

State Energy Program Strategic Plan for the 21st Century



Developed by:
SEP 21st Century Strategic Planning
Committee



SEP Vision

The quality of life, the economy, and the environment will flourish in communities throughout every State and Territory, for this and future generations, due to increased energy efficiency and renewable energy use.

SEP Mission

The State Energy Program provides leadership to maximize the benefits of energy efficiency and renewable energy through communications/outreach activities, technology deployment, and accessing new partnerships/resources.

Summary

The energy issues facing the nation today differ greatly from those of concern when the State Energy Program (SEP) was established more than 20 years ago. Energy markets have become more competitive. Cost-effective pollution prevention is a high priority for many business sectors. And, there is a growing trend to foster economic growth through sustainable resource use. In recognition of these new dynamics, both the U.S. Department of Energy (DOE) and the State and Territorial Energy Offices (hereafter, "States") recognized the need to develop a new Strategic Plan for the SEP.

Representatives of DOE and the States initiated development of this Strategic Plan to clearly define the program's goals for the next 10 years. This SEP Strategic Plan for the 21st Century identifies a vision for the future and three key goals to attain that vision:

Key Goal 1: Maximize energy, environmental, and economic (EEE) benefits through increased collaboration at the federal, State, and community level. Many States have built successful community partnerships that maximize the significant environmental and economic benefits produced by efficient energy use. Creating formal EEE agreements will provide a powerful vehicle for coordinating activities among State and federal agencies with shared interests and multiply the beneficial outcomes of these efforts. Expanding these multi-lateral partnerships within the State will ensure that every community can be a part of the SEP success story.

Key Goal 2: Increase market acceptance of energy efficiency and renewable energy technologies, practices, and products. This has long been a fundamental goal for SEP, but it is even more important now, given the opportunities arising from the dramatic changes in the energy markets. The States and DOE must design SEP-supported programs to take greatest advantage of the new marketplace.

Key Goal 3: Use innovative approaches to reach market segments and meet policy goals not typically addressed by market-based solutions. SEP can assist in the delivery of energy efficiency and renewable energy benefits to market segments that may be underserved in a competitive market, such as residential and small commercial customers. Through SEP, the States can also address energy-related issues for which the market offers inadequate solutions, such as energy emergency situations.

These goals will set the course for SEP in the 21st century and draw on the program's State-based strengths and flexibility to achieve its vision. In addition to the individual strategies developed by each State to achieve SEP's key goals, there are common, proven strategies that will be effective across all three goals: **Expand Communication and Outreach; Accelerate Technology Deployment; Develop Partnerships and Access New Resources.**

While this Strategic Plan outlines new opportunities and presents strategies to meet future challenges, the program's fundamental principle remains: SEP enables the States to deploy cost-effective energy technologies and services that address their specific energy concerns, meet the needs of their citizens and businesses, and contribute to the accomplishment of national energy goals.

Background

Overview

The State Energy Program provides the fundamental capability for States to design and carry out energy efficiency and renewable energy programs tailored to their specific needs and individual energy situations, as well as helping to address national energy priorities. These Energy Offices have also expanded to become involved in many energy-related activities outside the SEP framework, including working with DOE senior management to shape the future of energy efficiency and renewable energy research, development, and deployment projects.

In 1998, SEP celebrated 20 years of success and began looking toward the future of both the energy markets and the program itself. A committee comprised of State and federal officials concerned with SEP convened to discuss program strategies for the 21st century. The committee considered the major issues and drivers for SEP and set out

Purpose

to define a vision, mission, and key goals for the program to achieve through 2010.

The primary guidelines used by the committee in developing this Strategic Plan were to:

- ✓ Create a strong focus for SEP activities and drive the program to reach its goals for 2010;
- ✓ Preserve States' ongoing flexibility in designing activities that address local needs and conditions while contributing to national goals; and
- ✓ Stimulate opportunities to expand SEP's activities and reach, through new partnerships, increased collaboration among States, and greater public awareness of SEP.

Implementation of the Strategic Plan will position the program to have the greatest impact in the coming decade. The plan emphasizes an integrated approach to achieving program goals and the need to raise awareness of SEP at the national and

Sparking Success

"...the State Energy Program has effectively demonstrated how communities, State and federal organizations, and other partners across the nation can work together to accelerate the deployment of new technologies into all sectors of the economy. These projects are advancing national as well as State and local government objectives for a cleaner environment, a healthier economy, and increased energy security."

The Honorable Bill Richardson, Secretary of Energy, U.S. Department of Energy

Sparking Success

Background

Opportunities

State levels. The goals are designed to achieve significant energy benefits, as well as benefits for the economy and environment, at the local, State, and national level.

SEP was created in response to the oil crises of the 1970s. While SEP's core activities continue to address energy security, national energy efficiency goals, and State-specific needs, today the program emphasizes the dynamic role energy efficiency and renewable energy play in economic development, waste minimization, reduced energy costs, and the wise use of resources as well. This evolution was possible because of the flexibility SEP affords the States to design and implement programs that respond to changing issues and new opportunities. Its continued relevance to both consumers and businesses is ensured due to SEP's dynamic, State-based delivery system.

The SEP network of State and Territorial Energy Offices embraces many new

opportunities, such as the communications revolution, emerging energy technologies, and the growing trend toward sustainable development. Perhaps the most notable change in the energy landscape since SEP's founding is the restructuring of energy markets. These markets are becoming increasingly competitive, generally resulting in lower energy prices and greater opportunities for new entrants, such as emerging renewable and efficiency technologies. This evolving energy market, particularly in the area of electricity, requires a rethinking of many current approaches to promoting energy efficiency.

For example, as the number of electricity suppliers increases, energy providers will continue to differentiate their services and technologies. Such product differentiation is the core of any competitive market, and consequently, there will be new opportunities and avenues for delivering energy efficiency

Sparking Success

State and Territorial Energy Offices develop innovative energy policy and act as brokers between energy experts and capital markets to stimulate investment in critical energy technologies, as well as maintain energy emergency preparedness... Importantly, for every federal dollar, the States have succeeded in attracting \$20 in matching funds. (Taking a Stand for Energy Efficiency and Renewable Energy, State Energy Advisory Board, April

Sparking Success

Background

Challenges

programs. Program and project planners will need to consider how new market entrants and pricing will drive the prospects for energy efficiency and renewable energy. This will result in greater opportunities to increase the use of clean energy technologies and services.

The SEP network faces dramatic challenges today, including emissions reduction mandates and urban sprawl, along with continued low pricing for conventional energy resources which reduces demand for energy efficiency. There are also a number of program-specific challenges facing SEP as we move toward our vision for 2010. The great flexibility and diversity of programs carried out by the States under SEP – the program's greatest strengths – also present significant challenges with respect to program identity and measurement of program success.

A major program-specific challenge is to build a national identity for SEP. With a heightened awareness of the program, a greater number of potential partners will be attracted to and participate in the program

through the States. This is particularly important as the number of organizations and companies in the energy marketplace continues to expand as a result of more competitive energy markets. In addition, greater awareness of SEP can deliver increased benefits at little or no additional cost to DOE or the States. Through wider dissemination of project results, energy case studies, and educational materials developed under the program, a significantly greater impact can be achieved. A concerted effort to create a national identity for the program, one that retains its State-based strengths, will broaden SEP's reach and value.

Another major program-specific challenge is measurement of program success. Over SEP's history, it has been relatively easy to present individual project and program successes ranging from no-till agriculture to reduced energy bills for schools to improved competitiveness of small manufacturers to integration of new residential energy technologies. However, the diversity of projects implemented under SEP makes it difficult to quantify results using common terms that are meaningful across all project

Sparkling Success

"I feel this [Strategic Plan] is an important first step in having federal and State energy officials better structure SEP to address the new opportunities of expanded technology development and the challenges of restructured energy markets, as we move into the 21st century. States are an integral part of the process of deploying programs, services, and technologies to the marketplace and consumers. SEP provides a flexible framework for the States to address their respective energy concerns and craft local solutions to respond to these needs."

Mr. F. William Valentino, President, New York State Energy Research and Development

Sparkling Success

Key Goals

Key Goals for

The wide range of activities that the States have carried out under SEP produces tangible benefits. SEP's three key goals take advantage of new opportunities in the changing market to expand these benefits. The strong connection between energy use, economic development, and environmental outcomes increases the value of energy efficiency and renewable energy use. The benefits created by expanded energy efficiency and renewable energy use surpass the measurable energy cost savings. At the local, State, and national level, increased energy efficiency and renewable energy use raises economic competitiveness, creates jobs, reduces industrial waste, avoids emissions, and promotes sustainable development. Increased energy efficiency and renewable energy use enhances national security by diversifying energy sources and providing a stabilizing element

in the trade balance.

SEP's key goals for 2010 cross all four energy sectors – buildings, transportation, industrial, and power technologies. States have been active in all these areas to effectively address the energy needs of their citizens, businesses, and communities. The following three key goals integrate this cross-sector applicability and generate significant benefits for the individual States as well as the nation as a whole.

Key Goal 1: Maximize energy, environmental, and economic (EEE) benefits through increased collaboration at the federal, State, and community level.

Key Goal 2: Increase market acceptance of energy efficiency and renewable energy technologies, practices, and products.

Key Goal 3: Use innovative approaches to reach market segments and meet policy goals not typically addressed by market-based solutions.

Sparkling Success

SEP Special Projects play an important role in enhancing the delivery of energy efficiency and renewable energy products and services. Through Special Projects, the States can work directly with the end-use sectors to deploy new technologies. Successful partnerships between State agencies, industrial, commercial, public, private, and other entities have been formed through SEP Special Projects. In many instances, Special Projects serve as the spark which encourages States to implement broader energy efficiency projects. Special Projects often develop data to demonstrate the viability of new technologies and train personnel in the application of new tools and techniques. Through four cycles of the SEP Special Projects, States leveraged \$33 million to supplement \$51.9 million of DOE funding for 520 projects. Special Projects will comprise an important component in States' strategies to achieve each of

Sparkling Success

Key Goal 1

Key Goal 1: Maximize energy, environmental, and economic (EEE) benefits through increased collaboration at the federal, State, and community level.

Opportunity

The State Energy Program recognizes the key role played by energy in environmental quality, economic development, and strong communities. While these elements are tightly linked in natural and economic systems, the government has approached these issues by segmenting them into separate organizations and bureaucracies in a way that obscures the connections. To be able to effectively use energy efficiency and renewable energy as an engine for environmental improvement and sustainable economic development, it is necessary to recognize and foster these linkages. SEP seeks to strengthen and expand these linkages through the creation of formal energy, environment, and economic (EEE) agreements. These agreements will provide a powerful vehicle for coordinating activities among State and federal agencies with shared interests. While the specifics of each State's formal agreements will vary according to State circumstances, the coordination and integration of EEE activities

Approach

At the federal level, DOE can develop a coordinated national policy and provide leadership for the States to establish formal EEE partnerships. DOE has already begun to increase collaboration with the Environmental Protection Agency. DOE can continue to build on this foundation and coordinate with other federal agencies, such as the Department of Housing and Urban Development, the Department of Transportation, and the Small Business Administration among others, to mobilize available informational and technical resources for the States. The States can bring together the partners and allies that will meet the individual needs and conditions of each State. The flexibility inherent in SEP enables the network to effectively develop unique EEE solutions to meet the needs of

Sparking Success

State Energy Offices and air quality offices are working with the Western Governors' Association (WGA) to make aggressive use of energy efficiency and renewable energy technologies, with a goal of generating 10% of the region's electricity from renewable sources by 2005, and 20% by 2015. WGA has created the Western Regional Air Partnership to identify and address regional air management issues and to implement strategies to improve visibility in the parks and wilderness areas of the West.

Sparking Success

Key Goal 1

Approach (cont.)

each State, and the nation as a whole.

Expanding collaboration among State and federal institutions responsible for energy, environment, growth, transportation, etc., is the first step for the EEE agreements. As a second step, the States, through SEP, can apply knowledge about the role of energy to help communities prosper. SEP can provide the necessary information, contacts, and experience to meet the evolving needs of the community. SEP can validate the results generated through integrated energy solutions and demonstrate how community challenges can be met using energy efficiency and renewable energy technologies in businesses, schools, municipal processes, homes, non-profit organizations, and other community entities. Through EEE partnerships, communities can participate in programs designed to foster sustainable growth.

Foundation

SEP has demonstrated success in bringing together organizations and agencies with many different strengths and points of view to create integrated solutions. In the industrial sector, for example, SEP has facilitated the development of eco-industrial parks which optimize the cycle of energy and waste streams among a variety of tenants. SEP has partnered with private businesses, environmental organizations, and transit officials to implement telecommuting programs. Building officials and superintendents have teamed with SEP to improve energy efficiency and boost living conditions in multi-family housing. The flexibility inherent in this approach to developing structured EEE agreements within States and communities will produce diverse and widespread benefits across the nation.

Sparking Success

States have demonstrated creativity in bringing together diverse stakeholders to participate in coordinated planning activities. With SEP funding, Maine brought together energy stakeholders from the State and federal government, energy industry, advocacy groups, and businesses in 1998, to develop a comprehensive energy resources plan for the State. This plan will guide the energy planning activities of the State Planning Office and provide direction on priority issues for SEP and related grant proposals. The California, Oregon, and Washington Energy Offices sponsored the development of PLACES3, a process that helps communities engage all stakeholders in evaluating the energy, environmental, and economic impacts of new development. PLACES3 has been used with great success in San Diego and

Sparking Success

Key Goal 2

Key Goal 2: Increase market acceptance of energy efficiency and renewable energy technologies, practices, and products.

Opportunity

Dramatic and unprecedented market changes are occurring as a result of multiple factors, including utility restructuring, diversification in electric power and fuel supplies, advances in energy efficiency technologies, globalization of the economy, and rapid expansion of information and communication capabilities. These changes offer a unique opportunity to SEP to expand market acceptance of energy efficiency and renewable energy technologies, practices, and products. The State Energy Program provides a strong framework for promoting market transformation on a widespread basis. This framework consists of an experienced, informed, and far-reaching network of energy officials that is already active in changing the market. Current SEP education, demonstration, and deployment activities contribute to increases in market acceptance of energy efficiency and renewable energy technologies, practices,

and products.

The market effects produced by SEP activities can be expanded significantly by refocusing activities to take advantage of the new opportunities brought about by utility restructuring, fuel supply diversification, and other developments. Utility restructuring and increasing competition in energy markets holds the promise of a robust, competitive energy service industry driven by emerging opportunities to increase value to customers. Already, signs of this industry are visible in the emergence of full-service retail service providers offering bundled energy and energy efficiency services, in the popularity of green power products, in the rapid improvement in energy management, renewable and energy efficiency technologies, and in the near-exponential growth in the number of companies offering creative metering, billing, and energy analysis service. SEP's market

Sparking Success

Nebraska's Dollar and Energy Saving Loan Program is transforming the energy market through the promotion of statewide energy efficiency upgrades, specifically offering low-cost financing at State financial institutions. These loans, at 5% interest rate or less, are available to residential, small business, commercial, non-profit, health care, industrial, agricultural, and government energy consumers. Many aspects of energy efficiency upgrades are covered, including telecommunications and alternate fuel projects, but all improvements financed with these loans must meet specific efficiency standards.

Sparking Success

Key Goal 2

Approach

SEP market transformation activities should focus on two areas:

- ✓ Reducing market barriers to energy efficiency and renewable energy, and
- ✓ Demonstrating the value of increased integration of energy efficiency and renewable energy.

This focus will expand upon activities already occurring through SEP and capitalize on the unique partnerships available through the SEP network.

Market barriers cause gaps in the market which hinder greater expansion. SEP activities can effectively address some of these barriers, including technology costs, information deficiencies, performance uncertainties, and access to financing. SEP has an established, effective delivery mechanism and can facilitate the deployment of new technologies. SEP has also developed financial incentives to encourage consumers to choose energy-efficient products, from appliances to building equipment to homes. In addition, SEP leads by example – SEP procurement practices promote government purchases of cost-effective, energy-efficient products.

While addressing relevant market barriers, SEP can stimulate greater market acceptance by clearly demonstrating the value of energy efficiency and renewable energy. SEP can influence general behavioral patterns (including cultural attitudes towards energy use and purchasing considerations) and stimulate demand by validating the benefits of these measures. Effectively communicating this message will create incentives to increase integration of energy efficiency and renewable

energy technologies, practices, and products. States can utilize a variety of communication channels (web sites, school curricula, informational materials, displays/exhibits, public demonstrations, etc.), to reach the range of market actors – from industry to the individual consumer. These efforts will strengthen the activities of manufacturers, retailers, utilities, builders, and other federal and State government programs (such as EnergyStar, building energy codes) to target specific purchasing decisions. The combined market effects will be measurable through multiple indicators, such as changes in consumer

Foundation

Through SEP, each State can continue to tailor its market transformation activities to build on the State's strengths and unique conditions. To expand the integration of energy efficiency measures in buildings, States might implement and enforce more ambitious energy codes for new buildings, enlisting the support of builders, realtors, and lenders, or States may focus on deploying a new energy efficiency technology specific to that State's climate. To increase renewable energy use, States may drive the integration of "green" power and alternative generation sources or focus on developing an alternative fuel infrastructure. States may develop financial incentives to encourage expansion, such as an energy-efficient mortgage program or an appliance rebate program. SEP activities provide a strong foundation for expanding market acceptance of energy efficiency and renewable energy. The market effects generated by each State's activities will

Key Goal 3

Key Goal 3: Use innovative approaches to reach market segments and meet policy goals not typically addressed by market-based solutions.

Opportunity

Through market transformation activities SEP can reduce market barriers and increase acceptance of energy efficiency and renewable energy. Yet, the market is imperfect and as the market changes and evolves, it often "misses" consumer segments. In many cases, the same dynamic changes that open opportunities for expansion, also result in these market failures. These segmented market failures can be addressed through targeted SEP activities, such as educating consumers, aiding communities in sustainable development, mitigating asset loss in natural disasters, and providing small businesses with technical assistance.

At the same time that the range of competitive energy service options is expanding for some customer segments, other customer groups run the risk of being left behind. Residential and small business customers, who individually offer lower profit

potential to the energy service industry, typically do not see the same options being offered. Traditional utility demand-side management programs which addressed this market segment (providing information about, and financial incentives to participate in, energy efficiency programs) are being phased out rapidly in many States, leaving market segments exposed.

Another challenge for SEP is the energy emergency situations, including natural disasters, that create special concerns for communities. In these situations, the foremost objective of a community is to restore the economy. SEP activities help to prepare for these events and to re-establish energy stability and economic activity in affected communities. Other areas States are challenged to address include a range of energy-related issues for which the free market offers inadequate solutions. The problems of sprawl, air pollution, and affordability of energy efficiency and

Sparking Success

New York developed the State's first three-year Integrated Program Plan, which integrates energy, economic, and environmental issues in policy development, planning, and the delivery of programs, to meet the needs of the full spectrum of New York's citizens in the changing energy landscape. The plan places priority on meeting the needs of under-served market segments, and overcoming market barriers to the adoption of energy efficiency and renewable energy technologies.

Sparking Success

Key Goal 3

Approach

To address these missed customer segments and unique challenges, SEP can provide targeted information to close the knowledge gap and empower these customers to act independently. With each of these challenges, the need for objective and complete information is immense. Experience shows that the needed information will not be provided effectively by the market alone. SEP can bring together the pertinent information, partners, and resources to develop integrated energy solutions. SEP activities to promote sustainable development offer preventative solutions for many of these problems. SEP can also develop financial incentives to level the playing field and enable under-served customers to access the same benefits as other market actors.

Foundation

Current SEP activities can be focused to address these issues on an expanded scale. States can disseminate information to small businesses, residential consumers, community service groups, and other market segments that are often overlooked or “missed” in conventional marketing and informational campaigns. This information may include strategies to minimize the impact of energy emergency situations, data on new energy efficiency and renewable energy technologies, guidance on accessing financial assistance for new technology purchases or retrofits, or opportunities to participate in sustainable development planning. States can also target demonstration projects and financial incentive programs to include a broader range of market actors, so that new technologies are more generally accessible. Through SEP, States can increase community participation in planning activities which influence growth patterns, emissions mandates, urban renewal, and other energy issues. States can also address energy emergency situations by setting procedures for mitigating asset loss and re-establishing

Sparking Success

After the Great Flood of 1993, the city of Valmeyer, Illinois, voted to rebuild on higher ground. The Illinois Energy Office created a special package of incentives for new homes to incorporate cutting-edge energy efficiency features. The Energy Office developed a list of energy efficiency and renewable energy measures, including insulation levels, high efficiency windows, and highly efficient HVAC systems, and offered \$1,700 grants to any homeowner who adopted the list. As a result, about 40% of the new homes in Valmeyer incorporated these features.

Sparking Success

Strategies

Common Strategies

States have a wealth of experience in identifying and developing effective strategies to accomplish energy efficiency and renewable energy goals, as shown by the successes that characterize SEP's first 20 years. In addition to the individual strategies developed by each State to achieve SEP's key goals, there are common, proven strategies that will be effective across all three goals:

- ✓ Expand Communication and Outreach
- ✓ Accelerate Technology Deployment

Expand Communication and Outreach

Implementing an effective communication and outreach strategy will be critical to achieving SEP's key goals. The States have long recognized that an aggressive outreach campaign is essential to increasing energy efficiency and renewable energy use. States can employ a communication/outreach strategy that builds upon existing activities and is tailored to address the range of market actors, from building managers to school officials to home owners. This strategy should encompass a four-part approach: long-term education; peer exchange;

marketing the message; and public awareness.

Long-Term Education: Current SEP activities address energy efficiency education for kindergarten through post-secondary students. A recent trend in education programs is providing students with an understanding of the incentives and benefits of integrating energy efficiency and renewable energy with environmental quality and economic issues. Long-term education emphasizing the strong link between energy, the environment, and the economy is a critical element in changing basic attitudes towards energy consumption. This education should begin at the earliest ages and be reinforced throughout the academic career. To succeed in educating students, States need to present a persistent and consistent message. Strengthening relationships with educators will improve this approach to long-term education.

Peer Exchange: With SEP funding, States function as "laboratories" to demonstrate and deploy new energy efficiency and renewable energy technologies, products, and practices. Promoting the exchange of experience and information among SEP colleagues increases the effective replication of successful projects and helps States to identify obstacles already encountered in

Sparking Success

Through SEP Special Projects, Iowa created workshops to educate the building community on energy code requirements and updates. The State also developed an effective and simplified way for builders to comply with the State's energy code, including Iowa-specific residential and commercial energy code toolkits, Iowa-specific checklists for code compliance, and a "how-to" manual on cost-effective, energy-efficient construction

Sparking Success

Strategies

Expand Communication and Outreach (cont.)

similar projects. Peer exchange activities, such as success stories, pilot project evaluations, networking at conferences, and regional collaboration on projects, improve SEP operations and increase opportunities for success.

Marketing the Message: To influence consumer purchasing decisions and behavioral patterns, SEP can disseminate straightforward, current information about the benefits and long-term value to consumers from investing in energy efficiency and renewable energy technologies, practices, and products, and from adopting energy codes. To influence a change in consumer preferences, States must identify how energy efficiency and renewable energy will help meet the specific needs of the consumers in that State. States can form partnerships with private sector entities (manufacturers, retailers, builders) to communicate the message that energy efficiency is cost-effective and produces significant benefits. Raising consumer awareness of these benefits will result in greater demand for energy-efficient products, "green" energy, stricter energy codes and standards, more efficient building designs, and improved industrial processes. Growth in demand will, in turn, stimulate increased supply and distribution.

Public Awareness: In addition to information on energy efficiency and renewable energy technologies, products, and practices, it is important to market SEP to potential partners and allies. The State Energy Program is not commonly recognized for its activities or the results produced by those activities. Promoting a greater awareness of SEP's goals and capabilities

Accelerate Technology Deployment

The integration of new technologies will play a key role in increasing energy efficiency and renewable energy use in every energy sector (buildings, transportation, industrial, power technologies). Widespread integration of advanced technologies is currently hindered by the frequent lag between development and deployment. The hesitancy to integrate new technologies is largely due to the lack of reliable information on the technologies available, limited capital to finance purchases and installations of new technologies, and lack of credible demonstration of the resulting benefits. SEP activities can address these obstacles and accelerate the adoption of advanced technologies.

SEP can be the bridge between public interest research and development and the market by implementing innovative technology deployment programs. SEP has an established network, effective delivery mechanism, and numerous partnerships which combine to form a powerful catalyst for deploying advanced technologies. SEP activities to accelerate the integration of advanced energy efficiency and renewable energy technologies may include working with the national laboratories to move technologies into the field, partnering with industry in the road mapping process, developing incentives to speed commercial integration, disseminating information on lessons learned from pilot projects, and identifying the most suitable applications of particular technologies. Demonstration of the successful adoption of new technologies will improve understanding of the benefits and use of energy efficiency and renewable energy technologies.

Strategies

Develop Partnerships and Access New Resources

Forming partnerships is a key strategy that is integral to many SEP activities. To expand current SEP activities and develop new projects, many new partnerships will be necessary. SEP can leverage its experience and current resources and actively pursue new partners in private industry, utilities, local community organizations, environmental groups, and others. States can also form regional partnerships to address energy and environmental issues that cross State lines. SEP can provide a foundation for jointly delivering services of other programs as well. SEP has provided "seed money" for many larger initiatives at the State and community level. Preliminary findings by the National Association of State Energy Officials demonstrate the impressive effect of SEP "seed money." States reported that in 1998, they used \$2 million in federal funds for energy efficiency schools programs, which leveraged \$66.8 million in State funds, and

\$264.9 million in private-sector funds.

Appropriate resources are also key to expanding current activities to pursue program goals. SEP can foster innovative partnerships that leverage financing for energy efficiency improvements and new technologies. One SEP-funded activity with the Utah State Energy Office provided technical and procurement assistance to the University of Utah, which resulted in a \$31 million performance contract for campus energy improvements. The utility restructuring activities occurring in some States may provide new funding sources for SEP through the creation of public benefits funds. Several States have implemented successful revolving loan programs. New partners may provide start-up funds to create loan programs which would finance expanded SEP activities. In addition, financial incentives created at the State level, such as tax breaks, may be effective mechanisms for integrating advanced technologies and stimulating consumer demand for energy-efficient products. SEP may also focus activities to increase the use

Sparking Success

Tourism is an integral component of Guam's economy, providing a valuable source of revenue and employment. However, the tourism industry is also a significant energy consumer and waste producer. The Guam Energy Office recognized the potential for substantial energy savings in this sector and partnered with members of the Guam Hotel and Restaurant Association to implement a Commercial Lighting Pilot Project with SEP funding. The project demonstrated the energy and economic benefits resulting from lighting retrofits. These favorable results encouraged one multi-national hotel partner to undertake a complete, self-

Sparking Success

Conclusion

The State Energy Program envisions the nation's future as characterized by a robust economy, clean environment, healthy citizens, sustainable development, enhanced energy security, and stronger communities. This Strategic Plan for the 21st Century provides a focus for SEP activities between now and 2010 that will lead to that future. The wealth of experience and ability that States have gathered during SEP's first 20 years provides a rich foundation for achieving the three key goals and fulfilling our vision. With a focused plan for the future, SEP will build on a strong foundation of established success.

- ✓ The flexibility inherent in the program empowers States to tailor energy efficiency and renewable energy programs to meet local conditions while achieving national goals.
- ✓ The SEP network encompasses a broad and expanding range of partnerships and often provides a link between government and private activities.
- ✓ The leveraging power of the program produces significant results from modest amounts of seed money.
- ✓ Through SEP, the States serve as a bridge between public interest research and development and market acceptance of the newly developed technologies.
- ✓ SEP fosters cost-effective energy solutions that result in reduced energy costs for consumers, small businesses, and government.
- ✓ SEP implements projects crossing all the energy technology sectors: buildings, transportation, industrial, and power technologies. The broad reach of the program produces energy and cost savings at every level of the economy.
- ✓ The benefits produced by SEP activities extend beyond the energy sector and enhance the economy and environment. These benefits accrue to communities, States, and the nation as a whole.

Acknowledgments

This committee is comprised of representatives from State Energy Offices, the National Association of State Energy Officials, the National Renewable Energy Laboratory, and the U.S. Department of Energy, with support provided by DOE staff and contractors.

SEP 21st Century Strategic Planning Committee

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