



Western Governors' Association Policy Resolution 11-8

Promoting Industrial Energy Efficiency

A. BACKGROUND

1. The Western Governors' Association convened a diverse group of stakeholders in 2011 to address obstacles to and opportunities for implementing industrial energy efficiency projects across the West. The stakeholders participated in a number of breakout sessions and developed recommendations for the Governors to consider in promoting greater energy efficiency. The stakeholders' recommendations are summarized in a report entitled, *Building a Stronger Western Economy with Greater Industrial Energy Efficiency*. In adopting this resolution, the Governors recognize that many of the policies and strategies recommended in the report could be effective in helping stimulate energy efficiency within their states.
2. By reducing vulnerability to energy supply and price shocks, energy efficiency programs are a primary means to strengthen the energy security of the United States.
3. In 2008, industrial energy usage represented approximately 35 percent of total energy use in the Western states, so even small reductions in industrial energy usage can have a large impact on total energy use. Improvements in industrial energy efficiency can also result in significant cost savings, strengthening industrial competitiveness, and potentially reducing the need for new generation facilities and transmission. The energy efficiency goods and services industry, in turn, can provide sustainable jobs and economic development by making and installing efficient products in communities throughout the West.
4. The energy intensity of individual facilities within different industrial sectors varies significantly. Benchmarking an industrial sector can uncover best practices and sector-specific insights to energy efficiency potential that can help move sectors to greater efficiency. Benchmarking with sectors outside the region can also improve the competitiveness of Western industry with the rest of the world. At its best, benchmarking can provide a continuous incentive and roadmap to improved performance across a sector.
5. Results from DOE's industrial energy efficiency programs are noteworthy. Under the *Save Energy Now* program, DOE has worked with states and industrial consumers to implement programs resulting in savings of more than \$137 million over the past two years. These savings were achieved by plants making cost-effective and in many cases, inexpensive adjustments to manufacturing processes.
6. There are numerous federal, state, regional and utility programs that do or could offer significant incentives to promote industrial energy efficiency; however, companies often are unaware of these programs, have limited staff dedicated to energy management and may have limited capital resources to implement energy efficiency programs.

7. Many WGA states already have established mandatory standards or voluntary goals for energy efficiency within their electric and natural gas markets. The establishment of targets for energy efficiency and energy savings can encourage utilities to develop comprehensive programs for their industrial customers.

B. GOVERNORS' POLICY STATEMENT

1. Western Governors who set and promote industry-specific or state-wide energy efficiency goals within their states are sending a strong message that energy efficiency is a high priority. With leadership from Governors, and working with the DOE Industrial Technology Programs and other federal and regional programs, companies within their respective states are encouraged to improve industrial energy efficiency at their facilities, resulting in energy savings of 2.5 percent per year for the next five years. The result would be approximately 278 trillion Btu in energy savings, representing nearly \$4.4 billion for the WGA states. These energy savings could fuel 18.2 million homes for one year -- the equivalent number of homes in California and Florida. (DOE: Inputs to the Western Governors' Association Industrial Summit Report, May 2011).
2. WGA Governors will work together to identify key Western industries that would benefit from in-depth energy efficiency analysis and benchmarking and to support benchmarking efforts with outreach to industrial sectors and state expertise where appropriate.
3. Western Governors support workforce development that promotes technical expertise in energy efficiency management. There is a void in energy management knowledge, and supporting energy efficiency expertise can spur creation of new jobs in other sectors of the economy.
4. Western Governors encourage public utilities to strengthen and/or develop new programs, incentives, training opportunities and technical assistance to increase industrial energy efficiency.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. To assist states in reaching their respective energy efficiency goals, WGA will convene workshops in coordination with regional and federal energy efficiency programs. The workshops will provide technical assistance to industries and foster networking opportunities for similar industries to learn from each other.
2. Western Governors will recognize energy efficiency leaders in their respective states.
3. WGA staff, as directed by the Governors, will coordinate with state energy offices to identify industrial energy efficiency opportunities and to share best practices on programs that produce the greatest energy savings.

4. WGA staff will work with regional and state energy efficiency initiatives to develop comparative data and benchmarking tools for selected segments in the industrial sector. WGA staff will work via federal and state partnerships to promote goals and monitor results.
5. This language will be incorporated into WGA Resolution 10-14.

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