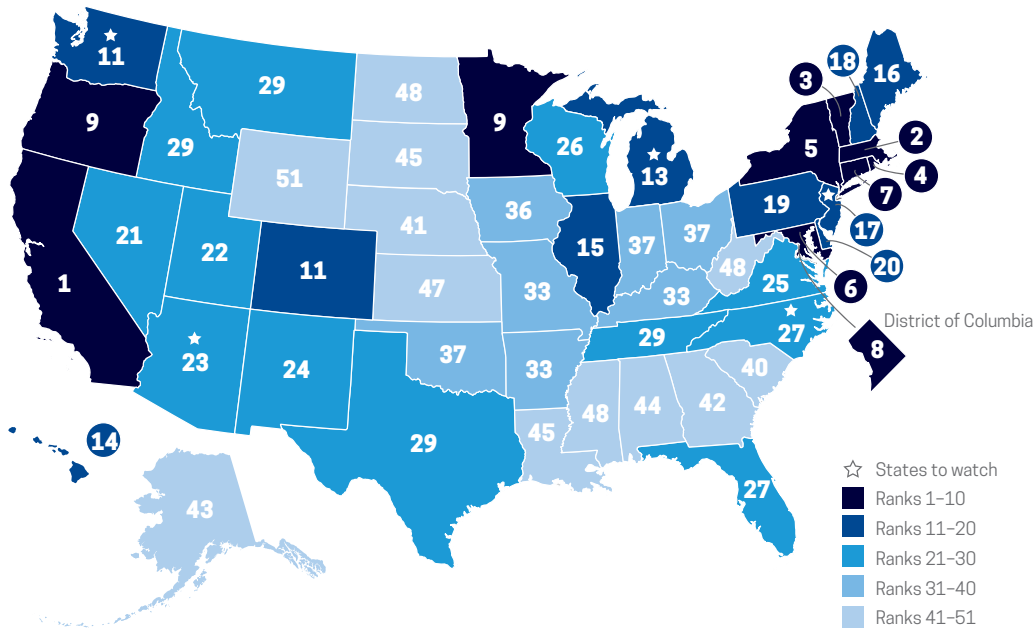


The 14th edition of the *State Energy Efficiency Scorecard* ranks all 50 states and the District of Columbia. California returned to first place this year, its fifth time taking the top spot since the *Scorecard's* inception in 2007, and a feat it last accomplished in 2016 when it tied with Massachusetts. California continued to set the pace in energy savings with adoption of net zero energy building codes, stringent vehicle emissions standards, and industry-leading appliance standards. Rounding out the *Scorecard's* top five were Massachusetts, Vermont, Rhode Island, and New York. Nevada was this year's most improved state. The District of Columbia, New Mexico, Colorado, New Hampshire, and Virginia also saw notable improvements.

United States



HIGHLIGHTS AND OPPORTUNITIES

Following a vibrant 2019 that saw states and utilities adopt ambitious climate goals, clean energy struggled somewhat this year to maintain a place on the policy agenda. Governments at all levels had to abruptly shift their focus to mitigate the health and economic impacts of a deadly global pandemic, and by the summer of 2020, COVID-19 forced more than 600,000 people in the clean energy sector out of work, with energy efficiency contractors among those hit hardest. As states and legislators scrambled to redirect resources and contain both health and economic crises, momentum slowed on many efforts to advance energy-saving policies.

Despite these challenges, states from coast to coast made progress on energy efficiency. Work continued on important clean energy bills and rulemakings, including efficiency-related policy achievements in New Jersey, Virginia, New York, and Massachusetts. Moreover, as the nation remains mired in the global health crisis and its economic impacts, some states are recognizing that energy efficiency can abet the recovery by helping homeowners and businesses reduce costs, improving living conditions, and creating jobs, all while supporting ambitious state and local goals to reduce carbon emissions.

UTILITIES

Utilities spent approximately \$6.84 billion on electricity efficiency programs in 2019, and \$1.53 billion on natural gas programs. When combined, we estimate total efficiency program spending of more than \$8.37 billion in 2019, an increase of about 3.8% compared to 2018. Reported savings from electricity efficiency programs in 2019 totaled approximately 26.9 million MWh. These savings—from 2019 programs alone—are equivalent to about 0.70% of total retail electricity sales across the nation.

Twenty-seven states have now established mandatory energy savings targets to drive investments in utility-sector energy efficiency programs, with the most recent addition being the Virginia Clean Economy Act, making the state only the second in the Southeast, alongside Arkansas, with mandatory multi-year savings targets. New Jersey continued to build upon the progress of goals established under its 2018 Clean Energy Act with the issuance of a utility order earlier this year establishing a framework of programs, including five-year targets that ramp annual electric savings beyond 2%. New York also issued an important regulatory order in January aligning efficiency efforts with its ambitious climate goals. The order established strong 3% electric savings targets for 2025, including robust targets for heat pumps and low-to-moderate-income programs.

TRANSPORTATION

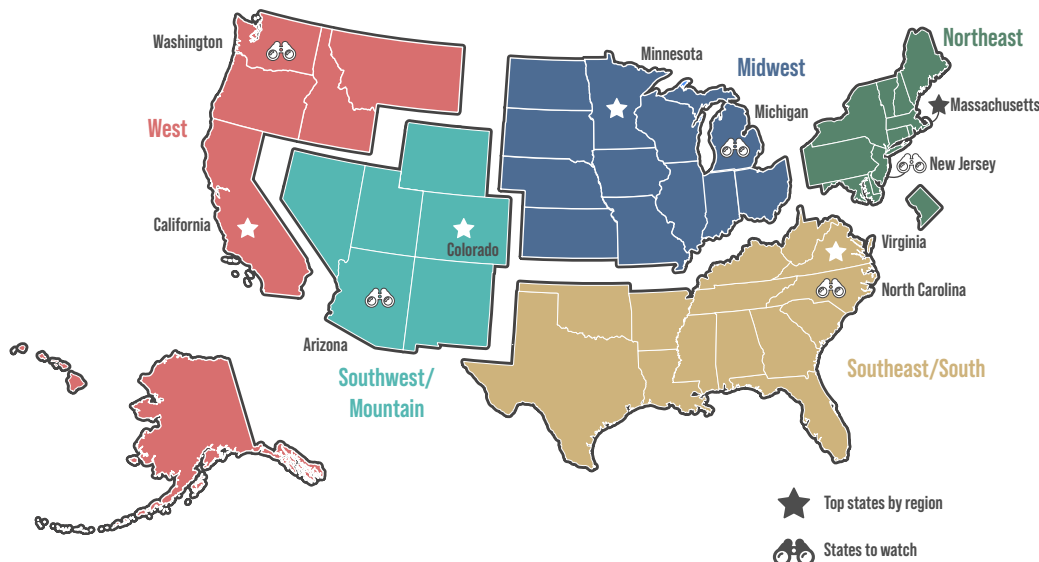
A growing number of states have embraced California's low- and zero-emission vehicle rules in an effort to maintain momentum on vehicle efficiency amid federal efforts to roll back national vehicle emissions standards. More than a dozen states have followed California's lead by adopting the Golden State's vehicle emissions standards, and 12 states have adopted its zero-emission vehicle program. The number is set to grow following announcements in late 2019 and 2020 by governors in Minnesota, New Mexico, and Nevada that their states will also adopt these standards. State-level commitments to efficiency will be vital to maintaining national progress on fuel economy and tailpipe emissions.

States are prioritizing electric vehicles (EVs) and the charging infrastructure needed to serve them. Most states have taken some level of action to support EV deployment, from customer incentives to planning and regulatory reforms. Examples include New Jersey's passage of S-2252, an ambitious law intended to meet the governor's commitment to have 330,000 electric cars on the state's roads by 2025, and authorizing incentives for light-duty EV electric charging infrastructure. California released its draft Transportation Electrification Framework calling on utilities to develop 10-year plans to expand electrification infrastructure throughout the state. Additionally, a September executive order signed by the governor calls for phasing out the sale of gasoline-powered vehicles by 2035, the most ambitious clean-car policy in the United States. Utah passed important legislation calling for development of a statewide plan for an EV charging network, and authorizing the state's largest electric utility, Rocky Mountain Power, to invest in its EV charging infrastructure. Other states and major utilities continued to roll out electrification plans of their own in 2020, including Pacific Power in Oregon and Xcel Energy in Colorado.

United States

REGIONAL RANKINGS

This year's Scorecard also highlights regional leaders. California and Massachusetts finished first and second, respectively, thanks in part to advanced policies to decarbonize the buildings sector. Other regional leaders include Virginia and Colorado, both of which have taken important steps to ramp up utility efficiency programs. Minnesota led the Midwest and continues to put forward potential policies to promote building electrification and EV adoption. States to watch include Arizona, Virginia, New York, and Washington, all of which have adopted 100% clean electricity standards. North Carolina is also pursuing potential energy-saving strategies informed by a recently released Energy Efficiency Roadmap.



BUILDING ENERGY EFFICIENCY POLICIES

This year delivered major improvements for efficiency in new construction with the release of the 2021 International Energy Conservation Code (IECC), which establishes minimum building energy performance standards. Following more than a year of work by a broad coalition of organizations, International Code Council (ICC) voting members—including many cities and states—approved a code update to yield an estimated 10% or greater efficiency improvement in residential and commercial buildings.

After a decade that saw very few efficiency improvements in the IECC, the new codes are an important achievement. They represent a significant step toward decarbonizing the buildings sector with the addition of two new optional appendices that provide states and cities with pathways to incorporate zero-energy performance requirements into their codes through a mix of aggressive yet achievable levels of energy efficiency and renewable energy like rooftop solar panels.

STATE GOVERNMENT-LED INITIATIVES

In addition to utility-sponsored programs, nearly every state offers some sort of financial incentive to its residents and businesses for energy-efficient upgrades, purchases, or projects. Some states offer a robust portfolio of programs, as well as strong lead by example policies such as benchmarking and/or efficiency requirements for public buildings and state vehicle fleets. These include top-ranking states, as well as others such as New Hampshire, Pennsylvania, Tennessee, Virginia, Nevada, and Florida. Recent years have also seen a surge in actions to strengthen greenhouse gas (GHG) and renewable generation goals, including the 2019 enactment of 100% clean energy targets in Nevada, New Mexico, Washington, New York, Maine, and Arizona. Energy efficiency plays an important role in helping meet these goals. New Hampshire, a member of the Regional Greenhouse Gas Initiative (RGGI), has dedicated roughly half of RGGI proceeds toward energy efficiency since 2009. As of December 2020, 11 states currently participate in RGGI with the recent addition of New Jersey and Virginia this year. Efforts on draft regulations to join RGGI also have been underway in Pennsylvania.

APPLIANCE STANDARDS

State-driven appliance standards remained extremely important against the backdrop of federal rollback efforts. Although the COVID-19 pandemic forced many state legislatures to adjourn or to operate on a limited basis, there were still successes during the past 12 months. New York Governor Andrew Cuomo signed an appliance standards bill in December 2019, the California Energy Commission adopted several new standards, and Oregon completed an efficiency standards rulemaking on August 28, 2020, establishing new standards for nine products and updating standards for two products. Bills in Massachusetts and New Jersey are under consideration.

State appliance standards are a proven policy that lowers utility bills, reduces pollution, and helps spur national standards. Even when standards are not adopted at the federal level, adoption by just a few states can be enough to impact national markets. The Appliance Standards Awareness Project recently outlined new or strengthened standards for 47 products that would reduce annual average household utility bills by more than \$100 in 2030 and deliver cumulative utility bill savings of \$1.1 trillion through 2050 for consumers and businesses.