

Integration of DSM: A PG&E Perspective

ACEEE's Third National Conference On
Energy Efficiency As A Resource

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The Promise of Integration

- California's energy industry has an enormous challenge ahead in terms of meeting DSM and customer satisfaction goals.
- Integration offers an opportunity to help optimize the benefits of DSM for all involved.
- Transitioning customers, utilities, suppliers & regulators to an integrated approach to DSM is crucial to our success in meeting the state's DSM goals.

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The Challenge of Integration

- Integration represents a fundamental change in the way DSM has been viewed and managed.
- Transition to an integrated state involves significant change in paradigms on the part of all involved: utilities, customers and regulators.
- We're making progress toward achieving integration but still have a long way to go.

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Paradigm Shift—the competitive mindset

- For the most part, customer uptake on DSM products and services is voluntary.
- DSM competes for a customer's time, interest & money with non energy investment alternatives.
- Effective presentment will improve the odds that DSM is weighed fairly against competing alternative investments.

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Integration touches more than just program delivery

- Marketing & Program Delivery
 - A portfolio-based approach to offering DSM products & services can improve customer satisfaction & increase program yields for everyone.
- Programs
 - Integrating program design can leverage opportunities that cross DSM program disciplines, eliminate program conflicts & improve outcomes.

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Integration touches more than just program delivery

- Customers
 - Integration represents an opportunity for customers to optimize energy management benefits based on business objectives
- Regulatory
 - Separate proceedings on EE, DR, DG, Resource Adequacy & Carbon would benefit from integration where cross impacts are present.

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What is Integrated DSM?

- Integrated DSM involves more than just energy efficiency and demand response
- Consider how high performing Independent Financial Planners work.
- Here's how we're looking at it at PG&E...

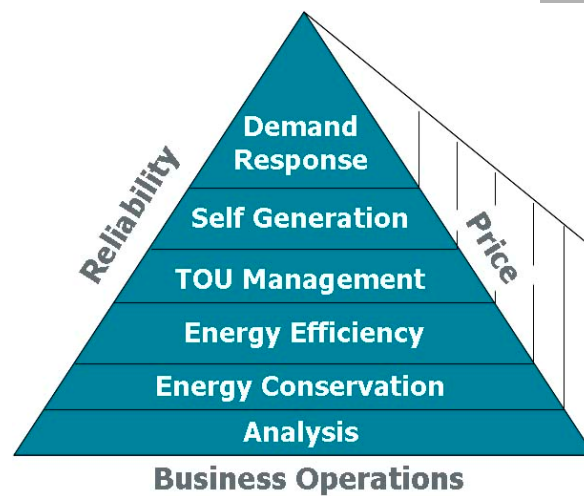
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Integrated DSM Model



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Where Is PG&E Taking Integration?

- Marketing & Program Delivery
 - Integrated marketing plan
 - Portfolio-based sales training
 - Customer education and outreach
 - Web presence
- Programs
 - Synchronization of EE and DR programs
 - Integration of Technical Assistance and Incentives

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Demand Response Programs

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Reliability Vs. Price

- Reliability programs
 - Called "Day-Of"
 - Responds to unforeseen emergencies
- Demand Response programs
 - Called "Day-Ahead"
 - Responds to predicted conditions – high supply prices, supply or capacity shortfalls

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Why Do Demand Response Now?

- Supplies have been adequate, absent the "Perfect Storm"
- Concerns are increasing about future supply adequacy
- Putting a *viable* resource for dispatchable demand in place will take time -- we need to do this now to avoid potential problems in the future

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Why Demand Response Now?

The time is right to become involved

- Public policy – Real Time Pricing is coming; learn what you can do through Demand Response to minimize future energy costs
- Programs – voluntary this year, low or no risk and rewards can be significant
- Benefits will only increase as statewide demand for electricity increases and prices rise

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Price-based Programs

Demand Bidding Program

- Bid and deliver load reductions on critical days and be paid for your reductions without obligation

Critical Peak Pricing Rate

- Earn a discount during summer non-critical peak hours in exchange for higher peak prices during 12 critical summer days

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Price-based Programs

State of California Program

California Power Authority -- Demand Reserves Partnership Program

- Earn energy & capacity payments with this higher reward, higher risk program

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Price-based Programs

Flex Your Power NOW

- Call to action ("power down") encouraging all customers to reduce use on critical days delivered via media broadcast as per the CA Independent System Operator (CAISO)

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Take Advantage of No-Cost Resources

- Free technical assistance to identify demand response (& energy efficiency) potential—we have expertise available for your industry
- Technical incentives of up to \$100 per kW for qualified demand response enabling investments
 - Investment may qualify for both an energy efficiency & demand response incentive
- InterAct—free PG&E online service to understand & analyze your energy use & demand response program participation.

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Energy Efficiency Programs

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Market Segment-based Energy Efficiency in 2006-2008

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Inclusion of Existing Resource Programs into Proposed Programs									
2006-2008 PG&E Program	2004-2005 Resource Programs								
	Includes Single-Family Home Energy Efficiency Rebate	Includes Multi-Family Home Energy Efficiency Rebate	Includes Express Efficiency Rebate (N-res demand prescriptive)	Includes Standard Performance Contract Incentive (N-res calculate/customize)	Includes Single-Family Residential New Construction	Includes Multi-Family Residential New Construction	Includes Savings By Design (N-residential New Construction)	Utility Partnership Programs (Governments & Cities)	Open to New/3rd Party Bid (marketed 2009)
Targeted Programs									
Agricultural & Food Processing			X	X			X	X	X
Fabrication, Process & Heavy Industrial Manufacturing			X	X			X	X	X
High Technology			X	X			X	X	X
Hospitality Facilities			X	X			X	X	X
Large Commercial (Office Bldgs, Government & Large Institutions)			X	X			X	X	X
Medical Facilities			X	X			X	X	X
Residential New Construction					X	X			X
Retail Stores			X	X			X	X	X
Schools & Colleges			X	X			X	X	X
Mass Markets Program									
	X	X	X					X	X

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Thank You!

- We appreciate the opportunity to present our Integrated Energy Management Programs to you.
- For more information about our programs & services, contact your PG&E representative, visit us on line at www.pge.com or call our Business Customer Center at (800) 468-4743

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When You Think About:

Demand Response,

Energy Efficiency,

or Distributed Generation

...Think Integrated Energy Management!

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