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March 6, 2018

Representative F. Gregory Delleney, Jr.
Chairman, House Judiciary Committee
512 Blatt Building
Columbia, SC 29201

Dear Chairman Delleney:

I am writing to urge you to support the energy efficiency provisions of H4425. The Home Performance Coalition (HPC) is a nonprofit organization that works with industry leaders in the home performance and weatherization industries and partner organizations such as the South Carolina Building Performance Association. HPC believes that the energy efficiency provisions of H4425 represent the best path forward to help South Carolina industries and ratepayers recover from the loss of the proposed V.C. Summer nuclear power plant.

Properly designed and implemented energy efficiency and demand response programs have been demonstrated in numerous state and national studies to be the lowest cost, most predictable and most immediate method to reduce energy demand, create local jobs and provide opportunities for small business energy efficiency entrepreneurs. Energy efficiency initiatives also provide health and comfort benefits to homeowners, lower peak demands on utilities and lower utility rates in to consumers in the long term. HPC has reviewed HB 4425 and believes that it incorporates many of the best practices in energy efficiency policy that have been proven to work in states across the nation.

Energy Efficiency and Jobs in South Carolina

The South Carolina Legislature and South Carolina's investor owned utilities are in the process of making critical decisions on increasing the reliability and security of South Carolina's energy infrastructure. Adopting the right energy policies could also make South Carolina a national leader in energy efficiency technology deployment and small energy efficiency business development. The energy efficiency provisions of H4425 will help South Carolina add job creation into the bedrock of its state energy policy.

There is a growing body of research and empirical evidence from other states that puts energy efficiency at the top of the list of job creators in the clean energy sector. Passage of H4425 would allow South Carolina to take advantage of this emerging economic opportunity and create new home-grown jobs and businesses in energy efficiency.

Two recent national studies demonstrate the potential for energy efficiency to create jobs. On January 13, 2017, the U.S. Department of Energy (DOE) released its 2nd Annual United States Energy and Employment Report (USEER) providing an updated, comprehensive analysis of 2016 data on energy related U.S. jobs. The 2nd USEER Jobs Report indicated that *2.2 million Americans are employed, in whole or in part, in the design, installation, and manufacture of energy efficiency products and services*; more than 133,000 new energy efficiency jobs were created in the U.S. in 2016; and that U.S. energy efficiency employers projected the highest job growth rate (9%) in 2017-2018 in all energy sectors surveyed.

In December 2016, Environmental Entrepreneurs (E2), a national non-partisan business group, and E4TheFuture, an energy efficiency advocacy group released Energy Efficiency Jobs in America which concluded that energy efficiency is one of the nation's biggest job sectors, employing more than *1.9 million Americans across all 50 states in 2015*. The *EE Jobs Report* found that energy efficiency is by far the nation's largest clean energy sector employer, outpacing the renewable energy, clean vehicles and clean fuels sectors.

Both DOE's *USEER Report* and the *Energy Efficiency Jobs Report* documented that South Carolina's manufacturing, trade, professional services and repair and maintenance industries support almost 30,000 energy efficiency jobs. These jobs vary from home performance contractors, electricians, heating/air conditioning installers, carpenters, construction equipment operators, roofers, insulation workers, industrial truck drivers, building inspectors, civil engineers, metal fabricators, engine assemblers, factory workers, production helpers, bus drivers, and computer software engineers. More important, both Reports provide evidence that the implementation of the approaches outlined in H4425 will create more energy efficiency jobs in South Carolina.

H4425 – Developing A Unique South Carolina Approach to Energy Efficiency

H4425 also promises to make South Carolina a national leader in energy efficiency business and job creation by allowing for the development of a home-grown approach to selecting the most cost-effective approaches to energy efficiency. H4425 would allow South Carolina to move beyond the traditional California Practice Manual and instead incorporate the fundamental principles of the May 2017 National Standard Practices Manual (NSPM) on cost effectiveness testing. HPC believes the NSPM framework could allow South Carolina an opportunity to “test its tests” for cost effectiveness testing to see whether it reflects South Carolina's own energy, security and job creation policies.

The principles contained in the NSPM can inform and greatly enhance South Carolina’s ability to target and highlight the most impactful innovations and reforms in energy efficiency as they are being implemented.

The NSPM outlines a common sense, practical approach to the development of energy efficiency policies and will help guide utilities toward the most effective and impactful approaches to reducing energy costs and peak demands. This is particularly important as energy efficiency programs can deliver results in 12-14 months, much faster than the 5-10 years required to site, finance and construct new power plants. The NSPM principles include:

Efficiency as a Resource	EE is one of many resources that can be deployed to meet customers’ needs, and therefore should be compared with other energy resources (both supply-side and demand-side) in a consistent and comprehensive manner.
Policy Goals	A jurisdiction’s primary cost-effectiveness test should account for its energy and other applicable policy goals and objectives. These goals and objectives may be articulated in legislation, commission orders, regulations, advisory board decisions, guidelines, etc., and are often dynamic and evolving.
Hard-to-Quantify Impacts	Cost-effectiveness practices should account for all relevant, substantive impacts (as identified based on policy goals,) even those that are difficult to quantify and monetize. Using best-available information, proxies, alternative thresholds, or qualitative considerations to approximate hard-to-monetize impacts is preferable to assuming those costs and benefits do not exist or have no value.
Symmetry	Cost-effectiveness practices should be symmetrical, where both costs and benefits are included for each relevant type of impact.
Forward-Looking Analysis	Analysis of the impacts of resource investments should be forward-looking, capturing the difference between costs and benefits that would occur over the life of the subject resources as compared to the costs and benefits that would occur absent the resource investments.
Transparency	Cost-effectiveness practices should be completely transparent, and should fully document all relevant inputs, assumptions, methodologies, and results.

HPC believes that applying these NSPM principles to cost effectiveness testing will help South Carolina more rapidly fill the energy capacity gap left by the demise of the Summer plant.

Putting Customers and Small Businesses in Control of Their Energy Spending

H4425’s funding of energy efficiency programs will also help to provide a competitive shot in the arm to South Carolina small businesses and homeowners by enabling them to cut their energy costs and modernize their offices and homes. Energy efficiency programs work to reduce demand and will allow motivated small businesses and homeowners to proactively work to decrease their own energy bills while at the same

time decreasing the overall demand on the utilities. Energy efficiency programs can help South Carolina residential and small business customers, many of whom will struggle to pay their portion of the Summer plant costs, directly control their energy costs.

Background on the Home Performance Coalition

HPC is a leading advocate for residential energy efficiency in Washington, DC and the states. We are closely engaged with key decision makers in the Congress, state agencies and public utility commissions. We work to educate stakeholders on the importance of home performance, the obstacles facing the home performance industry, and the policies that can break down barriers and advance home performance at the federal, state and local levels.

Conclusion

HPC believes the energy efficiency provisions of H4425 are the lowest cost, most predictable and most immediate method to reduce energy demand, create local jobs and provide opportunities for small business energy efficiency entrepreneurs in South Carolina. We thank you for this opportunity to provide background research and information on H4425. Please feel free to contact us at (202) 759-9612 or JCullen@Homeperformance.org should you have any questions about the research and policy information described above.

Sincerely,



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