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## Efficiency will help Northwest thrive in a carbon-constrained world

BY CRAIG SMITH  
Special to The Times

A RECENT New York Times article ("Industries Allied to Cap Carbon Differ On the Details," June 2, 2008, Business Day) suggested that current proposals for a "cap-and-trade" system for carbon emissions may end up pitting different sectors of the economy against one another. The article also identified the potential to create winners and losers on a state-by-state or region-by-region basis.

The primary problem lies with the mechanism used to set the carbon cap and allocate emissions allowances. One proposal would establish allowances based on current 2008 emissions from electric-generating resources.

Under this proposal, states such as those in the Northwest that have worked hard over the past several decades to curb energy consumption will have a much stiffer challenge compared with those that have done nothing.

On the other hand, if the system is established to grant everyone an "average" emissions allowance, then those who have already invested in efficiency will receive additional credit that might even be perceived as a windfall by others.

The difference in economic consequences between these two approaches is significant. The final outcome of the carbon-emissions policy debate will undoubtedly have a major impact on the strategies that will be deployed to secure a clean, reliable, and affordable supply of energy for the future here in the Northwest.

Our region has already been blessed with a large hydroelectric power resource that has historically met most of the region's need for electricity with carbon-neutral, inexpensive power. And, through 30 years of focus on energy efficiency, we have been able to stretch that resource even further.

According to the Northwest Power and Conservation Council, over the past 30 years, the region has managed to save more than 3,300 average megawatts of electric power. That's enough energy to power three cities the size of Seattle. Not only electricity is being saved; consumers paid out nearly \$1.3 billion less on their utility bills and lowered carbon emissions by 13.5 million tons, which is like taking



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### **i** Information

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more than two million cars off the road or planting a forest across all of Snohomish and King counties.

Part of this success was driven by a little-known effort started more than 10 years ago. In 1996, Bonneville Power Administration, electric utilities, state agencies and public-interest groups joined together to increase energy efficiency in the region. The result was the Northwest Energy Efficiency Alliance (NEEA) — a collaborative effort to help Northwest markets deliver more energy-efficient products and services to consumers, business and industry. The Northwest utilities, operating through NEEA, have accomplished things that few other regions can claim:

- In 2007, Northwest consumers bought more than 18 million compact fluorescent lamps (CFLs), or one-and-a-half bulbs for every person in the region;

- Two out of every three clothes washers sold in the Northwest meet Energy Star requirements — that's higher than nearly any other region in the country;

- More than 90 percent of windows sold in the Northwest meet high-efficiency Energy Star requirements;

- One hundred new schools across the region have been designed to take advantage of natural daylight;

- And through a partnership with the Northwest Food Processors Association, businesses representing more than 15 percent of the region's food-processing capacity have made a corporate commitment to strategic energy management.

Despite all of these efforts, the consumption of power has steadily increased. For every megawatt saved during the past decade, the region has added a megawatt of new electric load. The Northwest's population has grown at twice the rate of the rest of the country, even faster than India's. Electricity consumed by consumer electronics alone — TVs, computers and DVD players — has doubled since the late 1990s, and is expected to rise by another 35 percent by 2015.

Even with the planned dramatic increases in efficiencies, these efforts will not meet the new growth. New electric generating and transmission facilities will need to be added that will likely increase electricity prices for Northwest consumers. All of which brings us back to carbon cap and trade. The magnitude of cost increases resulting from new energy generation will be impacted by how carbon allowances are allocated.

Regardless of which way the cap-and-trade debate turns out, meeting the region's growing energy needs requires a diverse portfolio of resources with energy efficiency as its cornerstone. It has historically been our lowest-cost, lowest-risk resource with significant environmental benefits.

We can be proud of the accomplishments we have already made in energy efficiency in the Northwest, but it is clear that the future will demand much more. It's time for people from across the region to come together again to meet these new challenges. With our history of initiative, innovation and collaboration, the Northwest is in a prime position to lead the nation into the next era of energy-efficiency accomplishments and maintain a thriving regional economy.



Craig Smith is chairman of the board of directors for the Northwest Energy Efficiency Alliance (NEEA) and assistant general manager of customer and corporate services at Snohomish County PUD.