



June 6, 2014

The Honorable Terry McAuliffe
Governor of Virginia
1111 East Broad Street
Richmond, VA 23219

Dear Governor McAuliffe,

Re: U.S. EPA Proposed Rule on Emissions Regulation

On behalf of the Virginia Energy Efficiency Council (VAEEC), I'm writing to offer our assistance subsequent to the U.S. Environmental Protection Agency (EPA) announcement of June 2, proposing new regulation of carbon emissions through the Clean Air Act. We believe that a focus on energy efficiency would provide an opportunity to address the potential federal guidelines while generating significant benefits for Virginians. The Council stands ready to work with your Administration and all stakeholders to produce the best possible outcomes for the Commonwealth.

The EPA "Clean Power Plan" calls for a significant reduction in carbon emission from the nation's power sector – a 30 percent reduction below 2005 levels by 2030. Concurrently, the proposal aims to reduce electricity bills by approximately eight percent through increased energy efficiency and reduced electricity demand. States will have a significant degree of flexibility to identify individual implementation plans to meet these goals, allowing for differences among states in terms of circumstances and priorities.

While there may be many tools to help meet the state's emissions targets, energy efficiency represents a solution that has been proven to be among the most cost-effective options. The proposed rule would also provide an opportunity to further the benefits that we are already experiencing – an increase of in-state jobs and related economic activity attributed to energy efficiency, and a vehicle for reducing energy bills through reduced demand.

We now have statistics available that begin to tell the story of energy efficiency in Virginia:

- The VAEEC conducted the first census of the state's energy efficiency industry in 2013, revealing a robust picture of the sector -- conservative estimates indicate a Virginia industry with more than \$300 million in economic activity, supporting 9,400 jobs at 1,300 companies.
- The burgeoning industry also reflects an apparent understanding among the public about the potential of energy efficiency -- according to a separate, recent survey by Virginia Energy Sense, a program managed by the State Corporation Commission, more than 80% of Virginians are willing to reduce their energy use in order to reduce their energy bills.

Given the significance of the EPA announcement, and the significant potential for energy efficiency to produce positive results, the VAEEC recommends that your Administration do the following:

1. In the Commonwealth's public comments to the EPA, support the flexibility granted to the states in the draft rule that would enable states to use energy efficiency to meet their obligations.
2. Recognize energy efficiency in the new Virginia Energy Plan currently under development as one of the most cost-effective methods for reducing carbon emissions in the Commonwealth.

The VAEEC is eager to provide any specific technical or policy assistance and would be happy to answer any questions as the Commonwealth pursues its path forward. We can provide the perspective of a broad and inclusive statewide coalition that includes representation from businesses of all sizes, utilities, nonprofits, universities, local governments, and state agencies.

Virginia can meet its energy demand while reducing emissions, conserving resources, decreasing energy bills, and creating jobs. Thank you for your ongoing work on energy issues in Virginia; we look forward to continuing to partner with you and the Administration.

Sincerely,



Ken Rosenfeld
Executive Director
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cc: Judith Williams Jagdmann, Chair, State Corporation Commission
Anna Healy James, Policy Director, Office of the Governor
B. Hayes Framme, Advisor for Infrastructure and Development
Al Christopher, Director, Division of Energy, DMME