

Federal Energy Efficiency Appropriations: the 2008 Budget

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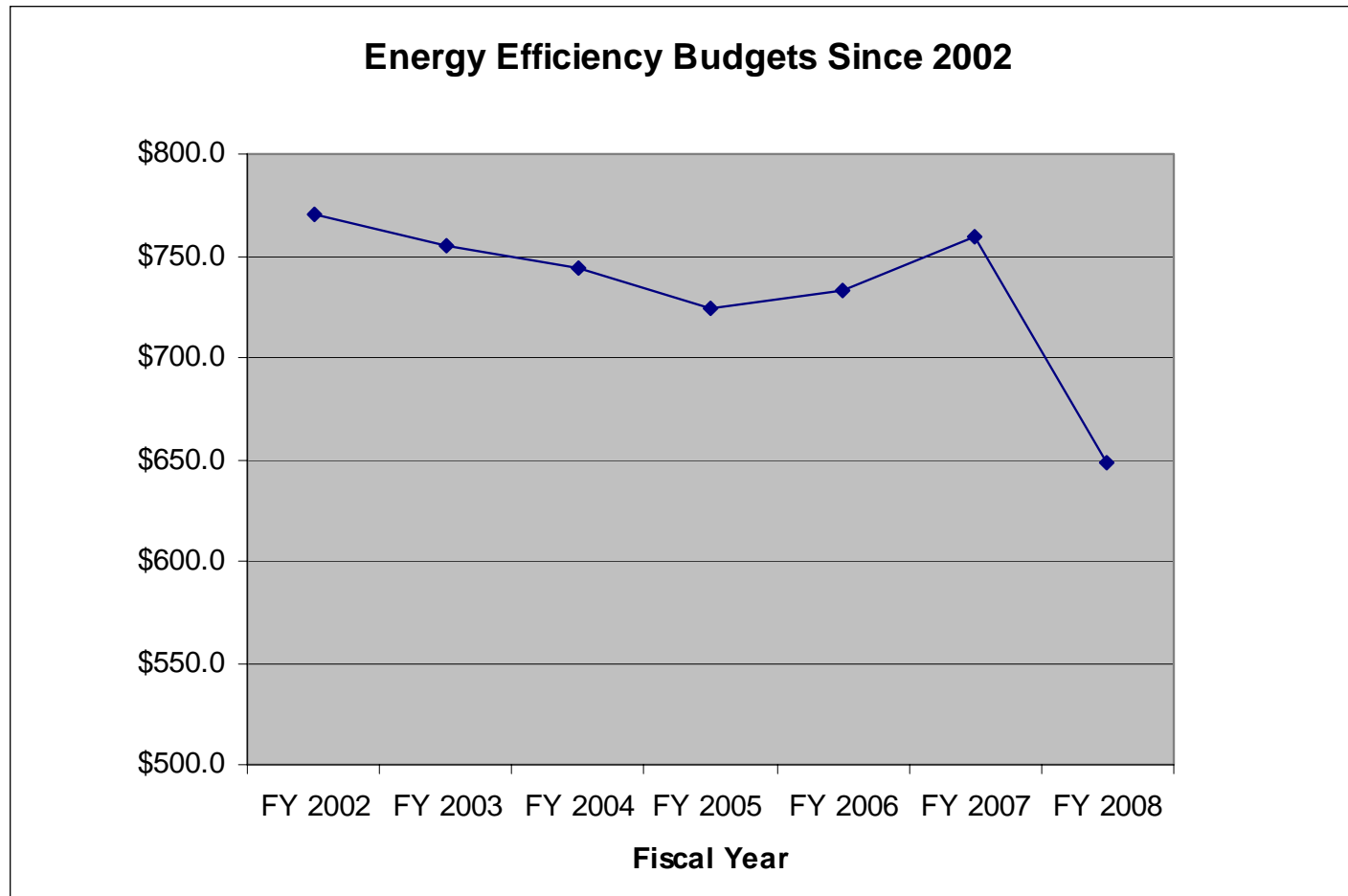
American Council for an Energy-Efficient Economy

EESI Briefing

March 22, 2007



DOE Energy Efficiency Spending



A Downward Trend

- Funding for core efficiency programs—
Vehicles, Buildings, Industry, State grants,
FEMP, and WIP—has fallen (since FY 2002)
 - 21% in nominal dollars
 - 26% after inflation

....This is called “investing in new technologies”?



What the Funds Go For

- Research, development and demonstration programs
- Deployment programs (e.g. Energy Star, Rebuild America, and Clean Cities)—though these have been decimated
- State and local energy programs(e.g. Weatherization Assistance Program and grants to states)



Program Results: The NAS Assessment

- At the request of Congress, the National Academy of Sciences/NRC reviewed DOE's energy efficiency and fossil energy programs in 2001
- Found that a subset of EE R&D programs provided net realized economic benefits of \$30 billion (1999\$), far greater than the total cost of all EE R&D programs (\$7 billion over 22 years)



Robust Funding Recommendations: The PCAST Assessment

President's Committee of Advisors on
Science & Technology (1997) reviewed
DOE RD&D programs, and concluded:

“After a careful analysis, the Panel
recommends increases in the [R&D] budget
commensurate with the potential benefits,
ramping up from \$450 million in FY1998 to
\$880 million in FY2002.”



EPAct 2005 EE Authorizations vs. 2008 Request

EPAct 2005

FY 2008 R&D

Authorization

• \$865 million

FY 2008

Request

• \$438 million



The Bush Budget for FY2008

- Core efficiency spending at DOE down \$108 million (17%) relative to FY2006 funding
- Hydrogen request up \$60 million (40%)
- Biomass, wind, solar up combined \$158 million (75%)



Bush Budget for 2008

- Total EERE:
 - 2006: \$1.17 Billion
 - 2007: \$1.47 Billion
 - 2008 Request: \$1.24 Billion
- The Shell Game
 - 2008 looks like an increase from 2006
 - But is actually a cut from 2007
 - And hides big cuts in EE



Biggest EE Losers

- Industrial Programs (down over half since 2003)
- Distributed Energy Resources
 - Assigned to EDER
 - Then zero-ed out
- Weatherization (down 41% from 2006)
- Gateway Deployment—zero-ed out



Key Issues for FY 2008

Doing Something about Our Energy Price Problems

- DOE and EPA deployment programs are the best first-responder option to the oil and gas prices that are taxing the economy at over \$300 billion annually
- Prices more than double 1990s levels and projected to stay high
- EE and RE shown to reduce gas prices
 - ACEEE analysis shows 4% drop in gas demand reduces prices 20% within 5 years
- Manufacturing CEOs send plea to the President
- DOE Summit, NPC Report, DOE Section 1818 report all emphasize EE as a key solution

...Yet these programs are severely cut



Key Issues for FY 2008

Climate Policy

- the Administration resists carbon controls, claiming it is “investing in new technology”
- Energy efficiency has been shown to be the best way to reduce carbon emissions cost-effectively, and constitutes a “no-risk” insurance policy

...Yet the budget request cuts efficiency funding



Key Issues for FY 2008

Damaging America's energy R&D infrastructure

- U.S. private energy R&D has fallen, while R&D in health, telecom, etc. has soared
- Many U.S. R&D institutions have shrunk or disappeared in the last decade (EPRI, GRI)
- Some states are increasing R&D, but dollars not enough to offset national cuts
- DOE cuts are crippling some key national laboratories
- Loss of R&D assets and leadership cripples U.S. economic competitiveness



A Few Signs of Hope

- 2007 CR adds \$300 million to EERE
 - But most goes to non-EE programs
- Senate Budget Committee allocation for EERE is \$1.6 Billion
 - Would represent about 1/3 increase from 2006



Conclusions

- With high energy prices, admission of our oil addiction, and an increasing urgency to act on global warming, Congress needs to reverse the 6-year trend in falling funding for energy efficiency
- ACEEE Recommends \$217 million in increases above the 2008 request
- Reverse overall EE RD&D policy, aiming to reach EPAct authorization levels in five years
- The Request should not be the starting point for discussion

