

California Public Utilities Commission

Energy Efficiency in California

Discussion with the EPA State Energy Efficiency/
Renewable Technical Forum

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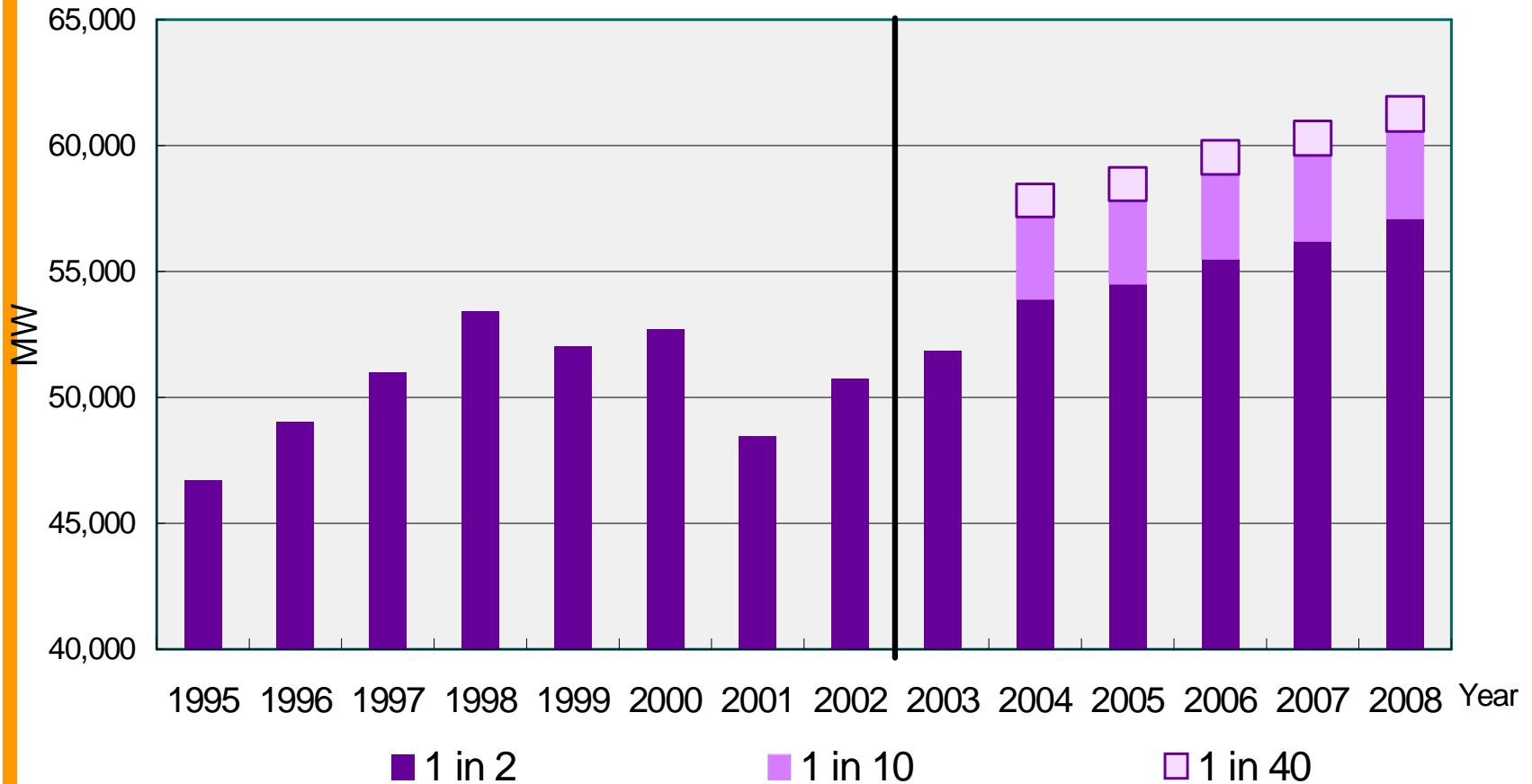
Key Areas of Focus in Energy Efficiency

- **Savings Goals and Targets**
- **Funding**
- **EE Administration Structure, and**
- **Evaluation, Measurement and Verification**

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Electricity Demand Trends

Statewide Coincident Peak Demand (MW)

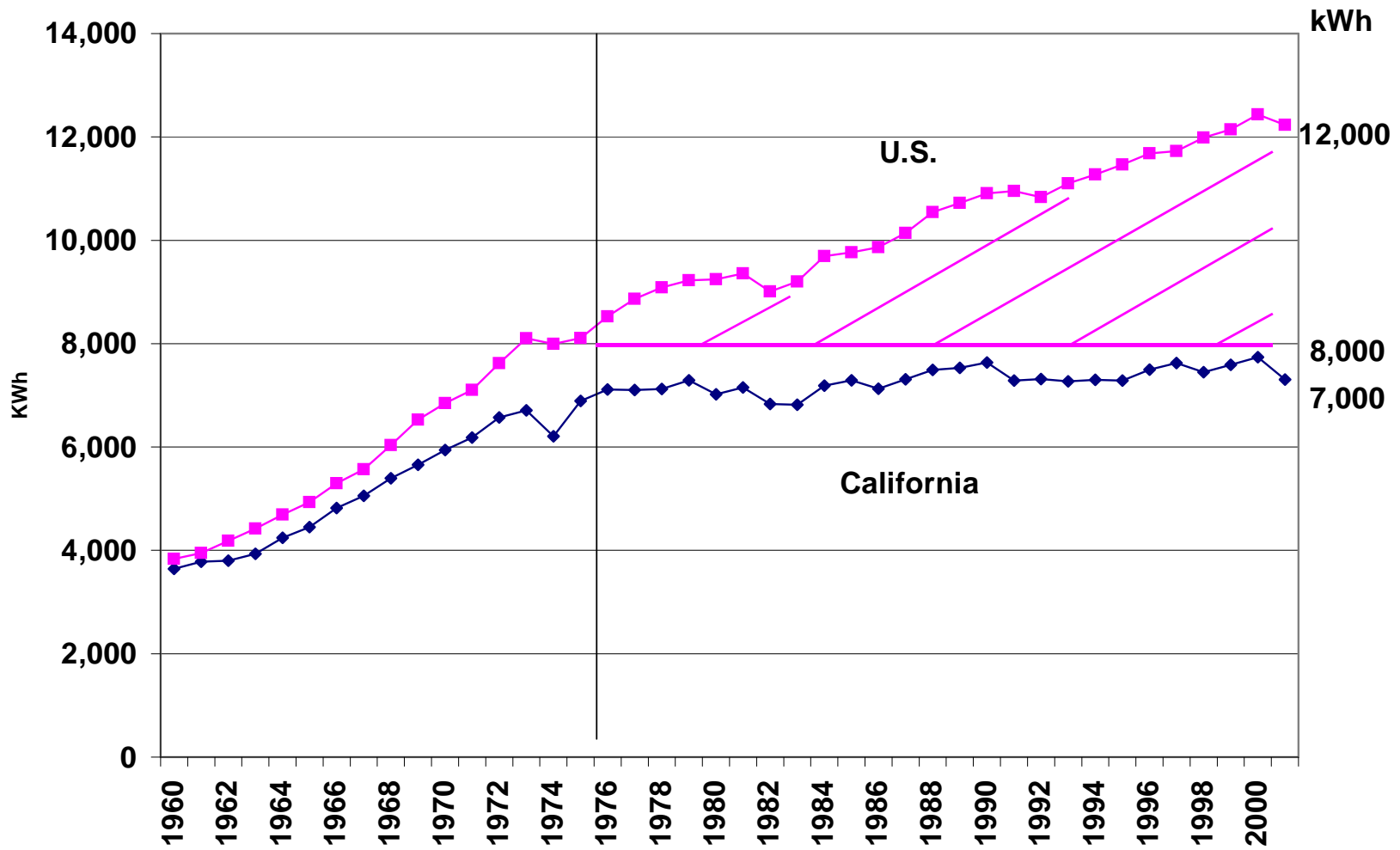


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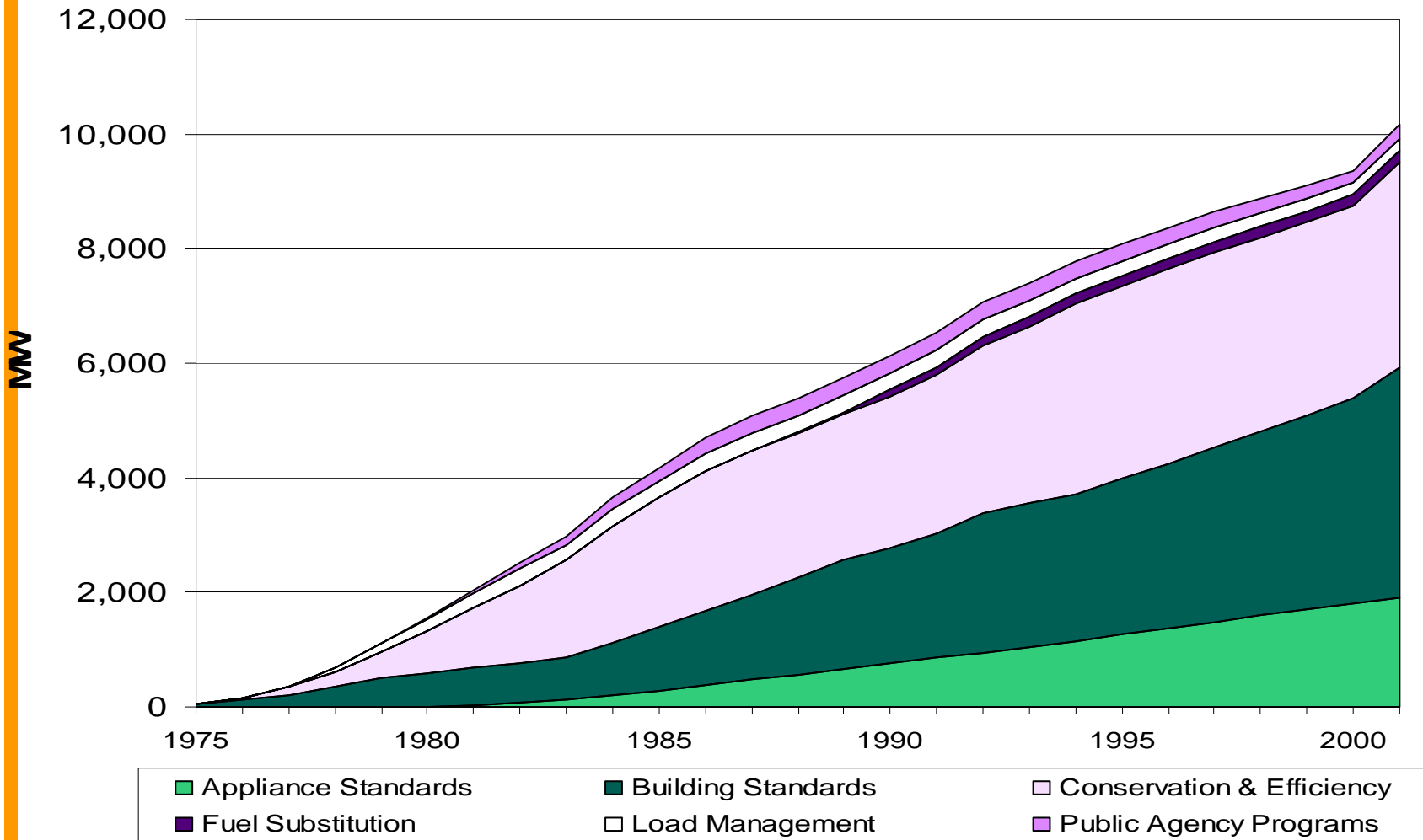
Source: California Energy
Commission

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Total Electricity Use, per capita, 1960 - 2001



California Public Utilities Commission Cumulative Efficiency Program Impact



April 14, 2005

Source: California Energy
Commission

Energy Action Plan Goals for Efficiency

- CPUC and CEC jointly developed and adopted the “EAP” in May 2003*
- Establishes a ‘loading’ order of energy resources that first optimizes increased conservation and efficiency
- **Goal:** Decrease per capita energy use and reduce toxic emissions and greenhouse gases through increased conservation and efficiency

The EAP can be found at: www.cpuc.ca.gov/PUBLISHED/REPORT/28715.htm

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Estimated Savings Impacts for Program Years 2003 and 2004-2005

(Note that new administration structure and process goes into effect beginning program year 2006)

Program Year	2003 Achieved	2004-2005 Estimated
Funding	\$300 million	\$823 million
kWh savings	1.3 billion	3.72 billion
therm savings	34.2 million	44.3 million
kW savings	291 thousand	770 thousand

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Funding for Energy Efficiency Programs and Activities

- **Funding Increase Approved:** CPUC increased energy efficiency funding beginning in program year 2004 by instructing the utilities to integrate cost effective EE programs into resource planning

Result:

- EE statutory Public Goods Charge funding through rates: Approximately **\$289 million/year**.
- Additional EE Utility Procurement funding approved: **\$110 million in 2004** and **\$135 million in 2005**

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Savings Goals and Targets: 2005 and Beyond

Decision Approved in September 2004*

Establishes a 3 year planning cycle

- Coordinates EE savings & IOU procurement planning
- Sets cumulative EE savings goals for 2004-2013:
 - 26,508 Gwh,
 - 6,892 MW, and
 - 290 million therms
- Incremental increases in demand met first through EE
- This is a return to an Integrated Resource Planning state of mind

*See www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/40212.htm

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Adopted EE Savings Goals

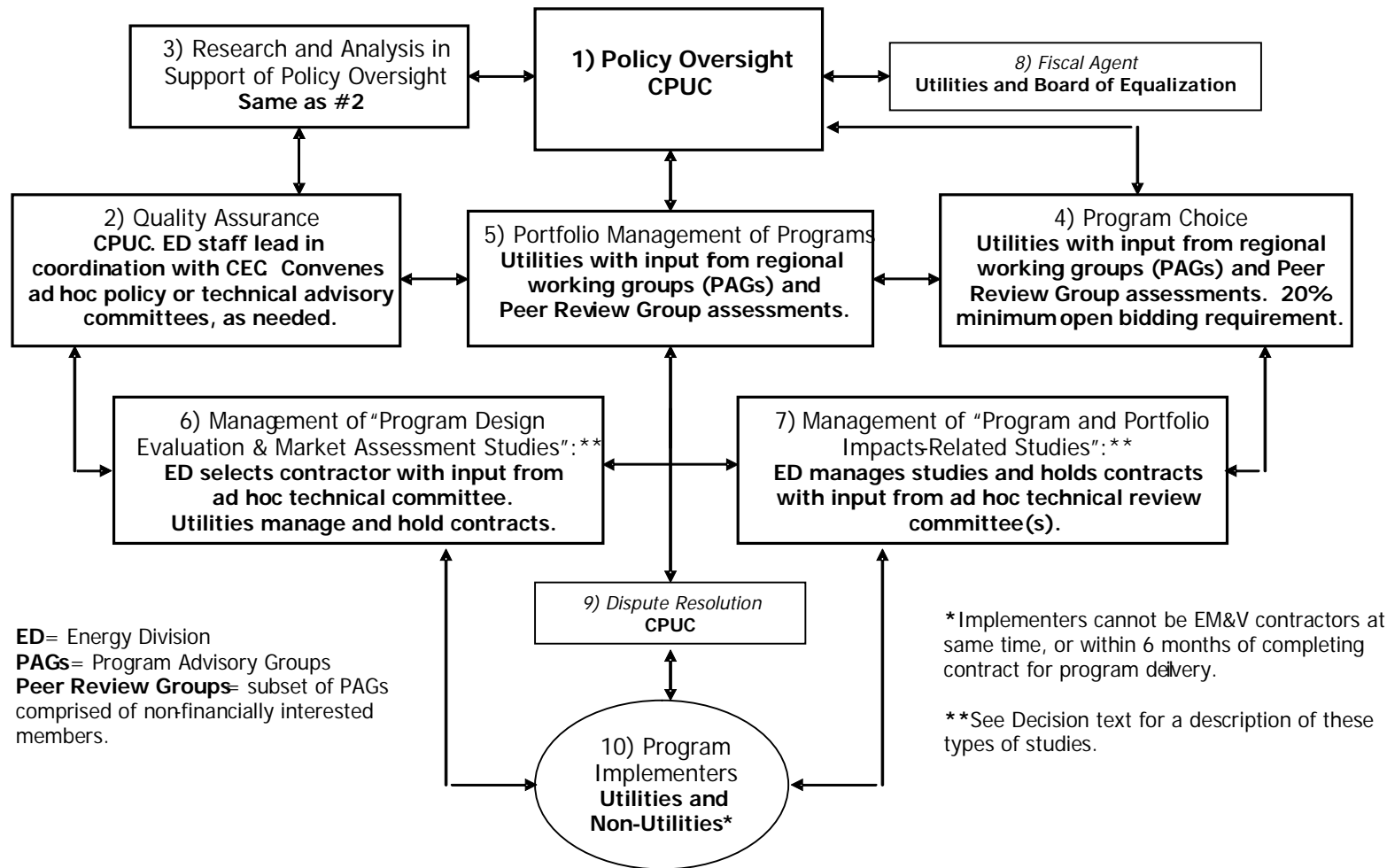
Total Electricity and Natural Gas Program Savings Goals (all IOUs)										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Annual Electricity Savings (GWh/yr)	1,838	1,838	2,032	2,275	2,505	2,538	2,465	2,513	2,547	2,631
Total Cumulative Savings(GWh/yr)	1,838	3,677	5,709	7,984	10,489	13,027	15,492	18,005	20,552	23,183
Total Peak Savings (MW)	379	757	1,199	1,677	2,205	2,740	3,259	3,789	4,328	4,885
Total Annual Natural Gas Savings (MMTh/yr)	21	21	30	37	44	52	54	57	61	67
Total Cumulative Natural Gas Savings (MMTh/yr)	21	42	72	110	154	206	260	316	377	444

EE Administration Structure

- Effort completed to develop common language, shared view of administration functions and roles, and to establish criteria for evaluation proposals.
 - RFP & proposal process conducted in Spring & Summer 2004
 - www.cpuc.ca.gov/PUBLISHED/RULINGS/35120.htm
 - CPUC administration decision adopted January 2005
 - www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/43628.htm
 - Program selection and portfolio management managed by the utilities with significant input from stakeholders through Program Advisory Groups
 - Evaluation, Measurement, and Verification strengthened through removal of conflict of interests, and through increased transparency
- Currently in the process of administration process (including finalizing program policies and reporting requirements) in order to solicit for 2006-2008 programs in June.

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SUMMARY of ADOPTED ADMINISTRATIVE STRUCTURE for ENERGY EFFICIENCY



Conclusion

- Energy Efficiency has become a priority resource in California
 - Most cost-effective than supply-side resources
 - Key Component of Integrated Resource Plan
- Energy Efficiency Efforts are Underway
 - Aggressive Pace Set and Met to Maximize Cost Effective EE Savings