

CSD-14

Tuesday, 02 May 2006

Conf. Room 2 from 3:00-6:00 p.m.

Thematic Discussions: Energy Efficiency

Major Group: Business and Industry

Mr. Chairman, my name is Paul Genoa and I am speaking for the major group of Business and Industry representing the International Chamber of Commerce and Business Action for Energy.

Mr. Chairman, energy efficiency is a critical component of any sustainable energy strategy. Governments should continue to promote and support energy efficiency among producers and consumers of energy.

Efficiency improvements by energy producers are often overlooked but are none the less important. As indicated by Mr. Weil in his informative presentation, policies can encourage efficiency by sending signals to the energy market, which will then respond.

As an example of this principle, in the United States electrical generation, transmission and distribution has been historically implemented by vertically integrated electric utility companies---essentially regulated monopolies within there region or service territories.

As policies were debated on how to restructure the electricity market to instill competition, these utilities responded by sharpening their focus on the reducing the cost of their operations through increased efficiency.

One electricity generating sector achieved efficiency gains of 36% in response to these policies by improved management, maintenance practices, and by sharing lessons-learned within the sector. Beginning in 1990, with an average capacity factor of just 70% (577 billion kWh) for the generation fleet, they increased their average capacity factor to over 90% (782 billion kWh) today.

This increased capacity factor resulted in the production of 37% (1,845 teraWh) more electricity from essentially the same fleet of generating assets. To put this in perspective, the extra electricity produced by this sector in 2005 through increased efficiency, is equivalent to the output of 26 1000 MW power plants. Plants that were not needed because increased demand was met through increased efficiency of existing plants.

From a climate perspective, this example has real implications. Because this non-emitting generation sector does not produce CO₂, over two billion metric tons of CO₂

were avoided from 1990 through 2005. In 2005 alone, over 200 metric tons of CO₂ were avoided. This is equivalent to removing 30 million cars from our highways. Substantial gains can also be made on the demand side of the equation. However, while these efficiency gains on both the supply and the demand side can make a major contribution, growing a diverse range of energy supplies and improving access to them is still essential.

Mr. Chairman, thank you for the opportunity to share our perspective on this important topic.