

# Investing in Energy Efficiency for a Fair and Just Transition

The United States must make a substantial investment in energy efficiency to reduce energy consumption, save money, protect the climate and create jobs. This investment should be part of any national strategy to address the climate crisis and also spur job creation to curb America's growing economic inequality.

A \$500 billion nationwide investment in upgrading energy efficiency by 2035<sup>1</sup> could reduce energy use, stimulate the economy, and provide a fair and just transition for fossil fuel workers and vulnerable communities.

## The Efficiency Solution to Our Energy Problem

Efficiency is how much energy is required to perform a certain amount of work. A more energy-efficient light bulb requires less energy to generate the same amount of illumination and tends to last longer. Energy efficiency represents the low-hanging fruit of the transformation of our energy system necessitated by a rapidly changing climate. The cheapest and cleanest kilowatt-hour is the energy saved from investing in efficiency.

The United States is using too much energy, primarily from climate-polluting fossil fuels. This is partly because the energy industry has long promoted consumption of abundant, cheap energy, which is designed to discourage energy efficiency.<sup>2</sup> Oil, gas and utility companies tend to be opposed to efficiency standards because it affects their bottom line.<sup>3</sup>

Energy is often wasted by needless inefficiencies, from power plant to wall socket to electrical equipment. Buildings are energy hogs — using nearly 40 percent of U.S. energy demand — and have the largest potential for efficiency savings.<sup>4</sup> Lower-income households and renters (who tend to live in old, drafty buildings) would benefit most from retrofits, but lack the financial means. Reduced energy consumption could save ratepayers \$82.7 billion annually between 2020 and 2035, for a total of \$1.3 trillion.<sup>5</sup>

## Real Savings and Jobs

Energy efficiency is an implementable approach for stimulating job growth and diminishing the need for additional



fossil fuel plants.<sup>6</sup> Energy efficiency investments also generate nearly three times as many jobs as comparable investments in fossil fuels.<sup>7</sup>

In 2017, the efficiency industry employed 2.25 million workers, nearly half in construction, with another 300,000 in manufacturing.<sup>8</sup> These jobs are inherently localized and domestic; they are almost impossible to outsource and exist across the country.<sup>9</sup>

A national energy efficiency program could create 20.8 million jobs from 2020 to 2035, or 1.3 million full-time jobs annually — 52 percent more new jobs than were created annually between 2013 and 2017.<sup>10</sup> Such efficiency jobs could begin

to address the widening income and wealth inequality in the United States that has made it impossible for working families to get ahead.

## Closing the Inequality Gap

Household income inequality has been increasing. By 2015, the top 1 percent of households earned 26 times more than the remaining 99 percent.<sup>11</sup> Adding to the burden, lower-income households spend about 11 percent of earnings on utilities.<sup>12</sup> Inefficient buildings result in high bills that force households to decide between paying for utilities or other basic necessities.<sup>13</sup> And renters face a unique challenge as landlords have little incentive to invest in efficiency upgrades.<sup>14</sup>

A national strategy would provide sufficient funding and grants to upgrade houses for lower-income homeowners; reducing energy costs by one-third would deliver substantial benefits. Weatherization improvements alone (reducing building leaks) could cut energy bills by between \$300 and \$400 annually.<sup>15</sup>

Investing money in energy efficiency alone will not ensure that the jobs reach disadvantaged workers. The construction industry workforce has disproportionately been white

and male, leaving women and people of color out of the job opportunities for efficiency upgrades.<sup>16</sup> Only 23 percent of efficiency workers are women, 8 percent are African Americans, and 15 percent are Latinos.<sup>17</sup> But programs that aggressively recruit and train efficiency construction workers from underserved areas can start to remedy this historic lack of opportunity.

## The Time is Now

A national investment in upgrading the energy efficiency of buildings would generate economic growth and create millions of jobs. Like President Franklin D. Roosevelt's New Deal programs, these green public works programs must be paired with pro-labor policies to ensure that workers share fully in the massive investments.

They must make it easier for workers to form unions, provide a just and fair transition for existing fossil fuel energy workers, provide comprehensive training for new workers to develop career skills to support their families, and ensure that companies that manufacture and install energy-efficient equipment and technologies do not have a history of violating labor, wage and hour, workplace safety, tax and environmental rules.

## Endnotes

- 1 Food & Water Watch. "Building Climate Justice: Investing in Energy Efficiency for a Fair and Just Transition ." March 2019 at 10 and 11, endnotes 96 and 97, and Methodology at 21.
- 2 de la Rue du Can, Stephane et al. "Design of incentive programs for accelerating penetration of energy-efficient appliances." *Energy Policy*. Vol. 72. May 2014 at 57; American Petroleum Institute. [Press release]. "API and ANGA: Two energy trades combine forces." November 18, 2015; Farrell, Diana and Jaana K. Reemes. McKinsey & Company. "How the world should invest in energy efficiency." July 2008 at 1 and 6.
- 3 *Ibid.*
- 4 U.S. Department of Energy. Energy Information Administration. "Annual Energy Outlook 2018." February 6, 2018 at Table 2.1 Energy Consumption by Sector.
- 5 Food & Water Watch (2019) at 11, endnote 100, and Methodology at 22.
- 6 Wei, Max et al. "Putting renewables and energy efficiency to work: How many jobs can the clean energy industry generate in the US?" *Energy Policy*. Vol 38. 2010 at 928.
- 7 Garrett-Peltier, Heidi. "Green versus brown: Comparing the employment impacts of energy efficiency, renewable energy, and fossil fuels using an input-output model." *Economic Modeling*. Vol. 61. 2017 at 444.
- 8 National Association of State Energy Officials and Energy Futures Initiative. "U.S. Energy and Employment Report." May 2018 at 74, 76 and 77.
- 9 U.S. Congress Joint Economic Committee. Ranking Member Martin Heinrich Minority Staff Report. "Energy Efficiency Powers Economic Opportunity." June 2017 at 2; Fulton, Mark et al. The Rockefeller Foundation and Deutsche Bank Climate Change Advisors. "United States Building Energy Efficiency Retrofits: Market Sizing and Financing Models." March 2012 at 32.
- 10 Food & Water Watch (2019) at 13 and endnotes 109 to 111.
- 11 Sommeiller, Estelle and Mark Price. Economic Policy Institute. "The New Gilded Age." July 19, 2018 at 2.
- 12 Food & Water Watch analysis of U.S. Bureau of Labor Statistics. "Consumer Expenditure Survey." 2016.
- 13 Dreihobl, Ariel and Lauren Ross. American Council for an Energy-Efficient Economy. "Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities." April 2016 at 9; Center for Climate and Energy Solutions (C2ES). "Strengthening Energy Efficiency Programs for Low-Income Communities." July 2017 at 1.
- 14 Dreihobl and Ross (2013) at 4; Hernández, Diana and Stephen Bird. "Energy Burden and the Need for Integrated Low-Income Housing and Energy Policy." *Poverty Public Policy*. Vol. 2, No. 4. November 2010 at 4.
- 15 Cohen, Rebecca. [Fact sheet]. AARP Public Policy Institute. "Weatherization — Fact Sheet 169." March 2010 at 1; C2ES (2017) at 1.
- 16 Beach, Benjamin S. "Using government policy to create middle class green construction careers." *Journal of Law and Policy*. Vol. 18, Iss. 1. 2009 at 8.
- 17 National Association of State Energy Officials and Energy Futures Initiative. "U.S. Energy and Employment Report." May 2018 at 82.