to reward efficiency and to eliminate perverse incentives, like those that shackle utilities' profits with the amount of electricity they sell. Progressive States, along with innovative companies like Dow, Johnson Controls, and National Grid, have taken the lead in tackling these challenges. We are grateful to have

representatives of these government and business leaders on our witness panel today. They can help show us the way forward.

As Congress considers climate legislation, it will be critical to include policies that make energy efficiency our “first fuel.” Efficiency provides a vast, zero-carbon energy supply that can be deployed right now, with current technologies, at a net saving. If we are to cut global warming pollution as quickly and as deeply as the science says we must, it is imperative that climate legislation be designed to capture efficiency gains immediately. By making the potential of energy efficiency a reality, we can save the planet while simultaneously saving consumers money, spurring job growth, and meeting our nation’s rising energy demand at the lowest possible cost.

NBA coach Pat Riley once said, “A particular shot or way of moving the ball can be a player’s personal signature, but efficiency of performance is what wins the game for the team.” If we are going to beat this energy, climate, and economic challenge, aggressively increasing America’s energy efficiency must be at the center of our game plan.