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## Room to Improve Iowa's Energy Efficiency Iowa's Utility-Run Energy Efficiency Programs Could Be More Efficient

MOUNT VERNON, Iowa (March 19, 2008) – Iowa's long tradition of energy efficiency is a significant accomplishment. However, a new report by the nonpartisan Iowa Policy Project (IPP) notes that Iowa is not meeting some of its stated efficiency goals, nor its potential to be the national leader in energy efficiency.

“Other states, including our neighbors, have been passing us by,” said report author and IPP research associate, Teresa Galluzzo. “They are spending money up front to install efficiency measures that let them maintain or improve their standard of living and at the same time use less energy.”

“Already recognized as a leader, Iowa could be number one in energy efficiency,” said Andy Johnson, the study's lead author. “With our spiraling consumption of energy from fossil fuel sources affecting our climate and our pocketbooks, the time is ripe for reviewing and improving our energy efficiency efforts.”

The report, “Let's Be Number One: Improving Iowa's Utility-Run Energy Efficiency Programs,” notes five shortcomings in the utility-based energy efficiency programs:

- Each of Iowa's 183 electric utilities runs its own energy efficiency programs; because there is no standard or comprehensive set of efficiency options, many customers are ineligible for services—such as energy audits—and miss out on incentives for cost-saving efficiency measures.
- Every utility is responsible for developing, marketing, administering and evaluating its own programs, wasting dollars that could be spent on efficiency if collaboration were employed.
- Energy efficiency is inherently at odds with utilities' business models since bottom lines grow by selling—not saving—electricity.
- Utilities' planning processes do not prioritize energy efficiency or require that cost-effective energy efficiency measures be implemented first to meet increases in demand.
- Nearly half of energy efficiency program expenditures are spent to reduce peak demand, which is very important, but likely fails to reduce overall energy use.

Citing these shortcomings, Johnson pointed out that Iowa could be doing more. “Even with advances in recent years, Iowa still has a lot of untapped efficiency potential,” he stated. “Many efficiency measures can actually be brought online rapidly and would make an immediate impact.”

The report analyzes how 2000 and 2001 saw top energy efficiency states achieving electrical savings of 0.7 percent to 2 percent of retail sales. During the same period, Iowa achieved only 0.4 percent annual savings. In recent years, increased spending has brought our investor-owned utilities' savings up substantially to 0.8 percent, but other states are now aggressively moving toward 1.5 percent to 2 percent annual savings.

The report also notes that Iowans consume more electricity per capita than the national average and rely heavily on fossil fuel sources.

“These facts indicate that Iowa has room to make significant advances in energy efficiency, and become more reliant on our own know-how and less reliant on outside fuel sources,” said Galluzzo.

“Because efficiency allows us to do more with what we already have, it seems a natural fit for Iowans’ personalities and will certainly be a benefit to their wallets,” said Johnson. “Energy efficiency is not yet as American as apple pie, but Iowa could help change that.”

The Iowa Policy Project (IPP) is a nonpartisan, nonprofit research and policy analysis organization based in Mount Vernon. IPP reports on environment and energy, budget issues, and job and income trends are available on the web at <<http://www.iowapolicyproject.org>>.

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