CREATING JOBS & SAVINGS WITH ENERGY EFFICIENCY

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EXECUTIVE SUMMARY

Virginians pay the 8th highest electricity bills nationwide, with families living in poverty using a disproportionately high 21% of their income for energy, on average.[1,2,3] But much of the energy Virginians pay for is wasted.[4] Energy efficiency—achieving the same output with less energy—has been proven to lower energy bills and reduce energy-related pollution.[5] Making efficiency the bedrock component of Virginia's energy policy will reduce carbon pollution and household costs while creating local, good paying jobs.[6] Virginia can substantially benefit from ambitious energy efficiency policies such as the electrification of appliances, local autonomy over building codes, and stronger energy efficiency targets for utilities.

CHALLENGE

Though energy efficiency is a smart investment, longstanding barriers block its full implementation in Virginia. While Virginia has passed significant energy efficiency legislation in the past, the Commonwealth's chronically high electricity bills and energy burden - the percentage of gross household income spent on energy costs - show Virginia still has untapped energy efficiency potential.[7,8,9] This is also an environmental justice concern, as high energy costs disproportionately impact low-income, Black, and Latinx families.[10,11,12]

Numerous barriers are keeping the benefits of energy efficiency out of the hands of Virginians. The upfront costs of energy efficiency retrofits deter low-to-moderate income households, which stand to benefit the most from savings. Lack of information also impedes the widespread uptake of such retrofits. Though renters may want to be more energy efficient to reduce costs, they are restricted by what their building owners are willing to do. Business owners can also be limited by upfront costs and lack of information.

While it's easier to make a building more efficient during its initial construction, builders lower their construction costs by excluding energy efficiency measures - locking Virginians into 50 to 100 years of higher energy costs. Existing buildings can increase efficiency by replacing fossil fuel-powered appliances, such as heating systems, with more efficient electric versions.[13] Unfortunately, current policies restrict some opportunities for this beneficial electrification. Furthermore, utility monopolies' regulations incentivize maintaining higher energy demand over energy efficiency. Virginians need ambitious state level policy to unlock the benefits of energy efficiency in the Commonwealth.

SOLUTION

Virginia can lower energy costs, reduce pollution, and spur job growth by implementing aggressive energy efficiency policies.

Cost-effective efficiency upgrades can save the average Virginia household $729 a year on utility bills.[14] Businesses also benefit from energy efficiency, as the average commercial building wastes 30% of its energy.[15] Energy efficiency is also a powerful climate action tool. Tapping the full U.S. energy efficiency potential could cut national carbon emissions 50% by 2050.[16] Lastly, energy efficiency generates the highest number of jobs in Virginia's energy sector. In 2021, the efficiency industry sustained over 73,000 jobs, compared to less than 28,000 from power generation and the fuel industry combined.[17]

A suite of complementary policies can expand these benefits in Virginia. Implementing more efficient building codes for new and renovated buildings and electrifying fossil fuel-powered appliances can further reduce energy costs and pollution.[18] Stronger efficiency targets also help electric utility monopolies deploy broader efficiency measures and programs, avoiding costly new generation.[19]

Local governments should also be empowered to advance energy efficiency. Localities need to be granted authority to (a) require building owners to "benchmark" their buildings' energy intensity so potential tenants know energy costs in advance, incentivizing owners to make efficiency upgrades, and (b) adopt "stretch codes" with stronger efficiency and climate standards for buildings in their jurisdictions. Lastly, it is critical to protect localities from preemption legislation that revokes their existing authority to electrify new building construction and make the best, safest choice for their communities.

POLICY RECOMMENDATIONS

Extend and strengthen the Energy Efficiency Resource Standard beyond 2025, including energy savings targets for low-income customers.

Allow electric utilities to electrify appliances when it is more efficient than continued reliance on fossil-fuel powered appliances.

Protect localities' existing authority to meet health and safety goals through ordinances for electric-only new construction; allow localities to 1) adopt codes with stronger energy efficiency and climate standards, and 2) require building owners to publicize buildings' energy intensity.

Establish minimum appliance efficiency requirements to exceed federal standards.

Maintain Virginia's participation in the Regional Greenhouse Gas Initiative, including the 50% revenue allocation to low-income energy efficiency programs.