

## **SESSION 10B**

### **DOES GLOBAL WARMING CONFLICT WITH COST EFFECTIVENESS?**

*Moderator: Jim Mapp, Dark Energy Associates*

#### **PANELISTS:**

Nick Hall, TecMarket Works  
Lori Megdal, Megdal & Associates  
H. Gil Peach, Scan America  
Elizabeth Titus, NEEP

#### **PANEL SUMMARY:**

This panel will focus on apparent conflicts between efforts to combat global warming and the requirement to limit funding of energy efficiency measures to reduce Green House Gas Emissions to only those that meet various cost effectiveness tests. The panel will present historic background on cost effectiveness tests, weaknesses in current application of these tests and the range of conflicts with efforts to limit global warming. The panel will present alternative approaches to current cost effectiveness tests that can be used within the limitations imposed by current statutes, legislative rules, regulatory requirements and economic theory. The panel will also present alternative methods for the selection of acceptable energy efficiency program measures.

The panel will begin with a brief review of current cost effectiveness tests and their limitation. The review will include a discussion of the components including discount rates, measure lifetimes, cost and savings estimates and estimates of appropriate utility rates. There will be some discussion of uncertainty associated with each component and errors associated with cost effectiveness associated with these uncertainties. There will be a discussion of why these tests are used and how they limit the range of measures that can be implemented. There will be a discussion of the seriousness of global warming and the current level of efforts to combat the emission of greenhouse gasses. There will be a discussion of how much more needs to be done and how fast measures need to be implemented. The long residence time of various GHG and a slow rate of implementation imply that the adverse effects not implementing a GHG limiting strategy will increase the buildup of GHG in the atmosphere and increase the long range effects of global warming.

The panel will present alternatives to current techniques for the determination of measure lifetime, discount rates, utility rate estimates and other variations on current cost effectiveness tests within current program frameworks. Then there will be a discussion of alternative tests such as the use of simplified criteria in terms of dollars per Net Btu annual savings. Recent discussions have suggested the use of a negative discount rate to more fully reflect the effects of programs on future generations such as the adverse effects of global warming on future climate change. There will be a discussion of the use of Direct Install programs such as in the DOE Low Income Weatherization Program, regional greenhouse gas initiative programs such as in the Northeast under NEEP, and mandated programs at the level of the Local and Federal Government. Finally there will be a discussion of the possibility of mandatory programs such as energy use targets or Command and Control.