

Case Study: Reliability-Focused
Energy Efficiency Program
The California Standard
Performance Contract (SPC)
Program

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Presentation Outline

- Pre-crisis Situation: Energy Efficiency and Demand Side Management
- Crisis Response: SPC
- Results: SPC Reliability Contribution



Pre-Crisis Situation



Situation –Pre Energy Crisis

- California Restructuring
 - Public Goods Charge
 - Emphasis on efficiency, not load management
- Deregulation
 - Market Transformation as exit strategy
 - Much less emphasis on energy savings and demand reduction



Energy Crisis – 2000/2001

- Sudden need to find ways to reduce summer peak load - permanently
- Utilities respond with demand reduction initiatives
 - SPC Summer Peak Initiative
 - LED Traffic Signals
 - Multi-family Residential Summer Initiative



California Standard Performance Contract (SPC) Program

Demand Reduction Response –
2000/2001



SPC Program –Pre 2000

- Performance-base retrofit program which offered fixed-rate incentives for energy efficiency measures that produce verified energy savings at commercial and industrial customer facilities.
- Standard procedures, standard pricing and a standard contract.



Program Features

- Administered by PG&E, SCE & SDG&E
- 2 programs -- Large Customers
-- Small Customers
- Payment only for measured energy [kWh] savings
- 2-year measurement activity required



SPC Response – Fall 2000

- Added incentive for summer peak demand reduction to the 2000 SPC program [continued in the 2001 SPC program]
- Strategies/Objectives
 - Increase incentive payments for permanent peak demand reduction
 - Structure incentives to encourage quick project completion
 - Streamline the application process
 - Provide additional motivation for small businesses



Summer Peak Incentive Structure

Incentive Rates – Large SPC

<u>End use</u>	<u>Cents per kWh saved</u>	<u>Dollars per kW Reduced</u>
Lighting	5.0	\$100
AC&R	16.5	\$225
Other	8.0	\$150



Summer Peak Incentive Structure

Incentive Rates – Small SPC

<u>End use</u>	<u>Cents per kWh saved</u>	<u>Dollars per kW Reduced</u>
Lighting	5.5	\$125
AC&R	18.5	\$250
Other	9.0	\$175



Demand Incentive Timing

- Full Incentive: New project installed prior to 6/1/01
- Pro-Rated Incentive: New project installed between 6/1/01 and 8/31/01
- Retroactive Incentive: Approved 2000 SPC project installed between 8/21/00 and 6/1/01
- Incentive paid upon installation verification



Results



Did it Work?

- **Demand Reduction - 2001**
 - **State-wide [all 218 programs] : 3,389 MW**
 - **PGC-funded Programs [149] : 323 MW**
 - **CA SPC Program : 34 MW**

Source: [California Summary Study of 2001 Energy Efficiency Programs](#)
Global Energy Partners LLC, March 2003

