

Progressive Policy Institute: PPI | Model Initiatives | November 21, 2003  
**Trimming State Energy Use**

---

**PPI Play** | Using energy-wise programs to save taxpayer dollars, protect the environment, and conserve water

**Where It's Working** | Arizona

**Players** | State agencies, nonprofit organizations, and energy service companies (ESCOs)

---

Tight budgets and a weak economy have state and local governments everywhere searching for ways to squeeze the most out of every taxpayer dollar they spend. At the same time, state and local leaders continue to seek ways to protect the environment -- and in the arid West, to conserve water -- through energy efficiency. A new law in Arizona aims squarely at all three goals.

Under the leadership of Gov. Janet Napolitano, Arizona legislators passed a bill in April 2003 aimed at cutting the state government's energy consumption significantly over the next decade. H.B. 2324, which dovetails with Napolitano's Efficiency Review (ER) initiative to improve state government performance, requires the state's Administration and Transportation Departments and Arizona's universities and community colleges to cut their energy use by 10 percent below 2001-2002 levels by July 2008 and by 15 percent by July 2011. The new law also requires the agencies and higher education institutions to buy only federal "Energy Star" compliant products or others certified under the Federal Energy Management Program, and to adhere to the International Energy Conservation Code in new construction. The measure is expected to carve about \$90 million off the state's energy bills.

H.B. 2324 builds on energy efficiency steps taken under Arizona's Smart Energy campaign, which was prompted by the rolling blackouts that plagued neighboring California in 2001. State agencies, for example, were ordered that summer to set their thermostats up two degrees, reducing energy usage from 7 percent to 10 percent, and saving the state an estimated \$115,000. New energy conservation measures will include installing sensors that turn off lights in empty rooms, replacing light fixtures with more energy-saving models, and squeezing even more efficiency out of air conditioners in summer months.

The new law's proponents expect that state agencies and schools will enlist energy service companies (ESCOs) to help them devise and implement energy savings projects. ESCOs are businesses that develop, install, and finance projects to improve energy efficiency and cut operating costs. Over time, the projects pay for themselves in the form of lower energy bills.

Momentum to pass the law began to build during the summer of 2002, amid in-depth legislative studies on energy efficiency and renewable energy. Jeff Schlegel of the Southwest Energy Efficiency Project (SWEET), a public interest group that promotes energy efficiency in the rapidly growing Southwest, worked with Arizona Rep. Randy Graf, the bill's chief sponsor, to rally support for the measure.

"This bill represents a significant step in the direction of greater energy efficiency and thus lower energy costs for the state and its taxpayers, lower pollutant emissions, and less water consumption by power plants."

-- **Jeff Schlegel**,  
Southwest Energy  
Efficiency Project  
(SWEET)

"This bill represents a significant step in the direction of greater energy efficiency and thus lower energy costs for the state and its taxpayers, lower pollutant emissions, and less water consumption by power

plants," Schlegel says. Both he and Graf say they hope the law will spur similar energy-saving activity in the residential, commercial, and industrial sectors. A new SWEEP study released in August 2003 found that making new homes and commercial buildings in the Southwest more energy efficient could save potentially 19 billion kilowatts of electricity and 60 billion cubic feet of natural gas per year by 2020, adding up to net cost savings of \$8.4 billion for consumers and businesses.

#### Resources for Action:

Arizona Gov. Janet Napolitano's Efficiency Review (ER) website  
<http://www.governor.state.az.us/er/er.htm>

Arizona's Smart Energy Usage Program  
<http://www.commerce.state.az.us/Energy/smartenergyusage.htm>

Southwest Energy Efficiency Project (SWEEP)  
<http://www.swenergy.org/>

U.S. Environmental Protection Agency's Energy Star program  
<http://www.energystar.gov/>

#### Additional Reading:

Text of Arizona H.B. 2324  
[http://www.swenergy.org/legislation/arizona/HB2324\\_bill\\_text.pdf](http://www.swenergy.org/legislation/arizona/HB2324_bill_text.pdf)

"Increasing Energy Efficiency in New Buildings in the Southwest: Energy Codes and Best Practices"  
<http://www.swenergy.org/ieenb/index.html>

#### Contacts

Jeff Schlegel  
Southwest Energy Efficiency Project  
2260 Baseline Rd.  
Suite 212  
Boulder, CO 80302  
(520) 797-4392  
(303) 786-8054 (fax)  
[schlegelj@aol.com](mailto:schlegelj@aol.com)

Jan Mazurek  
Director  
Center for Innovation and the Environment  
Progressive Policy Institute  
600 Pennsylvania Ave., SE, Suite 400  
Washington, DC 20003  
(202) 423-8778  
(202) 544-5014 (fax)  
[jmazurek@dlcppi.org](mailto:jmazurek@dlcppi.org)