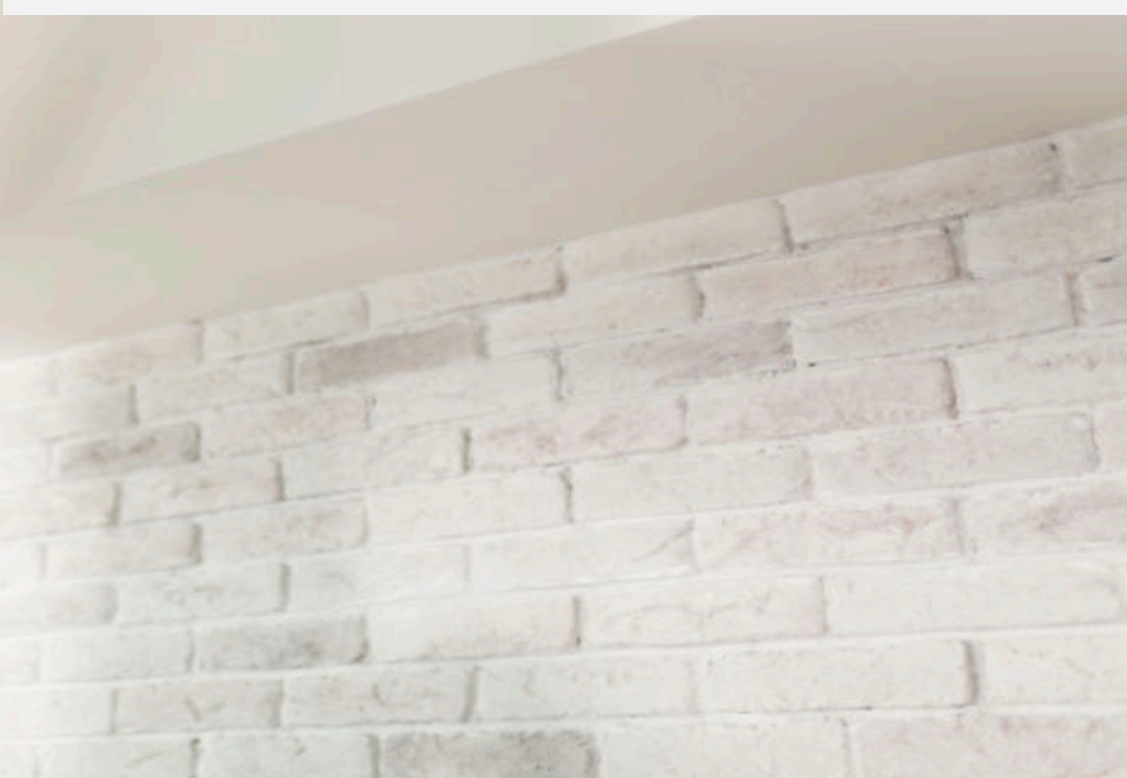


ENERGY EFFICIENCY IN THE SOUTHEAST

THIRD ANNUAL REPORT – JANUARY 2021



SACE MISSION AND REPORT AUTHORS

ABOUT SACE

The Southern Alliance for Clean Energy (SACE) is a nonprofit organization that promotes responsible and equitable energy choices to ensure clean, safe, and healthy communities throughout the Southeast. As a leading voice for energy policy in our region, SACE is focused on transforming the way we produce and consume energy in the Southeast.



FOREST BRADLEY-WRIGHT

Energy Efficiency Director



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INTRODUCTION

SCOPE

“Energy Efficiency in the Southeast” documents energy efficiency trends at the utility and state levels and identifies policies and practices impacting energy efficiency resource adoption in the Southeast.

METHOD

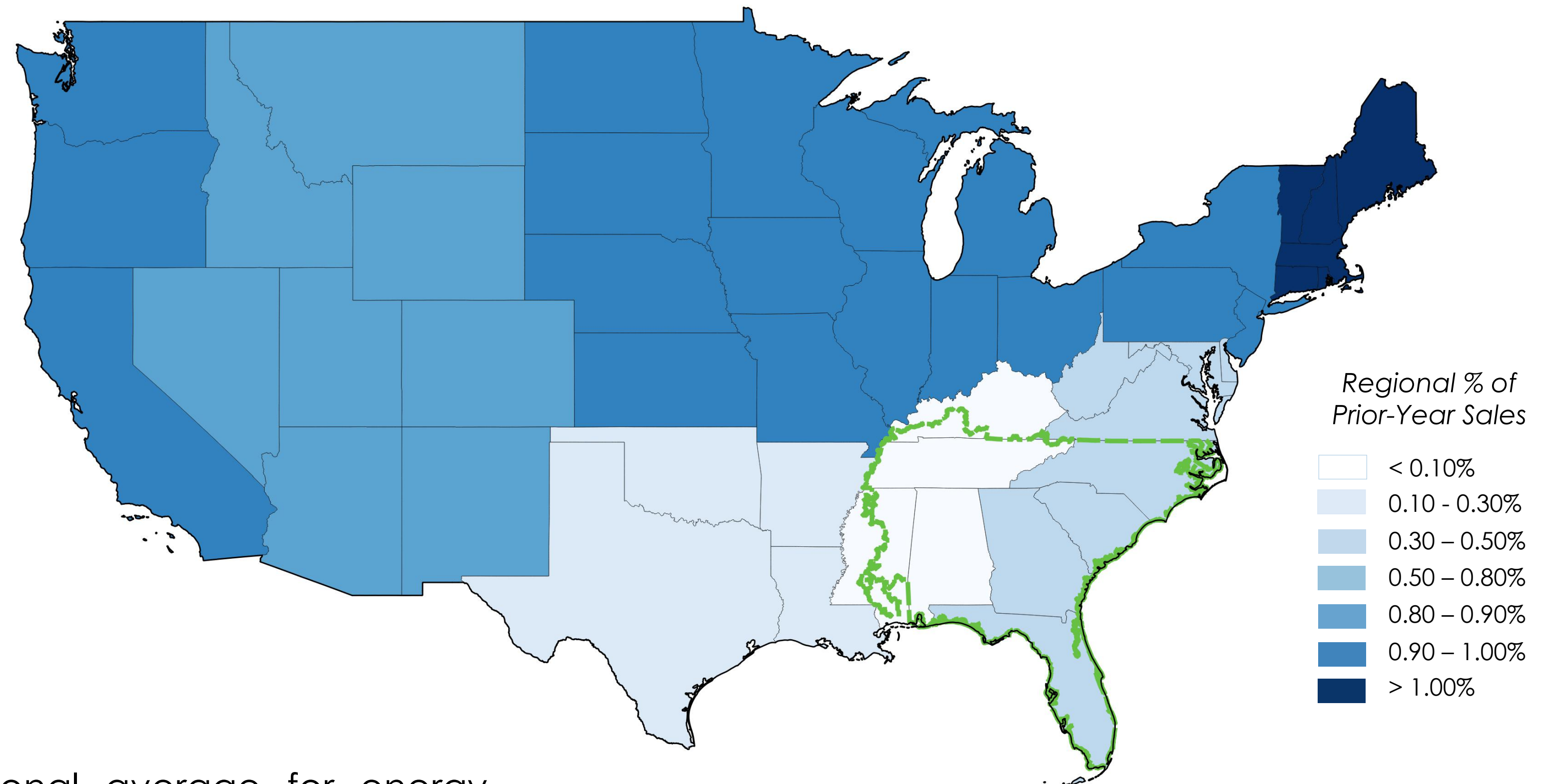
SACE analysis examined nearly 500 Southeast utility's energy efficiency savings as a percentage of prior-year retail sales using data from 2019. For major utilities, savings figures come primarily from annual energy efficiency reports state regulators require utilities to file, allowing for the collection of detailed savings and budget data on specific programs.



THE SOUTHEAST IN U.S. CONTEXT

PERFORMANCE OF REGIONS

REGION	% OF SALES
NORTHEAST	2.15%
WEST-PACIFIC	0.87%
MIDWEST	0.97%
WEST-MOUNTAIN	0.87%
SOUTHEAST	0.26%
U.S. TOTAL	0.67%



Area outlined in green covered in report.

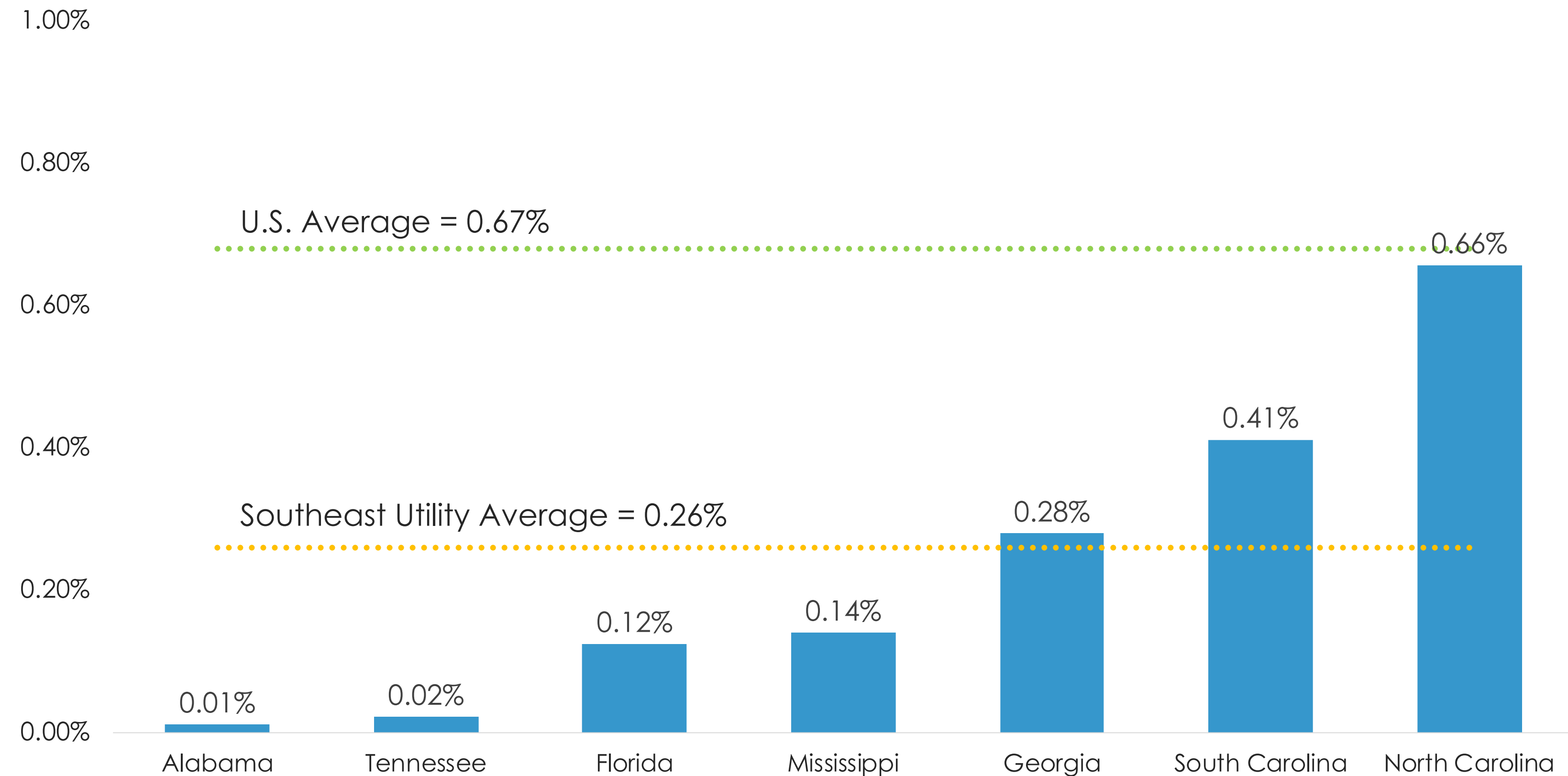
KEY TAKEAWAYS

Southeast is less than half the national average for energy savings as a percentage of prior-year retail sales.

The Northeast leads with savings that exceed 2%.

EFFICIENCY PERFORMANCE OF SOUTHEASTERN STATES

2019 ENERGY SAVINGS AS % OF PRIOR YEAR RETAIL SALES



KEY TAKEAWAYS

North Carolina is the only Southeast state to approach the national average.

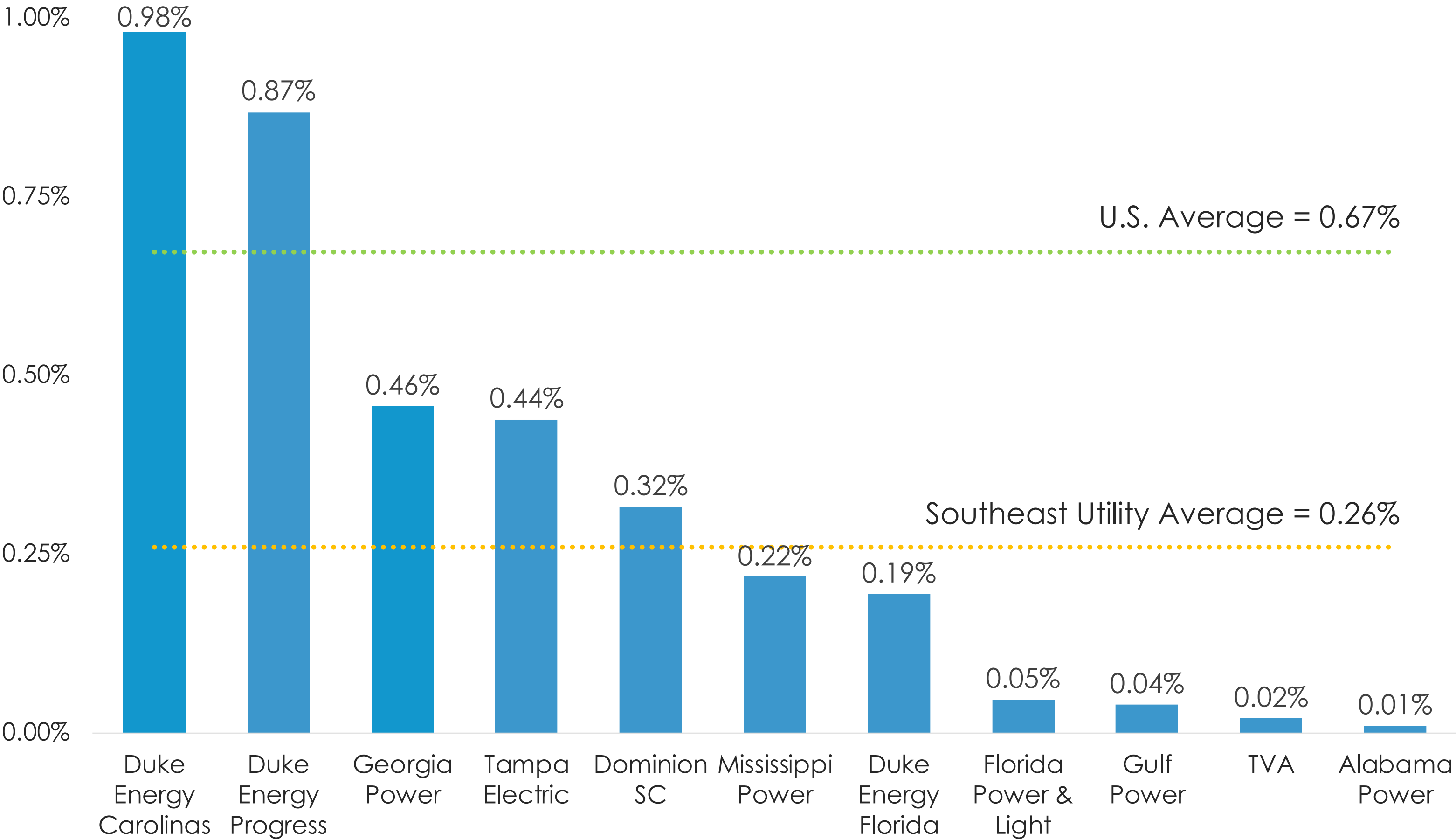
The Carolinas boost the regional average, while Georgia narrowly exceeds it.

Underperforming states bring down the regional average.



EFFICIENCY PERFORMANCE OF MAJOR SOUTHEASTERN UTILITIES

2019 ENERGY SAVINGS AS % OF PRIOR YEAR RETAIL SALES



KEY TAKEAWAYS

Duke Energy Carolinas and Duke Energy Progress lead the region.

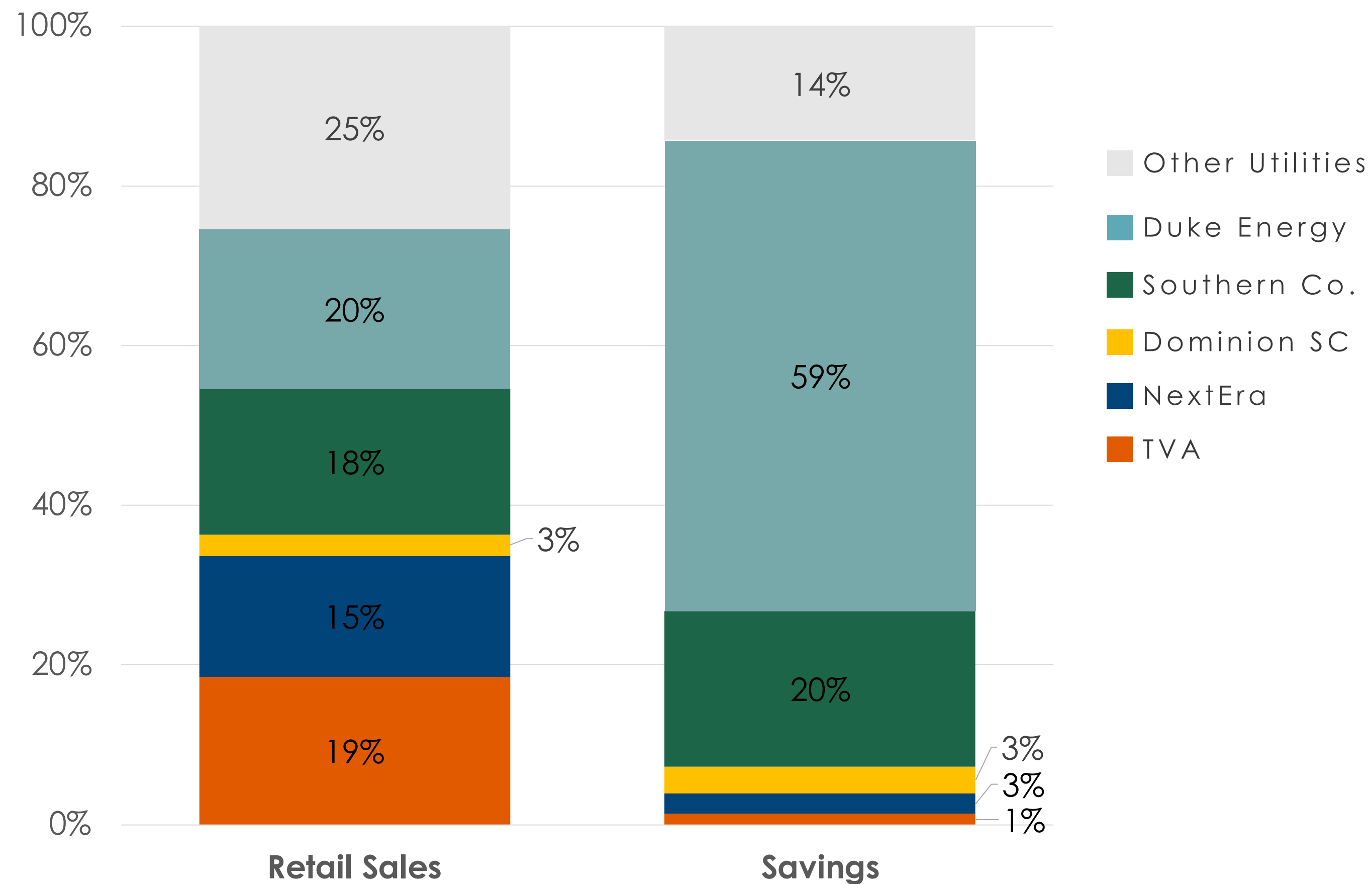
Georgia Power, Tampa Electric, and Dominion exceed the regional average but not the national average.

TVA and Florida Power & Light, two of the largest utilities, are driving down the Southeast regional average.



SOUTHEAST UTILITY SYSTEM EFFICIENCY SAVINGS BREAKDOWN

2019 RETAIL SALES AND SAVINGS BY UTILITY GROUP



KEY TAKEAWAYS

Three utilities deliver ~75% of total savings in the Southeast: Duke Energy Carolinas, Duke Energy Progress, and Georgia Power.

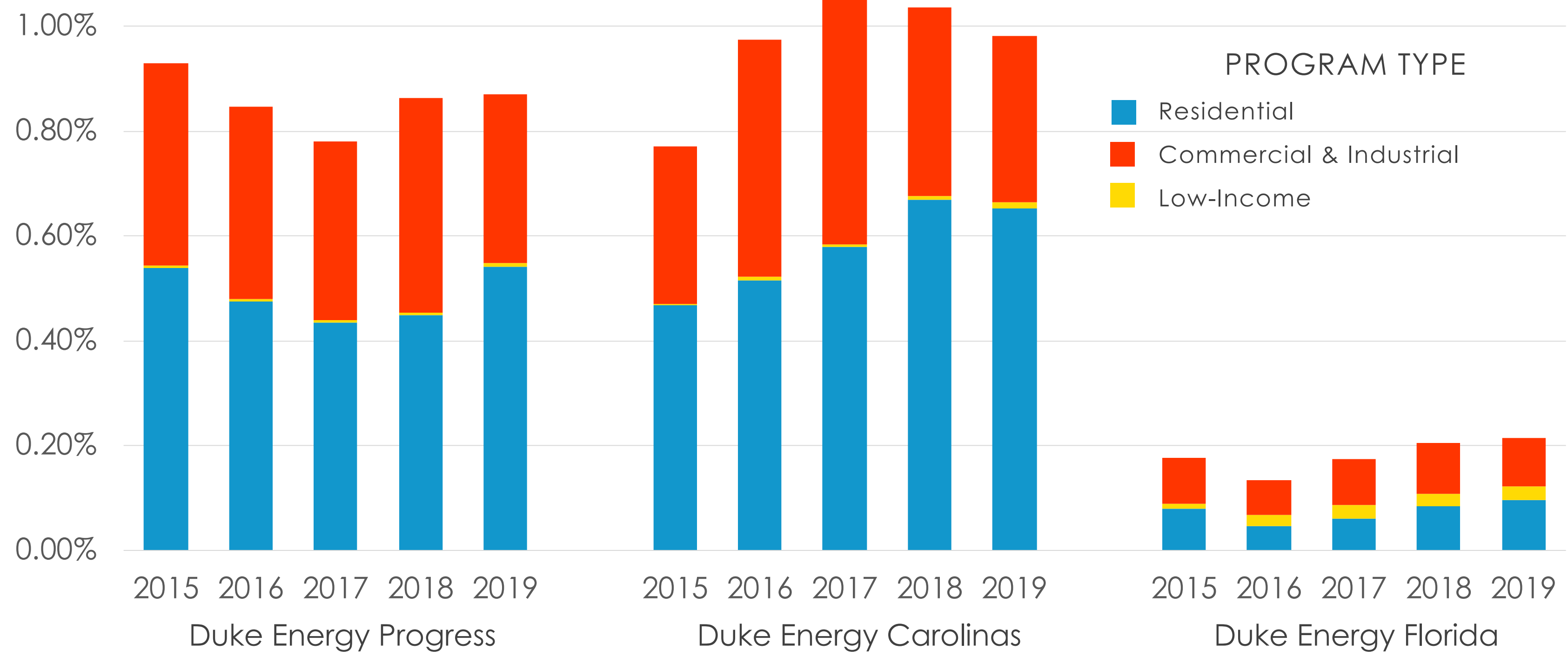
Georgia Power and Dominion South Carolina achieve savings levels roughly equal to their share of regional electricity sales.

TVA and NextEra, owner of FPL and Gulf Power, are seriously underperforming.

DUKE ENERGY

FLEXIBILITY AND EVOLUTION KEY TO SAVINGS PERFORMANCE

ENERGY SAVINGS AS % OF PRIOR YEAR RETAIL SALES



KEY TAKEAWAYS

Savings gap persists between Duke utilities in the Carolinas and Florida.

Periodic modification of program offerings is key to achieving high savings.

Duke implemented safety protocols after COVID-19 and is expected to achieve 2020 targets.

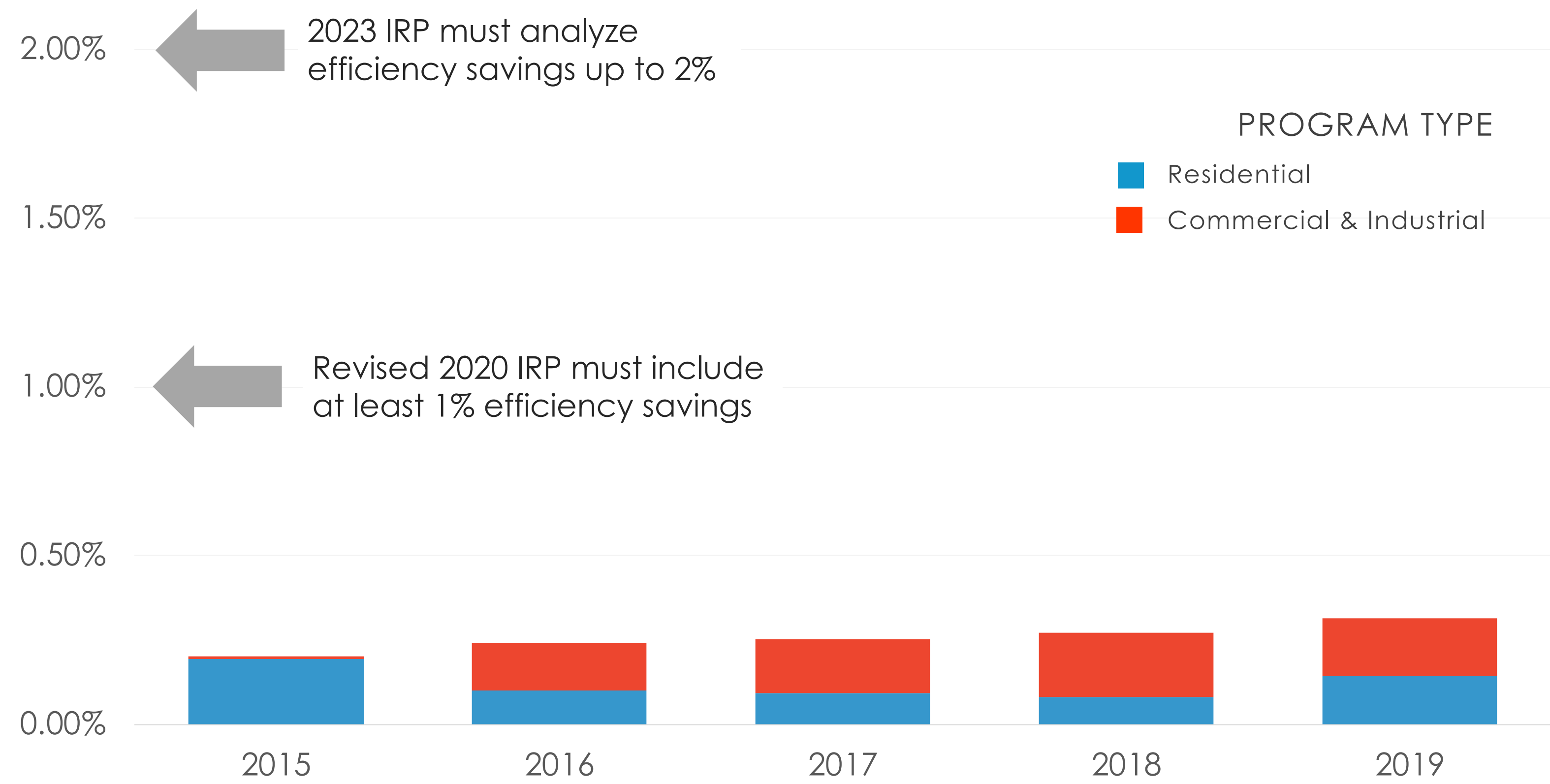
New state policies in North Carolina, South Carolina, and Florida may lead to higher savings.

DOMINION SOUTH CAROLINA

NEW COMPANY + NEW COMMISSION = NEW EXPECTATIONS



ENERGY SAVINGS AS % OF PRIOR YEAR RETAIL SALES



KEY TAKEAWAYS

The South Carolina PSC rejected Dominion SC’s latest IRP, requiring it to work with advocates, like SACE, to increase efficiency and solar.

Dominion required to refile its IRP while analyzing annual efficiency savings of at least 1%. Its 2023 IRP must analyze efficiency savings up to 2%.

Utility efficiency potential studies do not reflect the upper limit of achievable cost-effective savings.

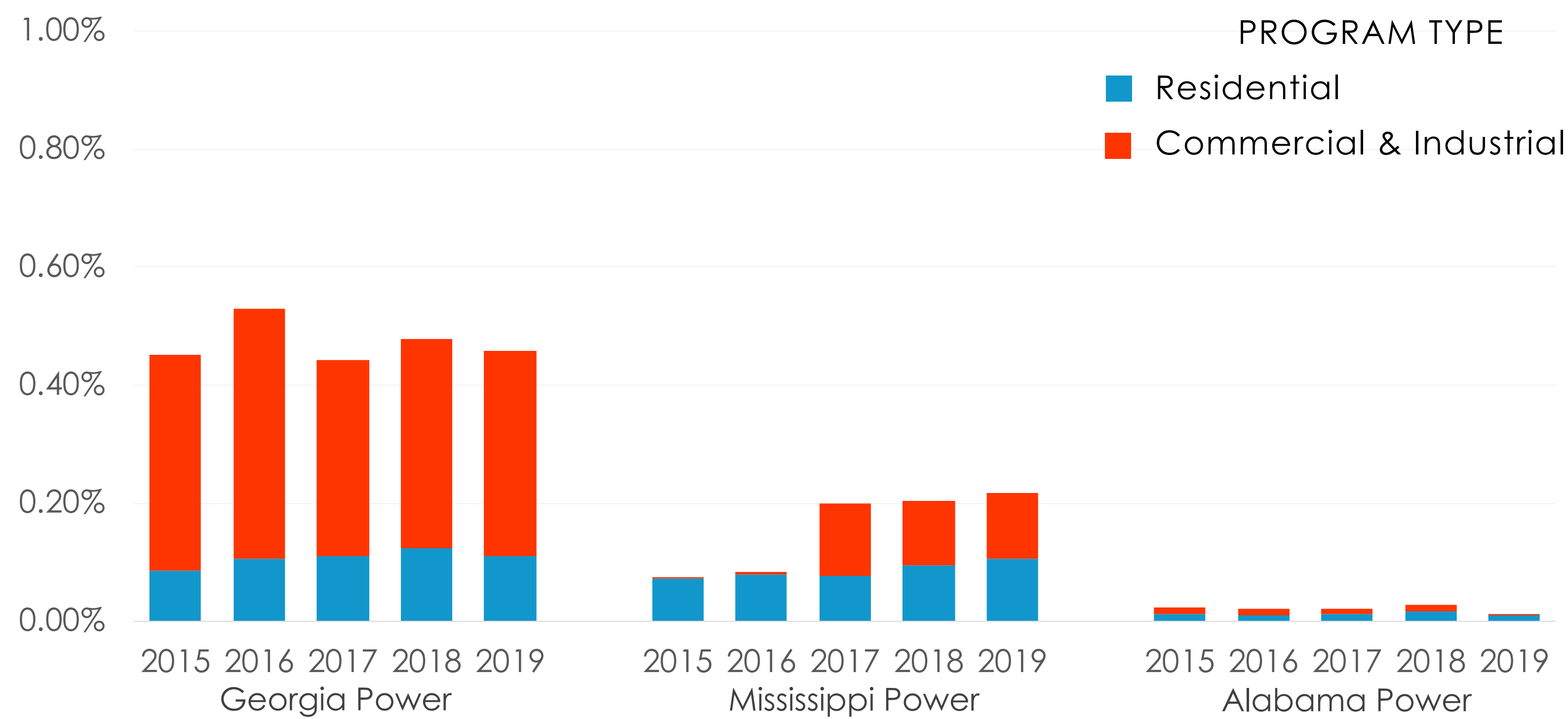


SOUTHERN COMPANY

PROGRAM SUSPENSIONS AND ROLLOUT DELAYS



ENERGY SAVINGS AS % OF PRIOR YEAR RETAIL SALES



KEY TAKEAWAYS

Mississippi Power is the only Southern subsidiary to see growth in savings.

Georgia Power expected to see savings decline in 2020 instead of the required 15% increase.

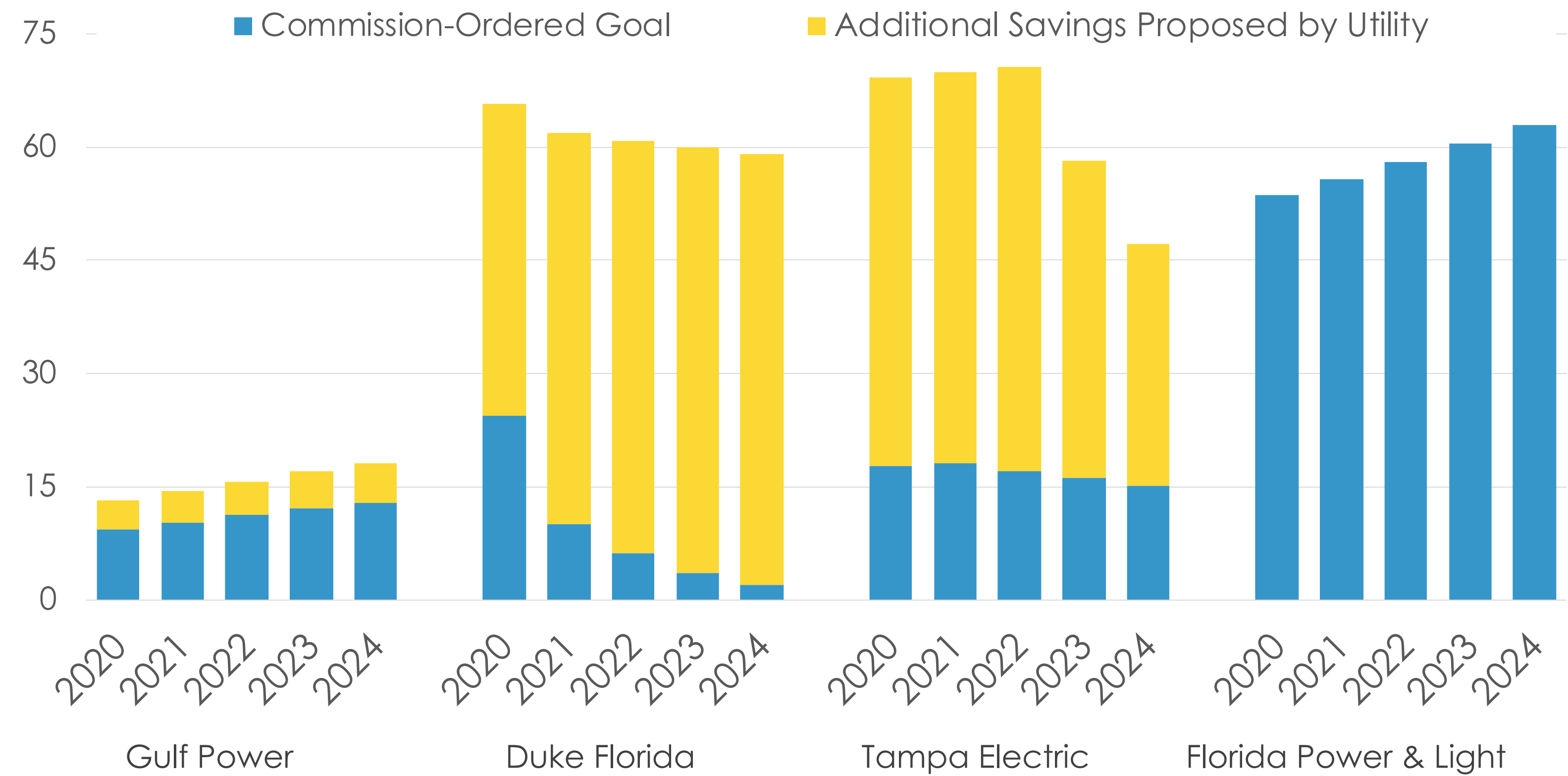
Georgia Power is launching an inclusive financing pilot program called Pay-As-You-Save, which could help customers that struggle with the upfront costs of efficiency improvements.

NEXTERA ENERGY

THE LEAST THEY COULD DO



UTILITY-PROJECTED ENERGY SAVINGS (GWH)



KEY TAKEAWAYS

NextEra companies aim to minimally meet Commission-required savings targets.

FPL opposes modernizing Florida energy efficiency policy, instead defending flawed practices that eliminate of proven and cost-effective efficiency measures.

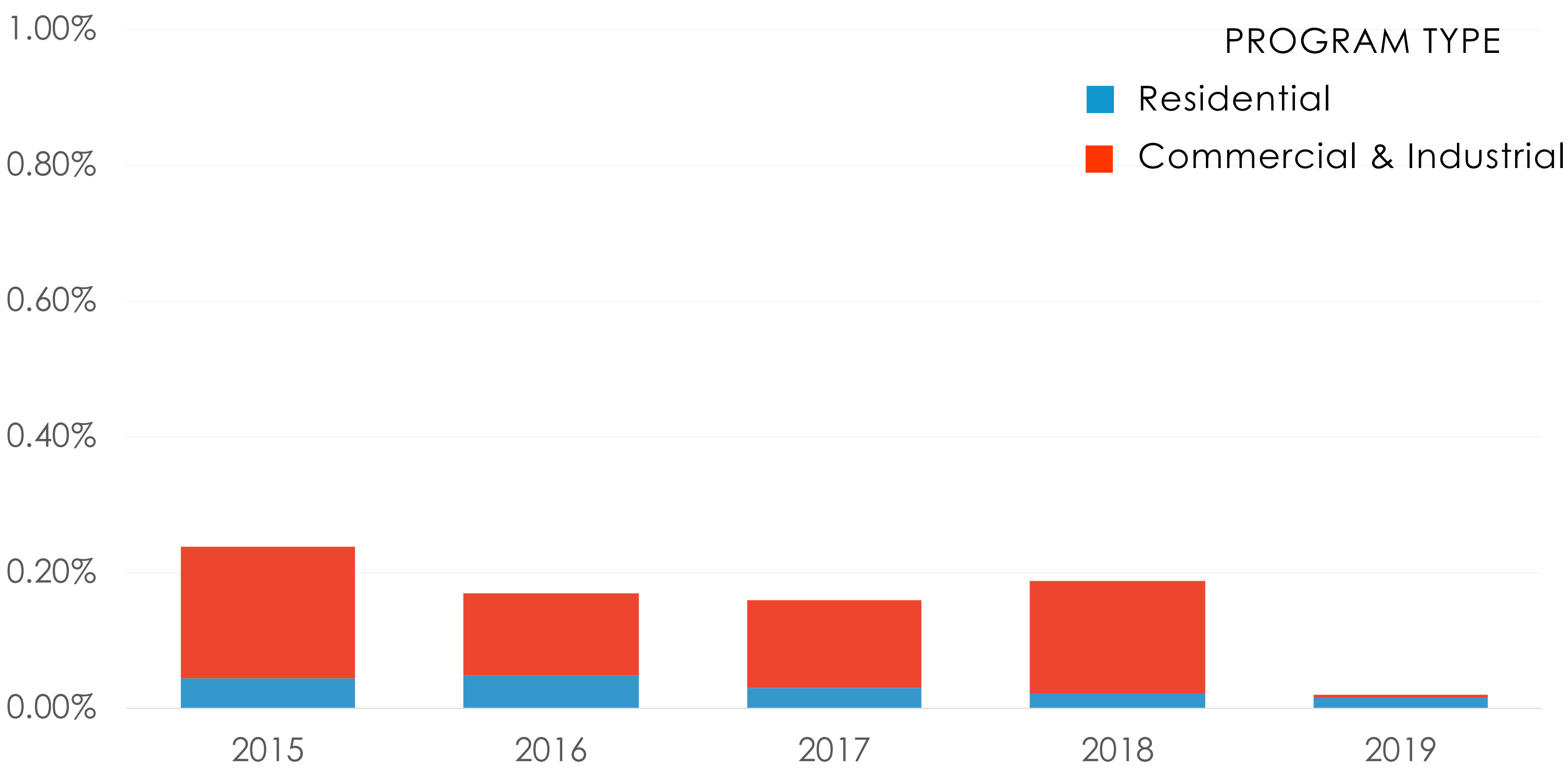
FPL recently took a small step forward, planning to triple low-income participation over the next 5 years.

TENNESSEE VALLEY AUTHORITY

AN INNOVATION LAB FOR THE FUTURE?



ENERGY SAVINGS AS % OF PRIOR YEAR RETAIL SALES



KEY TAKEAWAYS

The Tennessee Valley Authority, the nation’s largest public power utility, has gutted its energy efficiency programs.

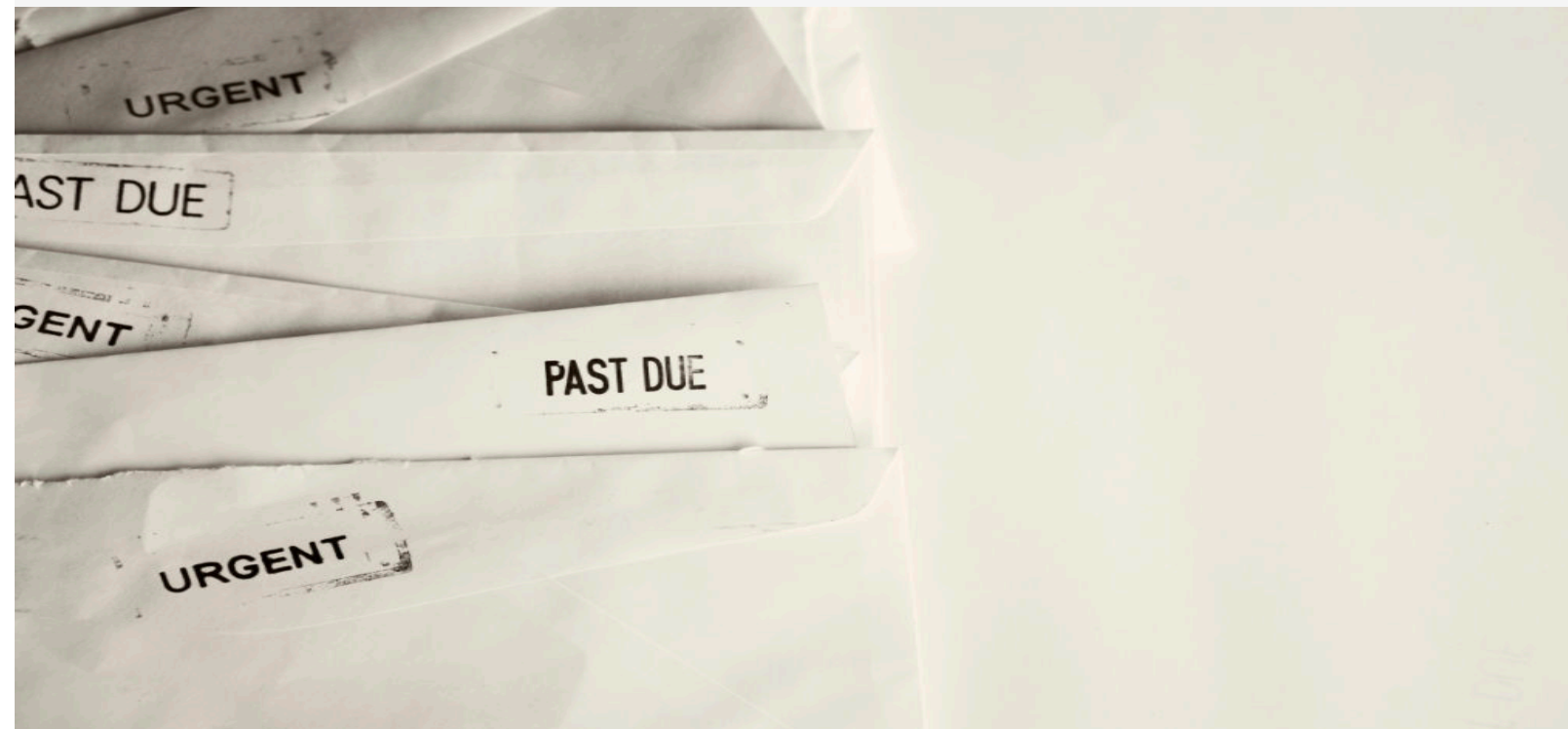
TVA’s largest utility customer, Memphis Light, Gas & Water, may leave TVA after a study showed it could reduce power costs through alternative suppliers and an increase in efficiency.

TVA could become a clean energy leader as part of the Biden administration’s actions on climate change and economic recovery.

COVID-19 CREATES NEW CHALLENGES AND INCREASED NEED FOR EFFICIENCY

EVEN *BEFORE* THE PANDEMIC,
17% OF HOUSEHOLDS WERE WORRIED
ABOUT HOW TO KEEP THE LIGHTS ON
AFTER RECEIVING A DISCONNECT
NOTICE FROM THEIR UTILITY.

SOURCE: EIA RESIDENTIAL ENERGY CONSUMPTION SURVEY



ECONOMIC HARDSHIP MAKES ENERGY BILLS UNAFFORDABLE

- Disconnection moratoriums provided short-term protection, but do not address underlying energy burden issues.
- Energy efficiency, repayment plans, and some level of debt forgiveness could prevent higher costs to all customers.

MAJOR DIFFERENCES IN UTILITY RESPONSE

- Flexibility, new program strategies, and safety protocols were required to resume efficiency implementation.
- Duke in the Carolinas implemented safety protocols, resumed efficiency operations, and was on track for 2020 savings targets.
- Georgia Power struggled to adapt its programs, shift funding, and will fall far short of annual savings goals.

SOUTHEASTERN STATES EFFICIENCY SAVINGS BREAKDOWN

KEY TAKEAWAYS

North Carolina accounted for 45% of regional savings in 2019.

Florida has over 1/3 of the region's population, but captures less savings than South Carolina.

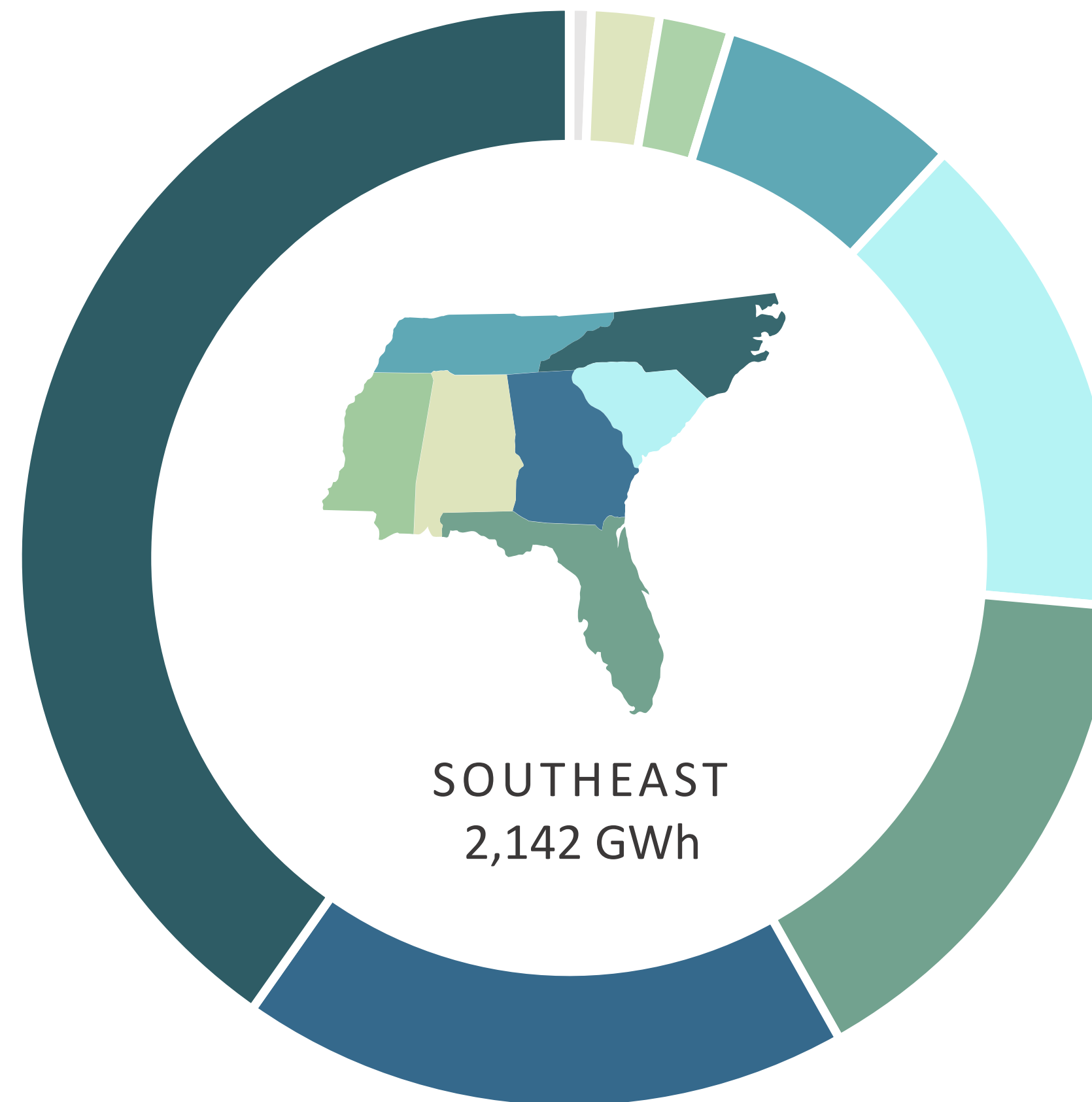
After TVA slashed its programs, efficiency savings for customers dropped 77% in Alabama and 86% in Tennessee in just one year.

■ NORTH CAROLINA
975 GWh

■ GEORGIA
421 GWh

■ SOUTH CAROLINA
362 GWh

■ FLORIDA
320 GWh



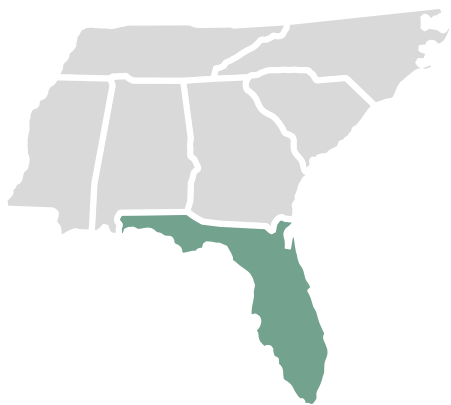
■ OTHER*
3 GWh

■ ALABAMA
11 GWh

■ MISSISSIPPI
24 GWh

■ TENNESSEE
25 GWh

FLORIDA



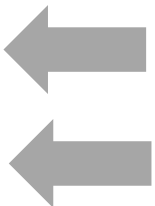
A LONG TIME COMING: EFFICIENCY RULE REFORM

KEY TAKEAWAYS

- Florida’s utilities are divided on efficiency.
- Florida’s low overall performance is the result of outdated regulatory practices.
- The Florida Public Service Commission is revising its Florida Energy Efficiency Conservation Act (FEECA) rules, the first time in 27 years.
- The Commission must replace the outdated RIM test and two-year payback screen with modern, industry standard practices for efficiency in Florida to improve.

ENERGY SAVED AS A % OF ANNUAL SALES

UTILITY	EFFICIENCY AS % OF PRIOR YEAR SALES
TAMPA ELECTRIC	0.44 %
JACKSONVILLE ELECTRIC	0.40 %
ORLANDO UTILITIES COMMISSION	0.35 %
SOUTHEAST AVERAGE	0.26 %
DUKE ENERGY FLORIDA	0.19 %
FLORIDA AVERAGE	0.12 %
FLORIDA POWER & LIGHT	0.05 %
GULF POWER	0.04 %

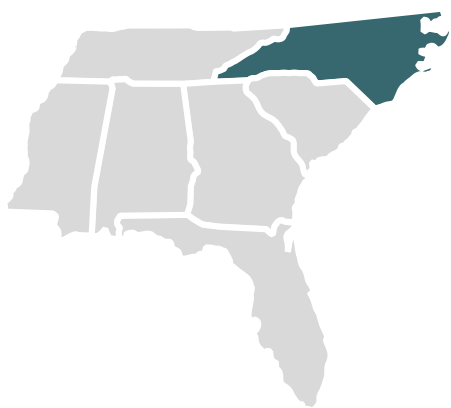


FLORIDA ENERGY EFFICIENCY AND CONSERVATION ACT (FEECA) THROUGH THE YEARS

1980 Florida legislature enacts FEECA.	1991/93 The last time FPSC modified its FEECA rules.	2008 Legislature amends FEECA law to emphasize pursuit of all cost-effective efficiency.	2009 Despite new law, FPSC takes no action to amend its FEECA rules, but substantially increases utility efficiency targets.	2014 Utilities and FPSC slash FEECA savings targets by 87%.	2019 Utilities propose reducing efficiency savings even further (a 99.5% reduction from 2009 levels) with some proposing goals of zero.	2019/20 FPSC rejects their proposal and calls for rule reform.	2021 Rulemaking underway.
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NORTH CAROLINA

EFFICIENCY LEADER IMPLEMENTS CARBON POLICIES



ENERGY SAVED AS A % OF ANNUAL SALES

UTILITY	2019
DUKE ENERGY CAROLINAS	0.98%
DUKE ENERGY PROGRESS	0.87%
NORTH CAROLINA AVERAGE	0.66%
NC ELECTRIC COOPERATIVES	0.31 %
SOUTHEAST AVERAGE	0.26 %
NC MUNICIPAL POWER	0.03 %

KEY TAKEAWAYS

Governor Cooper enacted Executive Order 80 in 2018 to reduce state carbon emissions 40% by 2025.

Reaching this target will require action by the legislature, executive branch, Utilities Commission, and the state’s power companies.

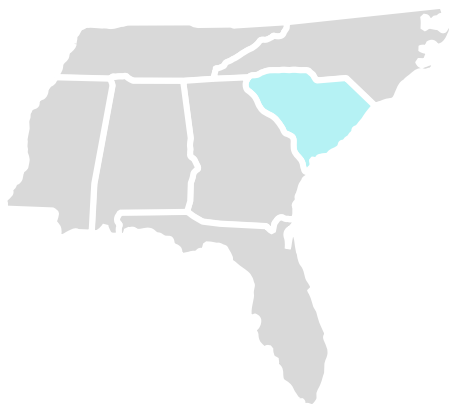
The most promising strategies for cutting emissions expand renewable energy and energy efficiency.

Stakeholders have made clear that the transition to a clean energy future must include addressing issues of equity.

Note: The Southeast region for SACE does not include the portion of North Carolina in the PJM territory served by Dominion Energy.

SOUTH CAROLINA

IMPLEMENTING THE ENERGY FREEDOM ACT



KEY TAKEAWAYS

The South Carolina legislature unanimously passed clean energy policies as part of the 2019 Energy Freedom Act (EFA) and replaced every member of its Public Service Commission in response to the failure of the VC Summer nuclear project.

The Commission rejected Dominion’s IRP for falling short of the clean energy requirements set out in the EFA, making it clear that the EFA’s requirements will be enforced.

Santee Cooper could soon be held to the same requirements – or become the target of a utility takeover. Either way, it is time for Santee Cooper to fully embrace energy efficiency in its resource planning.

ENERGY SAVED AS A % OF ANNUAL SALES

UTILITY	2019
DUKE ENERGY CAROLINAS	0.98 %
DUKE ENERGY PROGRESS	0.87 %
SOUTH CAROLINA AVERAGE	0.41 %
SOUTHEAST AVERAGE	0.26 %
DOMINION ENERGY	0.32 %
SANTEE COOPER	0.07 %

CONCLUSION

RETIRING FOSSIL FUELS FOR A CLEAN AND AFFORDABLE ENERGY FUTURE

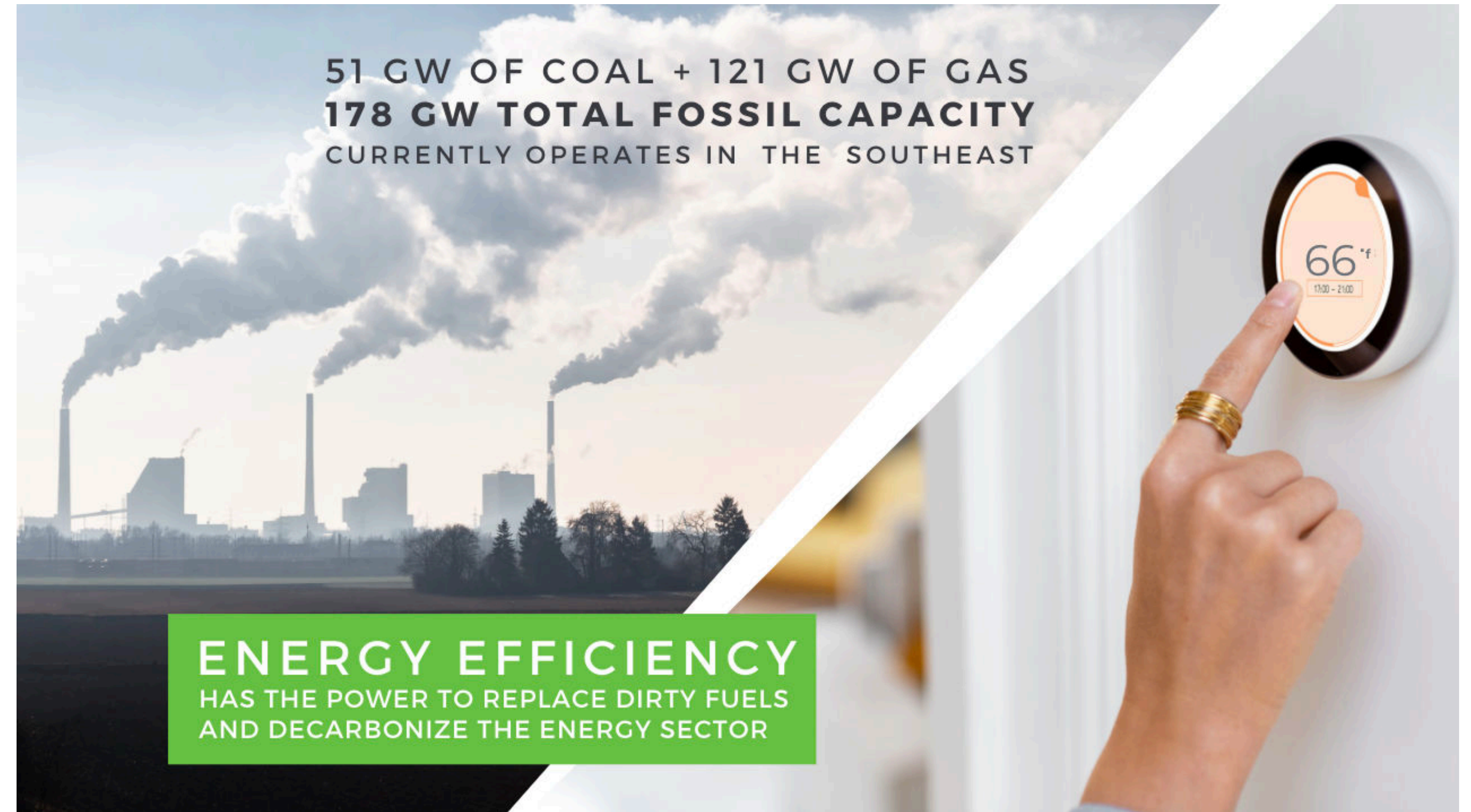
EFFICIENCY IS THE CLEAR SOLUTION

As the Southeast retires coal and gas, we must reject the rush to build new fossil gas in favor of expanding investment in efficiency and renewable energy.

The Southeast has among the highest electricity bills in the country, and the lowest investment in energy efficiency. Energy efficiency is a clear and equitable solution.

CLEAN ENERGY LEADERSHIP

A growing number of local communities, Southeastern states, electric utilities, and the new federal administration are committed to prioritizing energy efficiency as a tool to reduce carbon emissions and build a stronger economy.



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