PRESS RELEASE

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Green building is a crucial and urgent economic and environmental imperative, says new McKinsey report

Investment in energy efficient building and other non-transportation sectors can reap $130 billion in annual savings ($1.2 trillion total), 1.1 gigatons in annual greenhouse gas reductions, and the creation of as many as 900,000 new on-going jobs

Washington, D.C. – (July 29, 2009) – Investing in the energy efficiency of buildings represents a powerful and strategic energy and climate solution that combined with other non-transportation initiatives could reduce the nation's energy consumption by 23 percent by 2020, save the U.S. economy $1.2 trillion, and reduce greenhouse gas emissions by 1.1 gigatons annually, according to a study released today by McKinsey & Company.

"This confirms a critical path forward that we have long championed. Harnessing the engine of green, energy efficient buildings can cost-effectively drive tremendous improvements in our economy and environment," said Rick Fedrizzi, President, CEO and Founding Chairman of USGBC. "Green building can stimulate the economy at a level one and a half times larger than the federal stimulus bill. In terms of climate change, a commitment to energy efficiency would be the equivalent to taking the entire U.S. fleet of passenger cars and light trucks – more than 200 million vehicles – off the road."

The report provides a detailed assessment of how much the nation can increase energy efficiency in buildings and other non-transportation sectors using existing methods and technologies. A targeted investment of $50 billion a year over 10 years, the report finds, would enable the entirety of those potential savings to be realized. Those reductions in energy use would save the U.S. economy $1.2 trillion, a return on investment of more than two to one. Furthermore, those investments would generate 900,000 jobs and reduce greenhouse gas emissions by 1.1 gigatons, according to the report, "Unlocking Energy Efficiency in the U.S. Economy," which was sponsored by the U.S. Green Building Council and 11 other organizations from the government, non-governmental, and private sectors.

McKinsey's research finds that a comprehensive strategy, executed at scale, could reduce the annual non-transportation end-use energy consumption analyzed in this report from 36.9 quadrillion BTUs in 2008 to 30.8 quadrillion BTUs in 2020 – saving 9.1 quadrillion BTUs relative to a business-as-usual baseline.

"Increasing our nation's energy efficiency is an economic, environmental and national security imperative that requires bold public policy," Fedrizzi said. "As Congress debates climate change legislation, these findings make an overwhelming case that we must dramatically strengthen provisions that support and scale green building."

The energy efficiency potential cited in the report is divided across three sectors of the U.S. economy: industrial (40 percent of the end-use energy efficiency potential), residential (35 percent) and commercial (25 percent).

Solutions, drawn from a rich inventory of proven, piloted and emerging national and international examples, show that maximizing the energy efficiency potential from any single opportunity –

weatherizing homes, utilizing efficient air conditioners, or employing combined heat and power generation – requires addressing multiple barriers simultaneously.

"By leveraging existing green building approaches, like LEED, which is rooted in holistic and integrated design, we have the ability and capacity now to address multiple barriers, and thus generate additional resource efficiencies and cost savings," continued Fedrizzi.

The report calls for an integrated national plan guided by five principles:

- Recognize energy efficiency as an important energy resource that can help meet future energy needs, while the nation simultaneously develops new no- and low-carbon energy sources.
- Formulate and launch – at both the national and regional levels – an integrated portfolio of proven, piloted and emerging approaches.
- Identify methods to provide the significant upfront funding.
- Forge greater alignment among utilities, regulators, government agencies, manufacturers and energy consumers.
- Foster innovation in the development and deployment of next-generation energy efficiency technologies to ensure continuing productivity gains.

In addition to USGBC, the report was also sponsored by Austin Energy, Department of Energy (Office of Electricity Delivery and Energy Reliability, Office of Energy Efficiency and Renewable Energy), DTE Energy, Energy Foundation, Environmental Protection Agency, Exelon Corporation, Natural Resources Defense Council, PG&E Corporation, Sempra Energy, Sea Change Foundation, and Southern Company.

To download the report, visit
http://www.mckinsey.com/clientservice/electricpowernaturalgas/US_energy_efficiency/

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About U.S. Green Building Council
The Washington, D.C.-based U.S. Green Building Council is committed to a prosperous and sustainable future for our nation through cost-efficient and energy-saving green buildings.

With a community comprising 78 local affiliates, more than 20,000 member companies and organizations, and more than 131,000 LEED Accredited Professionals, USGBC is the driving force of an industry that is projected to soar to $60 billion by 2010. The USGBC leads an unlikely diverse constituency of builders and environmentalists, corporations and nonprofit organizations, elected officials and concerned citizens, and teachers and students.

Buildings in the United States are responsible for 39% of CO2 emissions, 40% of energy consumption, 13% water consumption and 15% of GDP per year, making green building a source of significant economic and environmental opportunity. Greater building efficiency can meet 85% of future U.S. demand for energy, and a national commitment to green building has the potential to generate 2.5 million American jobs.

About McKinsey & Company
McKinsey & Company is a management consulting firm that helps many of the world's leading organizations address their strategic challenges. With consultants deployed in 50 countries across the globe, McKinsey advises on strategic, operational, organizational and technological issues. McKinsey's Energy Practice and Climate Change Special Initiative supports organizations in the private, public and social sectors on energy and climate change-related topics, and develops new thinking on the economics and business implications of the relationships between changing energy and climate dynamics .

****The study found that investment in energy efficient building and other non-transportation sectors can reap $130 billion in annual savings ($1.2 trillion total) and 1.1 gigatons in annual greenhouse gas reductions. While the report*

*does not include an economy-wide analysis of net job impacts, it does show that as many as 900,000 new, ongoing jobs could be created in the areas of energy retrofitting and code enforcement.****