

2% Annual Energy Intensity Reduction with “Feebates”

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A little background & history:

Quad Graphics

1995 - Commitment to reduce electricity use by 3% per year per unit of output on an ongoing basis.

As of 2007 the company's estimated annual electricity use reduction is 2.9% per unit of output.

Principles

- Everyone in each sector does their part to reduce energy intensity – 2% annually
- ‘Clean energy’ accommodates sector demand growth over time
- Instills “energy efficiency ethic” and continuous improvement among sectors

How do you pay for 'clean energy?'

- “Feebate”
- Based on the principle that efficient use of resources should be rewarded by the inefficient.
- A fee is combined with a rebate to:
 - Incent energy intensity reductions
 - Pay for clean energy investments

A Feebate Example

- Each sector would establish its' baseline average energy intensity per unit of production (adjusted annually)
- Goal is minimum 2% reduction
 - Companies whose reduction is **below** the average pay a fee
 - Companies whose reduction is **above** the average receive a rebate
 - Revenue-neutral
 - Sectors might earmark fees for public Clean Energy projects

An example continued...

- “Good Actor Clause”
- Mentoring opportunity
- Use Green Tier Charters as legal framework to manage sector commitments
- Creates competitive dynamic
- Sector based leadership opportunity
- Green marketing benefit supports WI Brand

Summary

- Opportunity to:
 - Drive down energy intensity and allow for economic growth
 - Increase clean energy investments
 - Achieve goals with low cost, revenue-neutral funding mechanism, low administrative burden
 - Showcase business leadership, highlight best practices

Questions and Feedback?
Thank you.