BCSE 2009 Clean Energy & Economy Forum

Economic Benefits of Clean Energy and Energy Efficiency

Congress should enact legislation to promote aggressive, near-term, and immediate deployment of existing clean energy technologies. Clean energy industries, along with energy efficiency improvements, are proven economic engines that will foster economic growth and create new high-quality jobs. These industries already create millions of new, well-paying jobs that result from the manufacture, installation, operation, maintenance, service, development and support of clean energy and efficiency projects, and they offer significant growth potential in the years ahead.

- The clean energy sectors have grown rapidly in recent years as the public has demanded more efficient and lower-emissions energy generation, distribution and use. A recent report by *New Energy Finance*, found that clean energy investment grew by nearly 60 percent in 2005 and 2006.[i]
- With the right policies these sectors can create millions of new, high paying clean technology jobs – vital to the nation's economic competitiveness and prosperity.[ii] [iii]
- For example, a recent Department of Energy report projected that expanded deployment of wind energy would support nearly 500,000 jobs, including over 150,000 directly in manufacturing, construction and operations and would represent an investment in the U.S. economy of $1 trillion.[iv]
- Adoption of a federal climate change program that relies on existing clean energy technologies to reduce emissions could lead to millions of new jobs in these sectors.[v]

In addition to the positive economic impact, these industries reduce greenhouse gas emissions that contribute to global climate change and reduce dependence on foreign energy resources.

Key Messages and Recommendations

1. Congress should adopt complementary policies that can be integrated into a national, economy-wide greenhouse gas emissions reduction strategy to provide the regulatory framework to increase investments in energy efficiency, renewable energy and natural gas to achieve emissions reduction objectives at affordable costs to consumers and businesses. Critical elements of an achievable and balanced framework should include, but are not limited to:

- Renewable Electricity Standard
- Energy Efficiency Resource Standard
- Tax and/or comparable clean energy technology incentives
- Energy efficiency savings programs and incentives to promote more efficient buildings, industries, appliances and combined heat and power
- Research and development support for emerging clean energy technologies
- Facilitate Smarter, More Efficient Transmission and Distribution of Electricity

2. Congress should enact climate change legislation that will send predictable medium- and long-term signals to capital markets about the price of carbon that will direct new investments in low and zero-carbon emitting generation and technologies. A national, market-based and economy-wide climate change program should:

- Allow renewable energy technologies to qualify for allowances through output-based allocation, specific set-asides, auction proceeds, or other measures to recognize and drive efficient energy generation and production

- Direct allowances to purchasers in the voluntary renewable energy market in order to continue efforts to reduce greenhouse gas emissions that fall outside of federal mandates
- Allow aggregation of small clean generation systems for purposes of receiving allowances and auction proceeds
- Direct auction proceeds to upgrade the nation's electricity transmission infrastructure
- Use auction proceeds to expand funding for existing and new clean energy programs and to increase investment in energy efficiency
- Use allowances or auction proceeds to support a performance-based program for the industrial, commercial and institutional building sector
- Establish incentives to deploy cutting-edge efficient appliances and equipment
- Encourage high efficiency small-scale distributed generation

3. To contain costs of a federally mandated cap and trade program, legislation should ensure that a domestic and international offsets program is structured properly by:

- Promoting certainty for the market in the design of the offset program
- Providing flexibility for regulated entities to invest in the most cost-effective emission reduction activities
- Encouraging emission reduction activities early and to the greatest extend possible
- Authorize the development of the rules, oversight, and accounting mechanisms of a federal compliance greenhouse gas offset program in advance of climate change legislation, if necessary, in order to provide market certainty.

About the Business Council for Sustainable Energy

The Business Council for Sustainable Energy is an industry coalition that includes businesses and trade associations representing a suite of currently available technology options for strengthening domestic energy security while also reducing emissions of greenhouse gases that contribute to global climate change. These technologies include: advanced batteries, biomass, biogas, fuel cells, geothermal, hydropower (including new waterpower resources such as ocean, tidal and instream hydrokinetic), solar (including solar energy equipment such as solar hot water heating and solar light pipe technology), wind, natural gas, and supply-side and demand-side energy efficiency.

Note: As a diverse business coalition, not all Council members endorse or take positions on the set of recommendations provided.

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[i] Source: New Energy Finance, IMF WEO Database, IEA WEO 2007, Boeing 2006 Annual Report

[ii] *Economic and Jobs Impacts of the Renewable Energy and Energy Efficiency Industries: U.S. and Ohio,* Roger H. Bezdek of Management Information Services Inc. for American Solar Energy Society, July 2007http://www.ases.org/jobs_report.pdf

[iii] Karen Ehrhardt-Martinez and John A "Skip" Laitner, *The Size of the U.S. Energy Efficiency Market: Generating a More Complete Picture*, American Council for an Energy Efficient Economy, May 2008 http://www.aceee.org/pubs/e083.htm

[iv] *20% Wind Energy by 2030: Increasing Wind Energy's Contribution to U.S. Electricity Supply*, U.S. Department of Energy, May 2008. Available online at http://www1.eere.energy.gov/windandhydro/pdfs/41869.pdf

[v] *New Energy for America*, Apollo Jobs Report, January 2004, http://www.apolloalliance.org/downloads/resources_ApolloReport_022404_122748.pdf, 7

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