



September 4, 2009

Ms. Michelle Moore
Federal Environmental Executive
Council on Environmental Quality
730 Jackson Place, NW
Washington, D.C. 20503

Re: New Executive Order – *Source Energy* is the Key to Reduce Carbon Footprint and Improve Energy Efficiency

Dear Ms. Moore:

President Obama has made it a priority to move our country toward a new green economy, in which we will reduce greenhouse gas emissions by using cleaner energy more efficiently. The American Gas Association (AGA) supports that vision for the future.

AGA's natural gas utility members help meet the energy needs of more than 65 million U.S. homes and businesses with a fuel that is clean, abundant, domestic, and efficient. In fact, natural gas utilities and their residential customers are leaders in energy efficiency and climate change mitigation – the average natural gas residential customer uses 38% less natural gas than that customer did in 1970. When it comes to changing our nation's energy habits, we are both the leaders and drivers of that change.

To enhance that change and further reduce the energy and carbon intensity of the U.S. economy, federal policy must provide clear support for measuring energy use and environmental impact on a source energy basis. Moving to such a measurement in developing appliance energy efficiency standards was the primary general recommendation made by the National Academy of Sciences (NAS) in its recently released report, which found full-fuel-cycle (i.e. source) measurement to be the most appropriate method to accurately capture energy consumption and environmental impact. For a summary and link to the NAS Report, See <http://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=12670> The U.S. Environmental Protection Agency (EPA) also has determined that source energy is the most accurate and equitable method for measuring the energy efficiency and carbon footprint of commercial buildings. As EPA explains on its Energy Star website,

“Source energy represents the total amount of raw fuel that is required to operate the building. It incorporates all transmission, delivery, and production losses, thereby enabling a complete assessment of energy efficiency in a building.”

See

http://www.energystar.gov/index.cfm?c=evaluate_performance.bus_benchmark_comm_bldgs . The alternative method for evaluating building energy efficiency – known as “site energy” -- looks only at the energy consumed on site, ignoring the energy wasted or lost in producing, generating and transporting that energy supply to the building site. Based on a detailed analysis, EPA concludes that “source energy comparisons generally reflect energy costs and carbon emissions more accurately than site energy.” See EPA's *Methodology for Incorporating Source Energy Use (August 2009)*, at page 2, available online at http://www.energystar.gov/ia/business/evaluate_performance/site_source.pdf.

You now have an important opportunity to demonstrate leadership and help make the green economy a reality -- by making source energy the yardstick for energy efficiency in federal buildings and equipment.

We understand that your office is drafting a new Executive Order that will direct federal agencies to improve the energy efficiency of federal facilities and to reduce resulting emissions of carbon dioxide and other greenhouse gases. AGA strongly urges you to include a provision that will ensure your efforts reduce greenhouse gas (GHG) emissions and increase energy efficiency most effectively. We ask that you require federal agencies to measure energy efficiency from the source of the energy to its end use in a building or appliance. This is the only effective way to evaluate energy efficiency. It is consistent with the approach used by the EPA Energy Star program for Commercial Buildings and the recommendations made in the recent NAS report.

In Executive Order 13123, "Greening the Government through Efficient Energy Management," President Clinton ordered the federal government "to reduce overall energy use and associated greenhouse gas and other air emissions, as measured at the source." Specifically, the Order provided:

***"Sec. 206. Source Energy.** The Federal Government shall strive to reduce total energy use and associated greenhouse gas and other air emissions, as measured at the source. To that end, agencies shall undertake life-cycle cost-effective projects in which source energy decreases, even if site energy use increases. In such cases, agencies will receive credit toward energy reduction goals through guidelines developed by DOE."*

64 Fed. Reg. 30851, 30852 (Executive Order 13123) (June 8, 1999).

Unfortunately, in 2007, President Bush revoked Executive Order 13123 and dropped source energy without explanation. ¹Executive Order 13423 instead set a goal for reducing the "energy intensity" of federal agencies, without explaining how to measure energy efficiency. ² This left it open to agencies to measure progress based on site energy -- which is in fact what has happened. As a result, the Bush order promotes projects that *appear* to reduce energy use when measured only within the confines of a building site -- even if the project actually increases overall energy use and emissions when looking at the big picture. To meet the broader goals set by President Obama, federal agencies need to consider the full impact of energy use in buildings and facilities.

It is time for the Federal Government, as the Nation's largest energy consumer as well as the key developer of energy efficiency standards, to lead the way to the new green economy. By embracing source energy as the standard for measuring energy efficiency, the Federal Government will drive investment into projects that best reduce energy use, save taxpayer dollars, reduce greenhouse gas emissions, improve national energy security, create new green jobs, and jump start the economic engine for newer greener technologies.

¹ See Executive Order 13423, 72 Fed. Reg. 3919, 3923 Sec. 11 (Jan. 26, 2007).

² See 72 Fed. Reg. at 3919, Sec. 2.

How can you do this? Include source energy in the new Executive Order. AGA urges you to include the following provision in the new Executive Order:

Sec. XXX. Source Energy Efficiency and Carbon Footprint of Federal Buildings.

The Federal Government shall strive to reduce total energy use and associated greenhouse gas and other air emissions, as measured at the source. To that end, agencies shall undertake life-cycle cost-effective projects in which source energy decreases, even if site energy use increases. To do so, federal agencies shall measure the energy efficient performance of federal buildings, including single family and multi-family residential buildings, using the U.S. Environmental Protection Agency (EPA) Energy STAR Portfolio Manager/Target Finder. Federal buildings shall achieve performance within the top 20% of CO2-equivalent emissions reduction percentage of those rated using Target Finder among buildings of a comparable type, geographic location, and description. The U.S. Department of Energy (DOE) shall develop guidelines to allow Federal agencies to receive credit toward energy reduction for building projects that achieve that performance goal.

This is an updated version of the source energy provision from Executive Order 13123, adding a reference to EPA Energy STAR's online tool for calculating source energy.

I would be happy to meet with you and your colleagues to discuss this idea further. In the meantime, please do not hesitate to contact me with any questions you may have. Thank you for considering this request.

Respectfully,

A handwritten signature in black ink that reads "Pamela A. Lacey". The signature is written in a cursive, flowing style.

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