



Testimony
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The Rocky Mountain Climate Organization
Before the House Transportation and Energy Committee
March 19, 2009
Senate Bill 09-051
Concerning Measures to Facilitate the Financing of Energy-Efficient Structures

On behalf of the Rocky Mountain Climate Organization (RMCO), I am testifying in support of provisions of Senate Bill 09-051, as it is consistent with the November 2007 recommendations of the blue-ribbon Climate Action Panel (CAP) that RMCO convened to recommend ways to reduce our state's contributions and vulnerabilities to climate change. Governor Ritter has adopted as state policy the emission-reduction goals recommended by the Climate Action Panel. RMCO now supports actions to reach those goals, including both the action items in Governor Ritter's Colorado Climate Action Plan and the other actions recommended by the CAP.

First, though, some background on RMCO and our Climate Action Panel. RMCO is a mainstream coalition with 42 partner organizations, including 15 local governments, Colorado's largest water provider, 13 businesses, and 13 nonprofit organizations. We work to keep the West a special place by reducing climate disruption and its effects here.

RMCO convened the Climate Action Panel to recommend actions to reduce Colorado's contribution and vulnerability to climate change. Patterned after projects to develop climate action agendas in other states, including many in the West, the Climate Action Panel was the first in the nation to be convened by a non-profit organization. We designated as Project Directors Mayors John Hickenlooper of Denver, Doug Hutchinson of Fort Collins, and Steve Burkholder of Lakewood; Summit County Commissioner Tom Long; Matt Baker of Environment Colorado; former Senator Gary Hart, now at the University of Colorado-Denver; Gail Klapper of the Colorado Forum; Pat Vincent of Xcel Energy; and Al Yates, the former president of Colorado State University. The Project Directors then appointed 34 leaders from the state's public, private, and non-profit sectors to serve on the Climate Action Panel. Additional experts and representatives of various sectors in the state assisted the panel by participating in six Policy Work Groups that developed draft recommendations for the consideration of the full panel. Altogether, considering members and alternates of the panel and the Policy Work Groups, 116 Coloradans worked for a year to develop the panel's recommendations.

The CAP recommended 70 actions to be taken in Colorado, consisting of 55 recommendations to reduce heat-trapping greenhouse gases-- two of which are relevant to SB 09-051-- and 15 recommendations to prepare the state for the changes that may be coming. The year-long process built a strong consensus, with 61 of the 70 recommendations agreed to unanimously, with seven others agreed to by super-majority votes (with five or fewer dissents). The Panel's full report is available at www.coloradoclimate.org.

The centerpieces of the CAP recommendations and the official Colorado Climate Action Plan that Governor Ritter announced right after the panel's report are identical. As recommended by our panel,

Governor Ritter adopted as state policy the goals of reducing Colorado's emissions of greenhouse gases 20% by 2020 and 80% by 2050, compared to 2005 levels. Achieving the 2020 goal will require a 37% reduction in the emissions that are forecast to otherwise occur that year under laws and practices in effect in September 2007.

To continue the consensus-building success of the CAP, RMCO is now in the second stage of the Colorado Climate Project, in which we are continuing to work with diverse organizations and interests to flesh out details for implementation of the CAP recommendations, to build broad public support for those recommendations and for the Governor's Climate Action Plan, and to get them adopted.

In order to meet the statewide emission reduction targets, adoption of policies to reduce emissions of heat-trapping gases that result from energy consumption in residential and commercial buildings and industrial processes must play a key role. An inventory and forecast of greenhouse gas emissions that was performed for the state government, and that informed the CAP proceedings, showed that in 2005 about 55% of total emissions came from the residential, commercial, and industrial sector. By 2020, this sector's emissions are projected to rise 35% under business-as-usual practices.

Recognizing the importance of improving energy efficiency in residential and commercial buildings and industrial processes as a way to reduce emissions, the CAP adopted eleven recommendations that together would reduce the state's greenhouse gas emissions by about 15 million metric tons of carbon dioxide by 2020, which is about 28% of the reductions needed to meet the overall 2020 goal of a 20% reduction in heat-trapping emissions compared to 2005 levels. Most of those measures focus on programs to reduce energy demand, such as customer incentives, building codes and beyond code building design, low interest loans, and "smart meters" that enable customers to monitor their real-time energy consumption and to make choices about the most cost-effective ways to reduce their energy demand. Other measures include renewable energy systems installed at the point of use, combined heat and power systems, and technical assistance for businesses to voluntarily institute a range of energy efficiency and waste management measures.

In addition to calculating the greenhouse gas emissions reductions associated with each of the CAP recommendations, the technical consultants also analyzed their cost-effectiveness. Consistent with findings by other energy efficiency experts, these analyses showed that investments in energy efficiency are among the most cost-efficient efforts consumers can make, often saving them money in energy expenditures over time. Many of these energy efficiency recommendations also offer a comparatively quick means to achieve emission reductions.

The Governor's Climate Action Plan also includes energy efficiency measures, including lighting performance, expanded utility demand side management programs, industrial efficiency programs, greening-of-government measures, and updated building codes. Implementation of these measures is expected to achieve half of the total emission reductions from the utility sector, which the Governor is calling upon to reduce its emissions 20% by 2020, including rural electric cooperatives and municipal utilities as well as investor-owned utilities.

We are testifying in support of SB 09-051 because its provisions for loans for clean energy improvements to commercial, industrial, and government-owned properties is linked to two CAP recommendations. The CAP recommendation numbered RCI-6 calls for a revolving loan fund for energy efficiency retrofits for existing commercial and industrial buildings, sufficient to achieve by 2017 retrofits in 5% of existing buildings in those categories, with each achieving within five years a 25% reduction in current energy use. If achieved, those retrofits would reduce carbon dioxide emissions by about 1.8 million metric tons annually by 2020, at a total net cost savings of about \$334 million to consumers from 2008 through 2020.

CAP recommendation RCI-2 calls for a no-interest revolving loan fund for energy efficiency improvements to local government and state-owned properties, including schools, at a level sufficient to achieve a 20% reduction in energy used by all such existing buildings. The goal is to reach half of state and local buildings by 2015, and energy savings would finance repayment of the loans. If achieved, this program would reduce carbon dioxide emissions by about 0.5 million metric tons annually by 2020, at an overall net cost savings of about \$67 million from 2008 through 2020. Both of these recommendations were adopted unanimously by the CAP.

Passage of SB 09-051 could partially achieve these two CAP recommendations by:

- raising the cap on Clean Energy Development Authority loans from \$30 million to \$40 million during fiscal years 2008-09, 2009-10, and 2010-11;
- making banks and mortgage lenders eligible to make the loans;
- making owners of apartment buildings and commercial properties eligible for the loans;
- authorizing loans for larger-scale commercial and industrial installations of solar electric generation facilities, including those installed by an independent third party rather than the property owner.

In addition these loan programs would help make progress towards the overall goal of a 20% reduction in emissions of heat-trapping gases by 2020, and 80% by 2050, both compared to 2005 levels, as called for by the Governor's plan and the CAP recommendations..

We ask for your support of SB 09-051 and thank you for the opportunity to offer our testimony.