Chapter VII

STATES AND LOCALITIES

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TABLES

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The problems of federalism have a special bearing on residential energy conservation. States are the vehicles used to implement many of the federally defined programs aimed at reducing residential energy consumption, and States are the mechanism through which localities receive Federal dollars for many efforts. But the wide differences among States in attitudes, resources, climate, geography, population, size, governmental organization, and history combine to remind the policy maker of the diversity of the American political fabric. Policies that fail to recognize these differences face difficulty from the beginning.

It is not possible to examine a "representative sample" of States, but some information can be gleaned from viewing the States in the aggregate and a few States more carefully. This chapter reflects a close look at 10 States, with some information about all *50.* Although conservation programs have been in place only a short time, it is possible to make some clear statements about areas of difficulty and areas of promise.

All States, plus the trust territories, have submitted plans for Federal approval under the Energy Policy and Conservation Act (EPCA) and the Energy Conservation and Production Act (ECPA). The eight mandatory areas defined in these laws form the core of State activities. Some States have launched broad and imaginative programs and seem to have achieved success. In these States, such as Minnesota, Iowa, and California, State agencies, localities, interest groups, and others have joined to produce innovative and fruitful responses to the problem. On the other hand, many States have done very little.

Most States have simply responded to the Federal initiative and available Federal funding for the mandatory programs. Thus, the Federal Government tends to define State and local solutions. As the energy problems have been defined as a national problem and Congress has indicated that national policies will be forthcoming (and indeed are in effect), most States have been hesitant to initiate policy independently. Many States feel that the programs initiated and the organizations set in place, while responsive to the Federal view, are inappropriate to the particular State. Most States have substantial problems in program integration, technical assistance, and funding. Too few persons are trained to deal with the varied and overlapping aspects of energy conservation, and State agencies need more technical help than they are receiving. The usual problems—the pacing of Federal programs, uncertainties about guidelines and regulations, communications problems, late release of Federal funds, and changing players in national and regional Department of Energy (DOE) off ices — add to the confusion.

Beyond these complaints, which characterize the early stages of many Federal efforts, are problems relating to the States' energy viewpoint. States with substantial energy resources are less concerned with conservation than with obtaining a "fair shake" in the solution of the problems. States with large resources of fossil fuels place conservation in a secondary role compared to production issues. Legislative attention in these States tends to be directed toward resource extraction and development.

Of particular difficulty to the States has been the need to measure the energy savings the 'approved State plan" will produce. This problem is well stated by one of the leading State energy agency directors, John Millhone of Minnesota:

> **The requirement that the State plan save at least 5 percent of the 1980 energy consumption presumed a statistical sophistication that doesn't exist. Most rudimentary State energy data systems have an error of plus or minus 5 percent or more. The Act provided that part of**

a State's grant would be based upon its purported energy saving, stimulating exaggeration when accuracy about the real energy savings is sorely needed. The emphasis was placed on Btu savings alone, penalizing States that sought conversion from precious to more abundant fuels — natural gas to coal, for example—when conversions meant more Btu would be used. [1]

Another problem with the 5-percent goal relates to the funding level. The State energy conservation program required energy savings equivalent to about 800 million barrels of oil by *1980,* and provided only $150 million in funding authority. This meant that the Federal Government was trying to buy a barrel of oil through the program for 10 cents. [2]

A review of the findings from the 10-State study sample reveals a number of useful findings. More specific information appears in tables 63, 64, and 65.

EPCA/ECPA: LEGISLATIVE FOUNDATION

The Energy Policy and Conservation Act (Public Law 94-163) and the Energy Conservation and Production Act (Public Law 94-385) provide the foundation for Federal energy conservation policy. (The former Federal Energy Administration (FEA) weatherization program has been brought under these Acts.) These acts authorize funding to States that develop approved State energy conservation plans (SECP). The plans must address eight mandatory areas:

- mandatory lighting efficiency standards;
- programs promoting vanpools and public transportation;
- mandatory standards on energy efficiency that govern State and local procurement practices;
- mandatory thermal efficiency standards and insulation requirements;
- laws permitting a right-turn-on-red;
- public education;
- intergovernmental coordination in energy matters; and
- energy audits for buildings and industrial plants.

A State may propose other activities to receive Federal funding. The proposed programs must cumulatively achieve a 5-percent reduction in energy demand by 1980.

Every State, plus the trust territories, has submitted plans for Federal approval. Each State plan outlines many programs, but relatively few program elements have been started Some programs rely on State legislative action. In most cases the legislatures have not passed legislation specified in the plans. Most of the Federal funds for programs, moreover, were not dispersed until January 1, 1978. Planning activity predominated prior to that date

Seven major conclusions emerge from examination of these States. They include organizational or administrative difficulties as a result of funding characteristics, the emergence of new agencies in fields previously dominated by existing organizations, and problems in providing qualified technical expertise. None of these is trivial in the development of successful conservation programs.

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[1] John Millhone, *Analysis of* Energy *Conservation Programs,* paper prepared for the annual meeting of the American Association for the Advancement of Science, February 1978

[2] Ibid Much of the information in this chapter is based on *State Residential Energy* Conservation: *Attitudes, Policies and* Programs, prepared for Office of Technology Assessment by Booz, Allen & Hamilton, May 1978

Table 63. -- Residential Energy Conservation Legislation, 1974.77

State	Building standards	Materials standards	Appliance efficiency standards	Insulation programs	Tax incentives	Utility rate reform	Solar
California	Establishment of regulations for the insulation of attic spaces (1975) Adoption of res. and nonres. building stds. by ERCDC Adoption of energy efficiency rating systems for residences	Prohibition of sale of insulation materials not meeting ERCDC standards	Mandates compliance of appliances with state-determined regulations	Directive to PUC to permit utility sponsored insulation and financing program	Tax credits for weatherization (1976)	PUC directive to investigate life-line rates (1974) Bill requiring lifeline volume and quantity where res. master meter	Standards for energy equipment by 7/1/77 (1975) Income tax deduction for solar installation State funded solar loan program
Georgia	Development of statewide thermal efficiency stds. (passed 1977) Adoption of thermal efficiency stds. (pending)	None	None	Loans for weatherization and conservation improvements by financial inst's. at low interest rates (pending) Financing of conservation improvements by utilities (pending)	Directive to 3 state agencies to develop a tax incentive to encourage energy conservation & use of alternate energy sources (pending)	None	Local property tax exemptions for solar installations (1975) Sales tax exemption for solar equipment (1975)
Illinois	None	None	None	None	None	None	Property tax incentive for solar heating & cooling devices (1975)
Iowa	Establishment of Iowa building code (1975) Maximum energy use in res., comm., & public buildings Bill to set energy efficiency stds. in new buildings (pending)	None	None	None	Limited property tax exemption for property used to convert solar energy, wind, or water (1975)	None	Property tax exemption for solar heating & cooling systems (1975)
Louisiana	Provide for establishment of bldg. code council & state building code (1975) Bill to set statewide building performance standards (pending)	None	None	None	Provides for a rebate on sales & use taxes for home insulation & other improvements (1975) Exempts residential and commercial buildings from advalorem taxes on conservation improvements (1975) Income tax credits for expenses incurred in installing res. energy saving devices (1975)	None	Income tax credit for solar heating and cooling systems (1975)

Table 63.— Residential Energy Conservation Legislation, 1974-77—continued

State	Building standards	Materials standards	Appliance efficiency standards	Insulation programs	Tax incentives	Utility rate reform	Solar
Maine	Creation of a commission to prepare minimum energy efficiency bldg. performance standards (1977)	None	None	Provision of funds or a winterization program for low-income elderly 1977)	None	Directive to PUC to amend its rates & programs to encourage energy conservation 1977)	None
Montana	None	None	None	None	Income tax credit for installation of a non-fossil fuel energy system (1977)	None	None
Pennsylvania	Authority to regulate construction of all bldgs, to ensure energy conservation (pending)	None	Requires listing of energy consumption information and average operating cost of appliances before sale (1975)	None	None	None	Sales & use tax exemptions for solar materials & installation costs (1975) Real estate tax exemptions for solar systems (1975)
Tennessee (Incomplete)	Provide for more efficient utilization of energy in buildings (1976)	None	Requires disclosure of energy consumption & efficiency info. of appliances (1975)	Authorization for utilities to advertise & promote res. insulation & to install insulation 1976)	Exemption of energy savings appliances from sales and use tax	Regulation of utility rates for res. users to provide a certain quantity at low rates to discourage waste (1976)	Property tax exemption for solar systems (1976)
Utah	None	None	None	None	None	None	None

SOURCE: Booz, Allen & Hamilton, *State Residential Energy Codes: Policies and Programs*, prepared for Office of Technology Assessment, May 1978

Table 64.— Residential Energy Conservation Programs'

State	Standards	Conservation program	Utility programs	Education	Other
California	Assistance in enforcing bldg. code stds. New passive bldg. stds.	Retrofit ceiling insulation	Substation feeder voltage reduction Rate design research	Primary and secondary education	Gas furnace pilot light: turnoff and relight Program planning/ coordination/ evaluation/monitoring
Georgia	Thermal efficiency stds.	Weatherization Homeowners and builders energy conservation service	None	Energy info. and education	None
Illinois	Thermal and lighting stds.	Homeowners extention (e.g., audits)	Conservation investments Education and info. concerning utility program such as load management	Conservation information	Solar domestic hot water demo.
Iowa	Thermal stds. new/ renovated bldgs. Appliance efficiency stds. Thermal efficiency stds. for sale of existing residences	Loans to low-income households for insulation Weatherization Residential self-audits	Utility loans for insulation Rate research (seasonal and T.O.D. rates)	State-funded R&D (solar/wind, home energy conservation, public education) New rates for natural gas hook-ups	Ban open pilot lights on new gas appliances Tax incentives Promotion of energy-efficient bldg. materials/process/ equipment
Louisiana	Thermal and lighting stds.	None	None	Education on energy conservation Overall energy education and public awareness	Master-metering prohibition (promotion of legislation)
Maine	Thermal stds.	Bldg. audits	Electric utility load management	Energy education	None
Montana	State bldg. code and thermal efficiency stds.	Weatherization Conservation loan programs	None	Energy education	Renewable energy tax credit
Pennsylvania	Thermal efficiency stds.	Project Conserve Weatherization Rural energy conservation (for Northern counties)	None	Energy curriculum (grades 6-9)	Encourage PUC to prohibit master-metering
Tennessee	Thermal efficiency stds.	TVA home insulation project Project Conserve Mobile home energy conservation project	None	Info. and education project	Infrared photography Insulation project
Utah	Thermal efficiency stds.[b]	None	None	Public information program	None

[a] Only programs listed in the DOE Energy Savings Report State Programs office are reported here Dec 14 1977

[b] Program is included in State Energy Conservation Plan but not in DOE Energy Savings Report

Table 65 –State Issues in Residential Energy Conservation

State	Conservation as an issue (Residential	Energy producer vs. importer	Intergovernmental interaction (& local interaction	Policymakfng responsibility in State gov't	Attitude toward Federal program<	Role & relationship of utilities	Programs and dependence on Federal
California	Conservation is of primary concern to Calif. as an energy issue - CPUC & ERCDC have stated a policy that conservation is the equiv. of an alternative source of supply of energy - Very concerned about finders-keepers issue & natural gas	Energy importer — Heavily dependent on natural gas — Dependent on supplemental gas both foreign & domestic	There appears to be extensive cooperation among the actors in California although CPUC & ERCDC appear critical of one other's actions All agencies appear committed to the same goal of achieving max. conservation & work together toward this goal	Lack of comprehensive energy policy has slowed conservation efforts Seems that the energy commission & legislature play the key role! in formation of energy policy — very strong energy commission	Strong belief among all actors that the Federal Government has not been the impetus for Calif. 's aggressive conservation efforts The State wants the Fed's not to preempt Lack of understanding by Feds of State problems —lack of cooperation with States on Important Issues In pursuing conservation Feds. can play a role in setting materials	Utilities play a key role in fostering residential conservation PUC extremely active in pushing utilities into conservation activities utilities find the PUC's strong stance to be burdensome at times PUC has given utilities incentives to undertake conservation program by basing rate relief in part on conserv. efforts	There is very little dependence on th Feds. for program support or direction; Calif. devise & operates must programs by itsel thru leg. & ERCDC
Georgia	Energy conservation does not seem to be a major issue. Has been given relatively little attention	Georgia is a very strong energy importer; it imports 97% of its energy. However Historically low energy prices & a mild climate make it difficult to convince the public that conservation is necessary	There is relatively little interaction among the SEO, PSC, and LEG. PSC focuses on rate structure and the legislature considers energy to be of minor Importance. Energy is left, for the most part, [o the SEO The GMA (Ga. Municipal Association is an extremely powerful body in Ga. & GPC is working w/govt. at the local level to implement conservation programs	The Ga. SEO (Office c Energy Resources) we created by executive order & maintains a close relationship w/ the governor Policy is formulated in the Governor s office w/ strong dependence on the OER	There exists a positive attitude w/in Ga. govt. toward Fed, intervention in State programs. The OER expressed the view that the Fed's are flexible w/respect to their program requirements, even the' they may not address the most crucial energy issues Some of the satisfaction w/Fed. programs may come from the fact that many current Fed. policymakers formerly made Ga.'s State policy	Utilities in Ga. (esp. GPC) are tak ing an active role in encouraging residential conser vation throughout the State. They ar recieving little motivation from the PSC, however. -PSC role is hindered by fact tha commissioners are elected -Utilities & PSC are more concerned w/rate reform -PSC believes utilities are already under too much financial pressure & forcing them to undertake additional programs would be unwise	OER's annual conservation budget ($1.5 million annually) is entirely federally funded The State has not implemented many, if any, additional programs Ga. has a "wait & see" attitude concerning Fed. leg. before implementing a State policy
Illinois	Coal conversion & exploration, nuclear waste management & disposal are most important: conservation a secondary issue	None	None	Division of Energy ICC in lead (according to the ICC and Governor's Office of Manpower & Human Development)	tate legislature is awaiting Fed. action. State funding sources tied to Fed.	Vone	Infrared flyovers Community development awards Energy efficiency index for buildings
Iowa	Conservation considered an imporant issue by government Other major issues are: nuclear facility siting Natural gas availability & curtailment Utility pricing policies Coal availability and usage	Imports 80-90% of s energy	All agree that intergovernmental relationships are cooperative	All agencies see the Energy Policy Council & the Iowa Commerce Commisslon as major actors Secondarily. State geological survey & council on environmental quality	Almost all saw Feds. as not playing important role in State's policy. Fiercely ndependent	Relationship of utilities seen as good. They're experimenting with alternative pricing structures (time of day), provide insulation at 9%, do thermography & looking into master metering prohibition	Utility thermography Rate structures Bottle bill Coal usage study

Table 65.—State Issues in Residential Energy Conservation—continued

State	Conservation as an issue (residential)	Energy producer vs. importer	Intergovernmental interaction (& local interaction)	Policymaking responsibility in State Gov't	Attitude toward Federal programs	Role & relationship of utilities	Programs and dependence on Federal
Louisiana	Conservation is NOT an issue of major concern to La.; the governor & legislature are much more concerned with production Of primary concern to La. is the deregulation of gas Most conservation efforts have been directed toward the industrial & governmental sectors since it is believed that more energy con be saved in this area than in all other sectors combined	Louisiana is an energy producer; La. produces ⅓ of all gas & oil produced in the contig ous U.S.	Most interactions between State agencies take place on an informal basis. The PSC is more concerned w/regulation than with promotion of conservation Local autonomy in La. parishes is very strong & makes it more difficult to implement State programs at the local level (e.g. Statewide building code)	Much energy policy-making responsibility is a result of interaction between the legislature & Governor	Strong negative feelings toward Fed. intervention exist within La.; Carter's energy plan focuses on the conservation energy, rather than on production; La. believes that the Fed. Government should keep producing States in mind when formulating policy	Utilities in La. are being forced to encourage energy conservation as a means of compensating for the fact that they are obtaining almost no rate relief from the PSC Utilities in La. are being forced to switch to coal from oil & gas. Utilities are undertaking conservation as a short-run measure to delay the addition of new capacity	Before Federal funds were available, La. operated several state programs that were State-funded. La.'s conservation efforts are currently dictated entirely by the Fed. funds available. If Fed. funds were cut, La. would cut its programs & probably initiate a smaller State-funded conservation program
Maine	Conservation is primary energy issue Facility siting also big issue as is small dam project & Dickey/Lincoln hydro facility Utility rates are a big political issue	Imports much of energy 75% dependent on oil Other 25% split between nuclear & hydro	Complicated; i.e., PUC & utility = hostile (utility says "amiable") PUC/leg. very good Gov. lacks leadership according to PUC/SEO SEO viewed as adequate but not as an initiator of policy According to gov.'s office, gov. is prime motivator. Gov. & PUC is good	Multifaceted SEO, PUC/leg. active	Seen as inadequate & inappropriate No wood policy for Maine Fed. responsibility in powerplant siting supercedes State policy	Utilities actively engaged in conservation experiments Time of day prices Kilowatt savings time Water heater program Storage heater programs Not strong on insulation program	Conservation study with Harvard and Brookhaven Building efficiency std's for new construction Life aye@ costing School retrofit
Montana	Decidely conservation is an issue but population generally not yet geared toward making effort People more environmentally aware than consevation oriented	Large issue—coal shipped out of State or power generated in State & shipped out. Rap the land or pollute the air & Montanan get very little 80% of natural gas shipped in from Canada	Not totally clear, energy expertise not developed. PUC does not mandate	State Energy Office & Lieutenant Gov's office most active	People want more $ to complete programs Dont want Fed's imposing general conservation programs upon Montana	PSC now beginning to assess load requirements & establish data base Utilities not involved extensively in conservation	Coal tax Electricity generation and environmental safety
Pennsylvania	Coal conversion & protection of environment very important Price & availability of gas & oil Problem of environmental spillover from N.Y. & Ohio Price of natural gas has forced reduced consumption of 10-12%	Energy producer — coal primarily	Seemingly good State agency interaction. Energy policy council attached to Governor's office PUC is independent & its relations are decent but adversary at times due to identifying issues different than energy council's Little interaction between State and local gov'ts	Governor Legislature (House Energy & Environmental Committee) Energy council	Fed. regulation of natural gas pipelines to allocate curtailment most significant issue	PUC maintains utility-sponsored conservation programs. PUC mandates utilities' conservation programs. PUC determined that 80-90% customers need some thermal improvements	None

Table 65.—State Issues in Residential Energy Conservation—continued

State	Conservation as an issue (residential)	Energy producer vs. importer	Intergovernmental interaction (& local interaction)	Policymaking responsibility in State gov't	Attitude toward Federal programs	Role & relationship of utilities	Programs and dependence on Federal
Tennessee	Interest in conservation is extremely fragmented in Tennessee. It appears to be an issue of major concern to the legislature & SEO (Tenn. Energy Authority) but not for the executive branch of the gov't. The governor's office is more interested in increasing energy supply, than in conserving energy Low electric bills have been an obstacle to conservation	Tennessee depends primarily on Appalachian coal and hydro for its electricity generation. To the extent that it needs coal, it is an energy importer. However, TVA serves parts of 7 States & thus "exports" energy	Appears to be relatively close interaction between the various agencies. However, the newly formed (leg. created) SEO has encountered problems working with the governor since the SEO formerly was part of the governor's office and is now an independent commission Are working with Tenn. mayors to implement conservation programs	The legislature & Governor appear to maintain primary responsibilities for setting energy policy. However, the SEO has a significant input into this process in terms of providing data & information The PUC is not a key actor in the policymaking process since its jurisdiction is so limited TVA also has an input concerning utilities	Tennessee is unique in that TVA supplies much of its power needs and TVA is Fed. operated. To this extent, Fed. actions have a major impact on Tenn.'s energy situation. With respect to conservation, Tenn. would prefer to set its own State programs while still receiving funding from the Fed. Gov't.	Most utilities in Tenn. are regulated by TVA. TVA has a res. insulation program in operation & thus impacts most utilities in the State. TVA believes it is important to promote conservation and thus sets the policy for all utilities under its jurisdiction	Tenn's. conservation programs are almost exclusively Fed. funded. The SEO believes that the $2 million provided by the Feds annually is sufficient. These programs include the FEA mandated plan & EES
Utah	Conservation of secondary importance in Utah's energy policy. The development of energy (coal usage & nat. gas deregulation) comprises the major aspects of Utah's energy policy PUC is currently holding generic hearings to determine how conservation can be incorporated into rates Ibid	Utah is energy producer & as such, is primarily interested in land and water usage, and energy development (gas & coal) as it is impacted by these two factors land and water usage and energy	There appears to be no conflict between State agencies but the SEO/PSC relationship are almost nonexistent. The EPC & SEO maintain a close working relationship & report to the Gov. Legislature works with the agencies (EPC & SEO) on an issue-by-issue basis	Energy Policy Council (composed of 13 gubernatorial appointees) initiates most energy policy while the Utah Energy Office primarily implements State energy policy	Utah feels that the Fed Gov. has infringed upon Utah's land usage rights & does not allow Utah enough voice in land use & thus energy development policy. Land and water use dominate Utah's energy policy. However, the State has adopted a "wait & see" attitude toward the development of Fed. legislation & policy, before pursuing its own energy conservation policy	The primary utilities in Utah have undertaken conservation programs & have received PSC support for these programs in the form of allowance of advertising expenses in the rate base. The PSC/utility relationship appears to be quite positive. However, the PSC has not actively encouraged utilities to promote conservation programs	SEO has not implemented any programs beyond those mandated by FEA. These programs were termed sufficient by the Energy Office to achieve Utah's energy goals SEO has a "wait & see" attitude toward Fed. policymaking

FEDERAL ENERGY POLICY LEADERSHIP AND FEDERAL FUNDS FOR STATE ENERGY CONSERVATION PROGRAMS WILL CONTINUE TO BE NECESSARY TO STIMULATE MANY STATE ACTIVITIES

Most States look to the Federal Government for energy policy leadership. The national character of the Nation's energy problems and the strong indication that Congress intends to act in this area are two substantial reasons for States to approach State energy problems judiciously. State legislators often hesitate to anticipate congressional action. Federal inaction in establishing a national energy policy was often blamed by State officials for decreasing consumer credence in the energy crisis, and for delaying the belief in a need for State programs. Several officials indicated their colleagues preferred to devote themselves to issues that would not be preempted by Federal action. Nonetheless, State decisionmakers are not indifferent to Federal policy. They seek, through regional and quasipolitical organizations (e.g., National Conference of State Legislatures) to influence Federal decisionmakers in the design of flexible policies that will address specific needs of individual States.

States also lack sufficient human and fiscal resources to perform detailed energy analyses and make technical evaluations of such areas as appliance standards. This, too, causes most States to rely on Federal leadership and funding. State energy offices usually have small staffs. The other hand, public service com-

missions, which may have many employees, have generally not devoted themselves to questions beyond ratemaking. States appear to have trouble stimulating public support for increased State energy research funding. Most of the individuals interviewed suggested it would be imprudent for the State either to duplicate Federal analytical efforts or the ability of Federal laboratories to perform technical research. This viewpoint has its notable exceptions: California, for example, has established a large agency in addition to the existing Public Utilities Commission. The agency has been charged with conducting research and developing material, building, and appliance standards, as well as performing independent energy forecasting. One of the largest energy-producing States, Texas, has garnered sufficient revenue from energy expiration activities to be able to invest State money in seeking solutions to State energy problems.

Federal funding is a mainstay of State conservation programs. Without this support many States would be limited in their programs. Most States provide some contribution to conservation programs; some— like Colorado — rely on Federal funds. Federal legisiation has been the prime motivation for the development of conservation programs in most States.

Two other aspects of Federal action are of concern to States: program flexibility and technical assistance. States want Federal programs to provide sufficient flexibility to accommodate individual State needs. States view guidelines more favorably than strict standards, for example. States are also receptive to technical assistance from the Federal Government. Georgia officials suggested that the lack of technical staff to develop lighting standards could be accommodated by Federal technical support. Only in Minnesota was it determined that DOE had provided someone to assist with conservation program design. Although Federal assistance in both manpower and funding are desirable from the State viewpoint, most State officials interviewed were critical of the accountability requirements, which involve a significant amount of paperwork. These officials felt that Federal reporting procedures were an unreasonable burden given the number of persons and amount of time required to comply with Federal procedures.

WELL-DEFINED STATE ENERGY POLICY HAS NOT EMERGED

Many States can reach political consensus on nonenergy matters, such as education, and present that consensus to Federal decisionmakers. In such cases, it is quite clear what a State wants from Washington. But with energy, no State has developed well-defined, comprehensive programs and policies. In some instances, States have been able to coalesce their concerns on some (but not all) issues, such as California's position on the importance of liquefied natural gas, Texas' views on natural gas deregulation, or Pennsylvania's stand on coal extraction. But these are the exceptions.

ENERGY PRODUCTION IS THE PREDOMINANT CONCERN OF ENERGY-RICH STATES

States with large reserves of coal, oil, or gas are far more concerned with production than conservation. Moreover, States with plentiful resources desire to exploit and maintain State discretion over allocation. Thus, Louisiana disagrees with policies requiring it to distribute gas out of the State and convert some users to coal. I n contrast, States that must import energy perceive domestic energy resources as a national resource, rather than a State commodity. These States, such as Maine and Georgia, want to ensure that domestic energy products are equitably distributed.

NEW STATE ORGANIZATIONS ARE EMERGING TO GRAPPLE WITH CURRENT ENERGY PROBLEMS

Many organizations play a role in State energy policymaking. These bodies may create new laws or rules to suit existing authority. The Governors, legislatures, and public service commissions are traditional participants in energy policy formulation. However, these organizations have accumulated new duties or new considerations for the conduct of their activities. Others have begun to consider issues previously left to administrative agencies, private enterprise, or the Federal Government. The functional relationships between these expanding and new organizations are not fully established. Uncertainty may disappear as Federal policy becomes established, State entities gather more experience, and as issues become more clearly defined for State, local, and Federal decisionmakers. Meanwhile, State decisionmakers may tend to defer difficult issues for study, or to shift highly sensitive issues to other decision makers (e. g., the Federal Government). Moreover, State energy policy will continue to be developed on a case-by-case basis.

State Energy Off ices (SEOs) and Public Service Commissions (PSCs) share responsibility for the conduct and implementation of conservation programs. The PSC utility regulatory responsibility and the SEO role in residential energy conservation programs provide a basis for interaction between these two State agencies. It is not uncommon, however, to find these agencies communicating very little with one another. PSCs are addressing the subject of rate reform and encouraging voluntary participation by utilities in energy conservation. SEOs, on the other hand, are primarily responsible for developing and implementing energy conservation programs. Many proposed SEO programs promote utility involvement in informing customers of conservation options, providing audits and, in some cases, financing. The lack of coordination between PSCs and SEOs can be a problem for utilities as well as consumers.

INFORMATION FLOW FROM FEDERAL TO STATE AND FROM STATE TO STATE GOVERNMENT REQUIRES ATTENTION

Though Federal agencies gather a lot of information, States have limited access to and benefit from this information. State officials reported their inability to secure information that they believed would be useful. No Federal effort was identified to discern State needs and uses for federally derived information.

The same informational problems exist among States. Thus, each State must address a problem from scratch, without significant benefit from previous similar efforts at the Federal level or in other States. Information must be disseminated. The Energy Extension Service and the Solar Heating and Cooling Information Center are examples of ways to do this. The Extension Service is designed to work with individuals and organizations to define problem areas and to provide informational and technical assistance. The Information Center is a federally funded repository for information on specific issues available to anyone who desires it. More trained individuals who can work directly with groups are needed.

STATE LEGISLATURES HAVE FOCUSED ON SEVEN MAJOR ISSUES IN ENERGY CONSERVATION

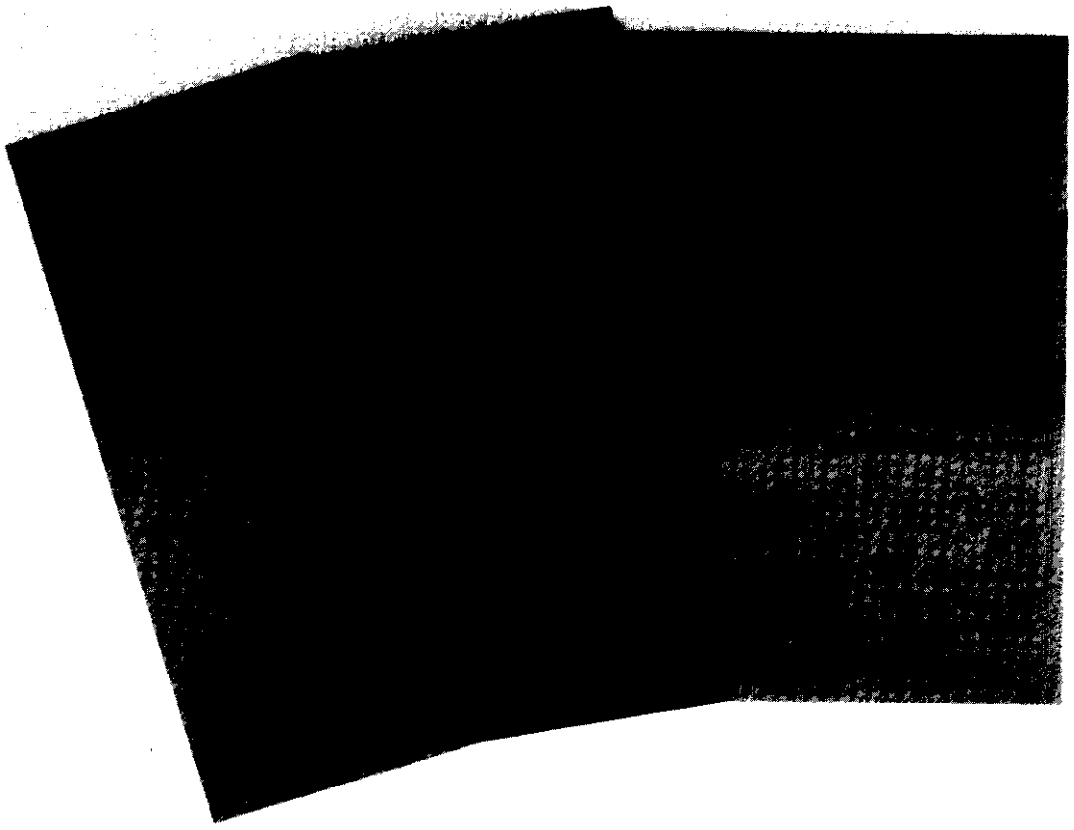
- **Thermal efficiency standards. States are required to develop thermal efficiency standards in order to receive funds for SECP. In some cases, this may be done administratively (as in Massachusetts); in others new legislation is required. Most of the State effort here has been to adopt directly or to model one of three model codes, American Society of Heating, Refrigeration, and Air Conditioning Engineers 90-75, National Conference of States on Building Codes and Standards, or the Department of Housing and Urban Development (HUD) minimum property standards. Twenty-six States have the legislative authority to establish energy conservation standards for new buildings. Twenty-one States have authority to establish standards for all new buildings, and one State, Washington, has authority to establish residential standards only. One more State, New York, has administrative authority to set standards for homes. Only six States have explicit legislative authority to enforce the standards when local jurisdictions do not. Enforcement has traditionally been a local, voluntary choice. State legislation has been introduced to adopt one of the approved codes, usually in a modified form as part of a State building code. I n many cases, proposed thermal efficiency code legislation refines existing law, such as in Tennessee and California.**
- **California has adopted insulation material standards; several other States have considered similar legislation. States have not moved ahead strongly and appear to be waiting for Federal action.**
- **Minnesota and California have enacted appliance efficiency standards. Pennsylvania and Tennessee require disclosure information to assist consumers in selecting energy-efficient appliances. Here, too, most States are deferring to Federal action.**
- **Insulation programs have been enacted in 4 of the 10 States studied. Many other States have passed similar legislation. Most of the legislation authorizes State expenditures for weatherization for low-income and elderly homeowners. In California, the legislature directed the Public Utilities Commission to authorize utility insulation and financing programs.**
- **Tax incentives to encourage homeowner conservation are being considered by lowa, Missouri, and Nevada. Alaska has made a $200 tax credit available since** *1977.*
- **Utility rate reform has been a major issue in most States. Maine, Tennessee, and California have enacted legislation requiring consideration of conservation rates by the State PSCs.**
- **Solar energy has been a popular legislative topic. Many States have passed or considered legislation on sun rights, tax credits, and solar system testing. Most States view the use of solar energy as an element of conservation policy.**

FOUR RESIDENTIAL ENERGY CONSERVATION PROGRAMS SERVE AS THE FOUNDATION OF STATE EFFORTS

States have emphasized four programs in residential energy conservation.

- **Consumer education–The complexity of energy issues may be the most significant obstacle to motivating consumer action in conservation. States have placed much emphasis on the development of consumer education materials and programs.**
- **Weatherization programs–These programs were initially sponsored by FEA. State conservation plans have, in many instances, provided for the continuation of these programs. In some cases, State funds have been used to augment the Federal allocations. Weatherization programs have received the most Federal energy conservation dollars.**
- **Energy audits–Utility-sponsored audits have been one of the most successful and widely used programs. Audits have been instrumental in the encouragement of retrofit insulation activities by homeowners.**
- **Insulation retrofit– State energy office media presentations and utility bill-stuffers have provided strong motivation for consumer participation in retrofit programs. Many consumers are financing their retrofits through the utilities.**

Besides these four programs, a few States have studied the need for State-determined heating, ventilating, and air-conditioning standards and for time-of-sale insulation requirements. Neither of these issues has received sufficient support to warrant State programs.



Educating the consumer on energy conservation through brochures and bill stuffers is being undertaken by States and utilities