

March 2, 2016

The Honorable Brian Sandoval
Governor of Nevada
101 North Carson Street
Carson City, NV 89701

Dear Governor Sandoval:

Even with the U.S. Supreme Court's temporary stay of the Clean Power Plan, the electric power sector is evolving toward a cleaner, more efficient energy system. As the regulators and energy planners in your state continue their daily work to ensure reliable and affordable electricity to consumers, we encourage Nevada to maximize its investment in energy efficiency. By reducing the need for power generation, energy efficiency provides emissions reductions quickly, locally, and at a lower cost than other compliance options. It also achieves sustained local job creation and gives Nevada residents and businesses control over their energy bills. Actions such as improving manufacturing energy efficiency, reducing commercial buildings' energy use, and delivering residential energy efficiency upgrades are the quickest and cheapest means to meet energy demand while simultaneously improving air quality.

Today, every state has at least some experience delivering energy-efficiency programs administered by electric utilities and the private sector. These programs have been very successful and should be expanded: the state recently took a step backwards by cutting NV Energy's LED lighting and efficient pool pump programs. In addition to utility programs, there are opportunities in Nevada to achieve significant emissions reductions through the implementation of non-utility administered energy-efficiency policies and programs. Such programs include investments in combined heat and power generation, adoption of building energy codes that leverage above-code green building certification, residential retrofit financing programs, and procurement of energy savings performance contracts (ESPCs) to upgrade large buildings and facilities. Non-utility efficiency programs, taken as a whole, generate as much investment in energy savings as utility programs: the ESPC market in the U.S. generates more than \$5 billion annually in new investments.

We commend the energy-efficiency initiatives Nevada has taken by offering a wide-reaching property tax abatement for green buildings and by encouraging the use of energy savings performance contracts. The Clean Power Plan offers another reason to expand your existing programs and maximize the use of energy efficiency. To maximize cost-effective emissions reductions under the plan, we recommend that you opt into the Clean Energy Incentive Program (CEIP).

The attached fact sheet shows how the implementation of a few common energy-efficiency policies, such as the adoption of an energy-savings target, updated building energy codes, and increased use of combined heat and power generation can combine to meet over 100 percent of Nevada's 2030 emissions limit under the Clean Power Plan. In fact, utilizing efficiency measures to reach Nevada's limit would save the people of Nevada \$466 million, avoiding over 2.5 million tons of carbon dioxide, and reducing other toxic air pollutants that negatively affect our health.

Energy efficiency is not a “new” resource; however, using energy efficiency to achieve emission reductions under the Clean Air Act is novel. Several tools are available for your staff and responsible state agencies to guide your decisions about Clean Power Plan implementation options, regardless of whether you pursue a mass-based or a rate-based plan. For further information and to ask questions specifically about incorporation of energy efficiency in your plan, please contact the National Association of State Energy Officials at <http://cpp.naseo.org/asq>, or any of the signatories below.

We are ready to work with you and your state officials to ensure that efforts to reduce emissions via the Clean Power Plan or any other means are as cost effective as possible. **Energy efficiency is the cleanest, fastest, most cost-effective compliance strategy available, and has the most direct impact on controlling consumers’ electricity bills.** Energy efficiency is also embraced by the private sector because of the operating costs it saves and its value for resilience and risk reduction. Additionally, energy efficiency creates lasting, non-exportable jobs and grows the economy while reducing consumer costs. We encourage you to use it robustly, and we stand ready to assist you.

Cc: Nevada Public Utilities Commission; Nevada State Office of Energy; Nevada Division of Environmental Protection, Air Resources Division

Sincerely,

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