Good afternoon. My name is Michael Migliaccio. I am the Energy Solutions Regional Business Development Manager for Johnson Controls in Georgia. Johnson Controls is a global diversified technology and industrial leader with 170,000 employees serving customers in more than 150 countries. Our services include solutions to optimize energy efficiencies in buildings. Our commitment to sustainability dates back to our roots in 1885, with the invention of the first electric room thermostat.

Johnson Controls is part of an industry that provides energy efficiency products and services to building owners across multiple markets. Within our industry we are referred to as Energy Services Companies (ESCOs).

As one of the compliance options under Rule 111(d), we support that end-use energy efficiency be utilized as a means to reduce energy consumption, thus reducing GHG emissions, while creating local benefit in the form of added jobs. We believe that energy efficiency offers an opportunity to create over 300,000 new jobs, save consumers $100 billion per year on energy bills, and eliminate 600 million tons of CO₂ emissions each year.

In addition to utility-based energy efficiency programs, we urge that the energy efficiency building block should promote and account for energy efficiency initiatives taken on by the building owners themselves.
Data from the Bloomberg New Energy Finance’s article titled, “Sustainable Energy in America Factbook”, 2014 shows that energy efficiency through ESCO activity is substantial.

In fact, there is about as much investment in end-use efficiency through ESCO activities as there is through utility programs.

The energy efficiency initiative that my industry provides is known as Guaranteed Energy Savings Performance Contracting. It is a procurement model available to federal, state, and local government agencies, universities, elementary schools and industry. Under this procurement model, building owners receive infrastructure replacement associated with energy consuming equipment such as lighting, cooling and heating. The replacement of older technology system with new energy efficient systems creates a reduction in utility consumption which translates into less need for generation hence lower GHG emissions.

Furthermore, what makes Guaranteed Energy Savings Performance Contracting an ideal method of end-use energy efficiency is that the energy reduction is measured, verified and documented. These steps are necessary in every performance contract, as the ESCO much guarantee to the building owner that the energy consumption will be achieved each year of the contract.
In this context, Johnson Controls recommends six policy principles for energy efficiency as a compliance tool.

1) End-use energy efficiency should be an available means of compliance.
2) The EPA should provide guidance to States on presumptively approvable energy efficiency provisions in compliance plans. EPA should be explicit, not silent.
3) Existing State/utility programs should be recognized and scaled.
4) Mechanisms for crediting private-sector-delivered energy efficiency activities should be available, including crediting for sale of highly efficient appliances, facility energy efficiency projects, and Energy Savings Performance Contracts.
5) Energy efficiency can and should be explicitly credited in both rate- and mass-based compliance systems. Either system can work with the appropriate policy design.
6) EPA should be explicit about criteria used to approve energy efficiency elements of State plans. The criteria should include:
   • Environmental rigor – quantifiable, enforceable, and sustainable.
   • Administrative ease – clear investment signals, manageable requirements.
   • Adaptability – periodic review of state plans, with prospective adjustments, as needed.

Johnson Controls supports EPA’s consideration of energy efficiency as a compliance tool and appreciates the opportunity to make a statement today.