

Energy

INDEPENDENCE

By Christine Ervin

As those of you in the buildings industry know, energy is big news—both good and bad—today. The good news is that energy policy figured prominently in this year's State of the Union address, and the federal Energy Policy Act ushered in new tax credits for energy-efficiency investments for commercial buildings. The bad news is that the president's 2007 budget doesn't rise to today's challenges or to the bold energy leadership being demonstrated in private and public sectors across the country.

It's not that the budget lacks merit. Solar energy, biofuels, and hydrogen will receive an impressive boost of \$136 million. However, the strategy perpetuates flaws that have been accompanying calls for "energy independence" since the 1970s.

On the supply side, oil-import levels have nearly doubled from 35 to 60 percent, and thanks to start-and-stop funding, we've ceded market leadership in now-booming renewable-energy markets.

On the demand side, after a stunning 70-percent gain in vehicle-fleet efficiency, we've converted all additional gains since 1985 to power and size. Meanwhile, Europe's fleet has become twice as efficient as ours, and Japan, already with the world's most efficient vehicle fleet, is planning to ratchet up its fuel standards in 2010.

With America's ingenuity, we can do much better. Setting aside questions concerning nuclear and fossil-fuel investments, following are weaknesses that make our energy strategy so anemic.

First, the proposed budget neglects energy efficiency as the largest, cleanest, and most cost-effective supply available. It cuts into demand-side programs to offset supply-side increases. This not only is a stark contradiction in message when huge reserves of efficiency beckon, it's self-defeating.

Second, the plan neglects shorter-term market "deployment" programs in favor of longer-term

research. While both are vital, why invest in new technologies when market barriers impede their adoption? A good example of a bad budget cut is the popular Energy Star program, which not only excels in pointing consumers toward energy-saving purchases, but stimulates product innovation.

Third, the plan neglects our prized market system. One of the most powerful advances in environmental policy has been the use of market-based instruments. Still, we duck and weave over simple tools, such as "feebates" for encouraging clean cars, let alone gas taxes and carbon-trading markets. Imagine the wealth in public and private R&D that would be ours had we consistently embraced such strategies years ago.

Lastly, the plan neglects U.S. leadership in tackling climate change as the ultimate driver of energy security. In addition to all of the preceding ingredients for a balanced portfolio, this requires a much heightened sense of urgency.

Fortunately, numerous public and private leaders are demonstrating how we can accelerate a transition to real energy independence. The American Institute of Architects has called for a 50-percent cut in fossil-fuel use in new and renovated buildings by 2010. Whole Foods and the city of Portland, Ore., are committing to 100-percent renewable energy. California is investing \$3 billion to usher in a solar future for its residents, coupled with bullish efficiency investments. Seven Northeast states are creating the nation's first cap-and-trade system to cut carbon emissions from power plants. A great example of what just one corporation can do is DuPont, which has cut its global carbon emissions by 72 percent while expanding production by 30 percent.

Such actions are no substitute for federal leadership; however, they show a widespread willingness to raise the bar. We could raise it much faster with a decisive pull from the top.



Christine Ervin formerly served as president of the U.S. Green Building Council and was assistant secretary of energy during the Clinton administration. In September 2005, she delivered the keynote address for HPAC Engineering's second annual Engineering Green Buildings Conference and Expo.