

Energy Efficiency as a Reliable Resource for California's Future

A Look at What California's Utilities Are Doing to Make Energy Efficiency a Reliable Long-Term Resource Option

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Overview

- ❑ The Changing Course of California's Energy Policy and its Impact on Energy Efficiency
- ❑ The California Utilities' Proposals to Restore Energy Efficiency as a Preferred Resource Option
- ❑ Southern California Edison's Leadership Vision for Energy Efficiency



California's Changing Course: 1990-1997-- Collaborative Era

- ❑ The California Collaborative Process reinvigorated the State's commitment to energy efficiency as an alternative to supply-side resources
- ❑ Cost effective resource acquisition was the policy focus for EE programs

"We are formally reasserting today . . . our determination to regain California's international leadership in energy efficiency. We take that step because energy efficiency remains our largest, cheapest and cleanest untapped energy resource..."

CPUC Decision 90-08-068



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California's Changing Course: 1998-2000 – Restructuring Era

- ❑ The CPUC's new policy direction for EE mirrored their policy direction for generation resources – Reliance on markets, not utilities
- ❑ "Market transformation" becomes the focus for EE programs -- CPUC pursues "independent administration"

"... in a restructured environment, evaluating cost-effectiveness on the basis of utility resource deferral may no longer be as relevant. The [CPUC's] May proposals stated a preference ... to shift to ... programs with market transformation effects and education efforts that would not otherwise be provided by the competitive market "

CPUC Decision 96-01-009



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California's Changing Course: 2000-2003 -- Energy Crisis

- ❑ California's energy crisis prompted the CPUC to revisit its reliance on "market transformation" strategies
- ❑ The CPUC asked the utilities and others to quickly design and roll-out programs that produce near-term energy savings and demand reduction, with an added focus on "hard-to-reach" consumers

"Because we want the utilities to have the ability to succeed in achieving real energy savings we have provided for flexibility in administering these programs. In addition, we have purposefully eliminated any bureaucratic process that could hinder the timely and effective implementation of energy savings measures."

CPUC Decision 01-01-060



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California's Changing Course: 2004 and Beyond -- Return to IRP?

- ❑ California is recovering from failed restructuring policies – The state looks to utilities to resume responsibility for long-term resource planning and procurement
- ❑ CPUC states a policy preference for energy efficiency, demand response and renewable resources

"Thus, flexible and reliable resource programs with relatively short developmental lead times (i.e., energy efficiency) can compete with traditional generation options for a place in the IOU resource plan. ... Utilities should consider investment in all cost-effective conservation, regardless of the limitations of funding through the public goods charge (PGC) mechanism."

CPUC Decision 02-10-062



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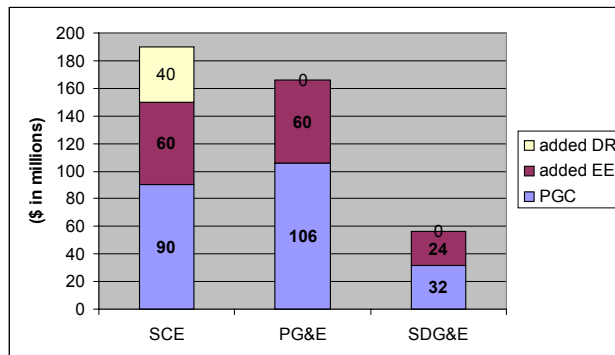
IOU Proposals for the Future: Spotlight on Energy Efficiency

- California's investor-owned utilities have filed long-term resource plans which include "preferred" options that would significantly increase the procurement of durable and reliable energy efficiency resources
 - SCE's "preferred" plan proposes to increase EE budgets by \$60 million/year
 - SCE proposes to increase DR budgets by another \$40 million/year
- However, key policy issues must be resolved before the "preferred" plans can be implemented
 - As-yet-unresolved issues include the financial ability of the IOUs to fulfill their procurement role, certainty about procurement responsibilities and the IOUs' customer base, as well as CPUC policies directly impacting the reliability of EE as a resource option



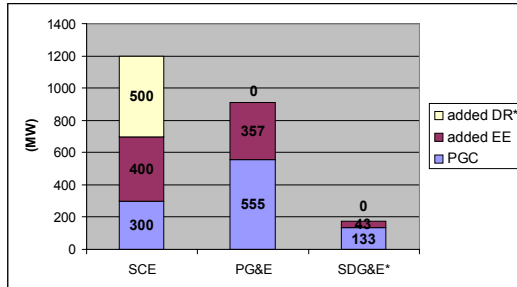
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IOU Proposals for the Future: 2004-2008 Funding Requests

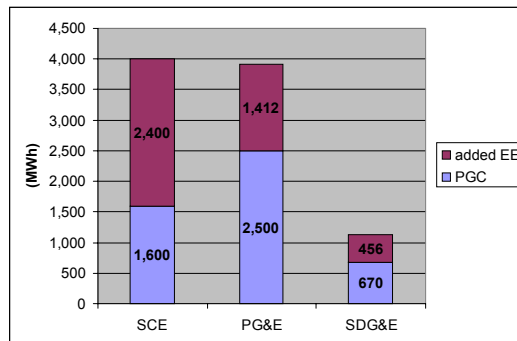


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IOU Proposals for the Future: Demand Reductions by 2008



IOU Proposals for the Future: Energy Savings by 2008



IOU Proposals for the Future: For More Information ...

- The Energy Efficiency Directors of the three California investor-owned electric utilities will be discussing their long-term energy efficiency procurement plans in more detail at 10:30 a.m. on Tuesday

SCE's Leadership Vision for EE: Moving Ahead

- SCE, PG&E and SDG&E have proposed long-term resource plans that significantly increase the role of energy efficiency in California's future
- Now it's up to the CPUC, the utilities and everyone in this room to work together to make the promise a reality, to meet our common goals of serving the citizens of California well with a reliable, cost effective, environmentally sound energy resource portfolio