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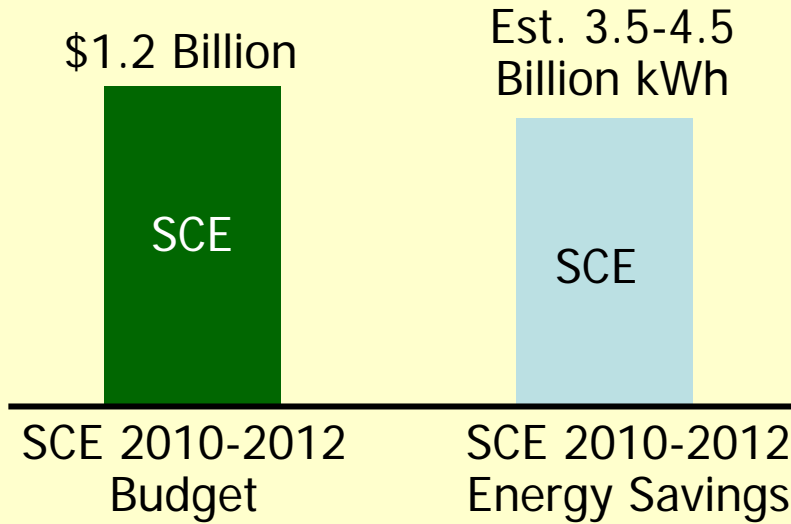
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***Energy Efficiency as a Resource:  
Get it Right & Get it Done!***

**Gene Rodrigues**  
Director of Energy Efficiency  
Southern California Edison

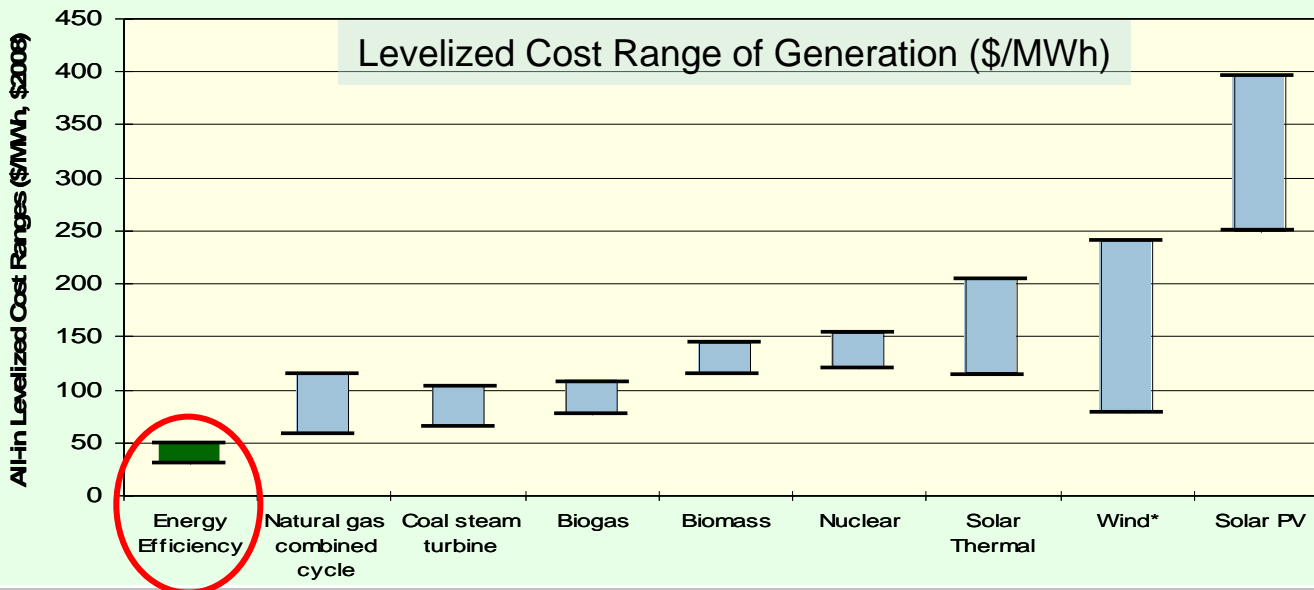
# EE = Our Biggest & Best Baseload Resource!

Big Investment – Big Results



\*Approximate projection of budget and savings results for the 2010-2012 period ... Does not include Low Income EE

Most Cost-Effective Resource



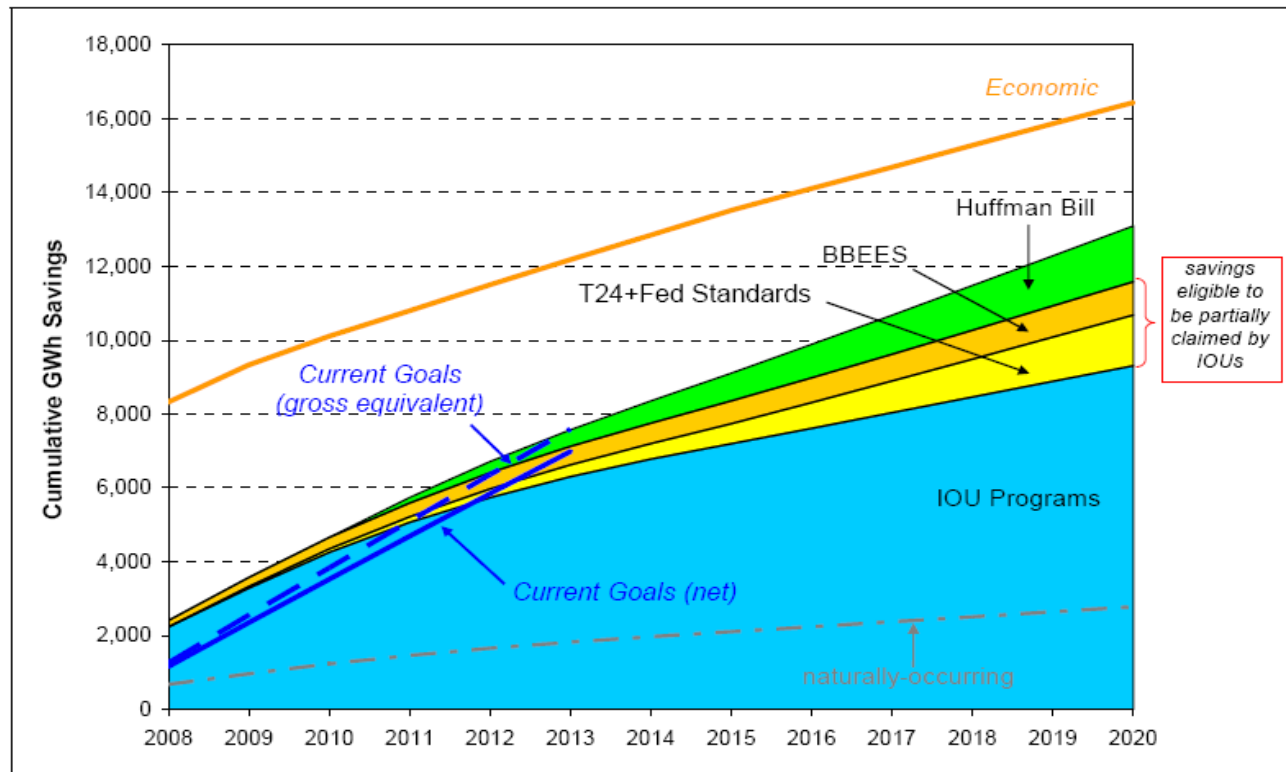
**Source:** Energy and Environmental Economics Inc. 2008

\*Costs for this resource is highly site-specific and have wide ranges in cost depending on project location

# Even California Can – and Must – Mine More EE!

- Many ways to mine EE
  - Utility Resource Acquisition Programs
  - Codes and Standards
  - “Big, Bold” Market Transformation Strategies & Greater Leveraging with Many Other Actors

SCE Total Market Gross Mid-Case Scenario



Source: Itron, 2008

# ***Carbon Scrubs Excuses for Avoiding EE Investment!***

- **Energy efficiency is the cheapest, fastest, and surest means of reducing GHG emissions**
  
- **Carbon adders and cap & trade systems will increase the value of energy efficiency and drive up avoided cost resource benefits**
  - *National:* American Clean Energy & Security Act of 2009 (H.R. 2454)
    - 17% emissions reduction from 2005 levels by 2020
    - Renewable Electricity Standard – Allows up to 8% of renewable portfolio to be reached through energy efficiency
  
  - *Regional:* California Global Warming Solutions Act (AB32). Reduce emissions to:
    - 2000 levels by 2010 (11% below “business as usual”)
    - 1990 levels by 2020 (25% below “business as usual”)

# ***A Better Business Model Yields Bigger EE!***

- **SCE is authorized to recover the costs associated with its EE programs**
  - Cost recovery via Public Goods and Procurement charges
  
- **SCE EE program budgets**
  - 2006-08: \$750 Million
  - 2010-12: \$1.2 Billion (Adopted September 24, 2009)



Cost Recovery

# A Better Business Model Yields Bigger EE!

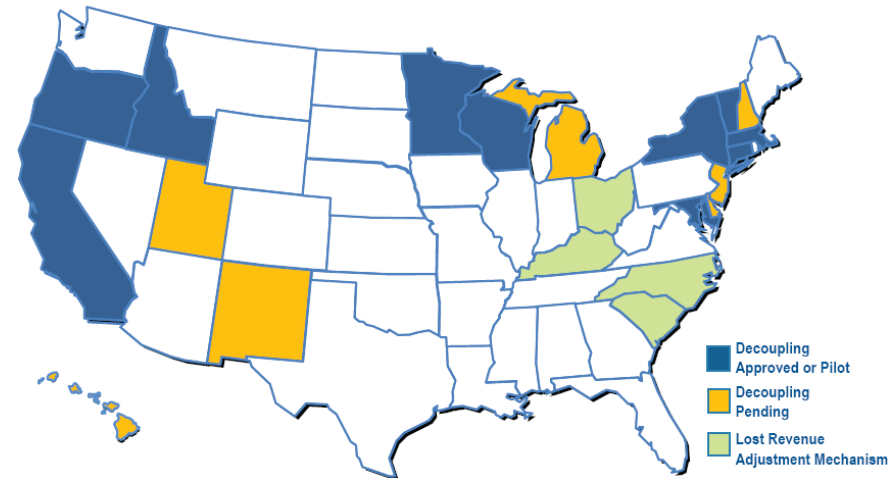
## ➤ Traditional Revenue Recovery

- Revenue recovery tied to sales (kWh)

## ➤ California's "Decoupled" Revenue Mechanism

- Revenue requirements set in accordance with expected costs and fixed for a specified term
- Rates are adjusted annually to account for differences between forecasted and actual sales and allow the utility to recover authorized revenue requirements

Lost Revenue Adjustment & Revenue Decoupling Mechanisms for Electric Utilities by State



Source: Institute for Electrical Efficiency, September 2009

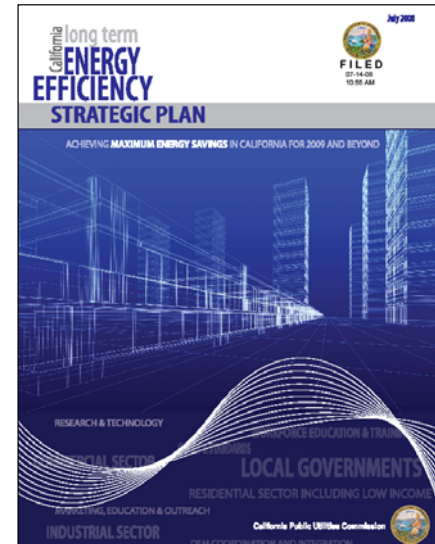
Cost Recovery

Lost Revenue



# Get a Roadmap If You Want to Get There!

- **Utilities and regulators must strike a balance between acquiring short-term efficiency savings and driving market transformation and adoption of energy efficient behavior**
  
- **Overarching and collaborative energy efficiency strategic plan should be developed and utilized as a framework for efficiency portfolios.**
  
- **California Long-Term Energy Efficiency Strategic Plan**
  - Establishes far reaching aspirational goals for California's energy future
  - Sets key DSM policy direction for the State
  - Influences the IOUs' DSM portfolios
  - Shapes the development of new program and technology research
  - Influences the overall portfolio cost effectiveness





# Think Big: Portfolio, Not Programs!

<p><b>Core</b></p>	<ul style="list-style-type: none"> <li>• Residential Lighting</li> <li>• Multifamily EE Rebates</li> <li>• Home Efficiency Rebates</li> <li>• Appliance Recycling</li> <li>• Plug Load/Consumer Electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial EE</li> <li>• Small Business Direct Installation</li> <li>• Agricultural EE</li> <li>• Industrial EE</li> <li>• Comprehensive HVAC</li> </ul>	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Data Center EE</li> <li>• Healthcare EE</li> <li>• Financial Solutions</li> <li>• Education &amp; Training</li> </ul>
<p><b>Third Party Targeted</b></p>	<ul style="list-style-type: none"> <li>• Lodging EE</li> <li>• Industrial Gases</li> <li>• Comprehensive Petroleum Refining</li> <li>• Cool Schools</li> <li>• Private College Campus Housing</li> <li>• Efficient Affordable Housing</li> <li>• Food &amp; Kindred Products</li> <li>• Primary &amp; Fabricated Metals</li> <li>• Comprehensive Chemical Products</li> <li>• Comprehensive Mobile Home</li> </ul>		
<p><b>Partnership</b></p>	<p><u>Energy Leader Partnership Program</u></p> <ul style="list-style-type: none"> <li>• Palm Desert</li> <li>• City of Beaumont</li> <li>• South Bay</li> <li>• Ventura County</li> </ul>	<p><u>Institutional &amp; Government Partnerships</u></p> <ul style="list-style-type: none"> <li>• UC/CSU</li> <li>• CA Community Colleges</li> <li>• CA Department of Corrections &amp; Rehabilitation</li> <li>• State of California</li> </ul>	
<p><b>Low Income</b></p>	<ul style="list-style-type: none"> <li>• Energy Management Assistance</li> <li>• CARE</li> <li>• FERA</li> </ul>		
<p><b>Emerging Technology</b></p>	<ul style="list-style-type: none"> <li>• Technology Assessments</li> <li>• Scaled Field Placements</li> <li>• Demonstration Showcases</li> <li>• Market and Behavioral Studies</li> <li>• Technology Development Support</li> <li>• Business Incubation Support</li> <li>• Technology Test Centers</li> <li>• Codes &amp; Standards</li> </ul>		

# ***Key Lesson Learned & a Parting Shot***

- **The foundation for massive, sustainable investment in EE needs to come from the utility sector**
  - Energy, Environment, Economy, Service & Satisfaction: You name it ...We got it!
  - Utility business models, regulatory frameworks, and energy policy must be aligned to tap into and leverage roles and responsibilities of everyone who impacts energy usage
  - Get it right and you will get it done!
  
- **Technology is a promising enabler but there are no silver bullets**
  - Smart grids & meters won't save us BUT they can be the key to unlock and integrate conservation, efficiency, demand response and energy storage.

# ***Thank You!***



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