

Contents

1 Introduction 1

- Energy and Electric Utilities 3
- Findings 4

2 Policy Issues and Options 9

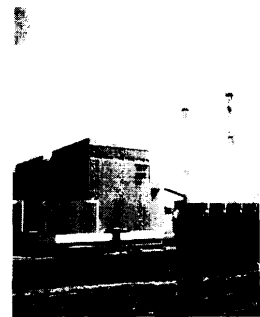
- Strategies for Energy Efficiency 12
- Integrated Resource Planning 13
- Demand-Side Management 16
- U.S. Department of Energy Programs 16
- Utility Rate Reforms 17
- Federal Regulation of Power Transactions 18
- Leading by Example: The Federal Government as Energy Consumer 19
- Supporting Energy-Efficient Technologies 22
- Increasing Utility Resource Options 23
- Leveling the Playing Field in Resource Planning 24

3 Electric Utility Industry Structure, Regulation, and Operations 27

- Electric Utilities in the U.S. Economy 27
- Electric Power Regulation 34
- Overview of Electric Utility Systems and Operations 48

4 Using Electricity More Efficiently: Demand-Side Opportunities 63

- How Much Electricity Can Be Saved? 63
- Energy-Efficiency Opportunities for Residential Customers 67
- Energy Efficiency Opportunities in the Commercial Sector 79
- Energy Efficiency Opportunities in the Industrial Sector 88



5 Utility Energy Efficiency Programs and Experience 99

Scope of Utility Energy Efficiency Programs 99

Influencing Customer Behavior 100

Measuring Energy Savings and
Evaluating Effectiveness 105

Mixed Results from Utility Energy
Efficiency Programs 110

Incorporating Energy Efficiency Into Utility
Operations: The Role of IRP 114

6 State Energy Efficiency Initiatives 117

Planning for Future Electricity Needs 117

IRP Requirements 122

State Incentives for Utility DSM Investments 129

Energy Efficiency Research and Development Programs 140

7 Federal Programs 143

The Federal Government and Energy Efficiency 143

U.S. Department of Energy Programs 144

Federal Power Systems 171

Rural Electrification Administration 188

Federal Energy Regulatory Commission 189

Encouraging Voluntary Efforts 190