

“Energy Efficiency As A Resource”

ACEEE 2011 National Conference California Overview

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What Makes California Different?

Long-standing State policies lower carbon footprint

Majority of Energy Efficiency is delivered through Investor-Owned Utilities – PG&E, Southern California Edison, Sempra Energy (SoCal Gas and San Diego Gas and Electric) and the Publicly-Owned Sacramento Municipal Utility District (aka SMUD)

30+ years of energy efficiency programs facilitated by “decoupling” of rates

California Energy Action Plan’s preferred loading order:

1. Customer Energy Efficiency and Demand Response
2. New Renewable and Distributed Generation
3. Clean gas-fired plants

\$3.1 Billion 3-Year Energy Efficiency Budget for 2010-2012



A Challenging Economy

The West recorded the highest regional unemployment rate in August 2011

California Unemployment Rate Trends



- Nevada continued to report the highest unemployment rate among the states, 13.4%

California posted the next highest rate, 12.1%¹

- **22 of the 25 California counties** with highest unemployment rates are in PG&E's service territory²
- **18 of the 25 California counties** hardest hit by foreclosures are in PG&E's service territory²

1. Bureau of Labor Statistics <http://www.bls.gov/news.release/laus.nr0.htm> September 2011
2. www.realtytrac.com (June 2010)
3. 2/18/10 USA Today article "Recession sometimes takes uneven toll"



Regulatory Perspective Has Shifted

2008

“...ever increasing energy prices and the urgent threat of climate change require that California set the bar high and move forward quickly and purposefully to realize the full extent of efficiency opportunities statewide and achieve deep reductions in energy demand and usage.”

- California Long Term Energy Efficiency Strategic Plan



2011

“I am considering recommending to my colleagues that we shift our energy efficiency paradigm to more closely parallel that used for general electricity procurement... It appears to me that we are fast approaching the point where there will be adequate numbers of third-party energy efficiency providers – including private sector firms, local governments and non-profit entities – to allow for competitive procurement of the vast majority of energy efficiency services.”

Commissioner Florio, in comments July 2011

“I am committed to our goals for Energy Efficiency but I am equally committed that we have a transparent and effective process which ensures that we leverage ratepayer money to create energy savings in a fair and efficient manner. I believe it is time for a fresh start - - at least in the attitudes of the parties involved.”

Commissioner Ferron, in comments July 2011



Unforeseen Legislative Changes

Gas Energy Efficiency “Funds Sweep” Suspended Incentives & Rebates

Payments Suspended

- California Legislature suspended rebate payments for Customized (calculated) incentives and gas measures (deemed) not post-marked or submitted on-line prior to September 1
- Suspension includes: furnaces, clothes dryers, faucet aerators, showerheads, water heaters, pool heaters, pool covers, boilers, boiler tune ups, boiler control systems, pipe insulation, tank insulation, steam traps, ovens, griddles, fryers, broilers, steamers, and ozone laundry systems
- Proposed Decisions pending authorizing the use of prior Gas Program cycle funding
- CPUC will address impact of Gas Public Purpose Funds in early October
- On September 9th Legislature declined to extend Electric Public Goods Charge beyond 2011
- Governor expects CPUC to ensure funding for EE and Renewable Energy Programs



A Key Call to Action

Research shows Small and Medium Business (SMB) customers are having a difficult time staying in business:

- **Struggling to operate under thin margins, often only spending on must-have situations**
- **Dealing with the reality that business operations run in conflict with goals of energy management**
- **Feeling of very little control over situations, limited understanding of what to do next, and in need of advice and assistance**



SMB Engagement Plan

Strategy

- **Connect, engage and deliver programs and products to SMB segments in a personal and relevant way**
- **Recognize as a business, value as a customer and understand local issues**

Objectives

- **Increase awareness of products and services that help customers manage their energy usage and costs as they transition to Time-Varying Pricing**
- **Get customers to feel sufficiently informed and equipped to effectively manage their energy costs**
- **Increase awareness of upcoming Time-Varying Pricing changes**
- **Improve our SMB products and services to better meet customer needs**



Looking Beyond 2012 – California's 2014 - 2016 Energy Efficiency Portfolio

- The 2010 – 2012 Cycle to be extended through 2013
- Key policy issues around funding, administration, utility incentives and EM&V (evaluation, measurement and verification)
- CPUC analyzing options
- Process and rules yet to be detailed



Thank you for your attention!

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