

Carbon Goals Driving Energy Efficiency Policy in California

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Advancing Our Clean Economy

➔ CA Carbon Goals and Energy Efficiency Policy

- **SB 32** – Reduce statewide GHG emissions by at least 40% below 1990 levels by 2030
- **SB 350** – 50% RPS and statewide doubling of energy savings by 2030
 - EE must be “permanent, enforceable, and quantifiable”
 - CEC to establish annual targets by November 1, 2017
- **AB 802** – Use existing metered consumption as baseline for calculating savings
 - “unless determined otherwise”

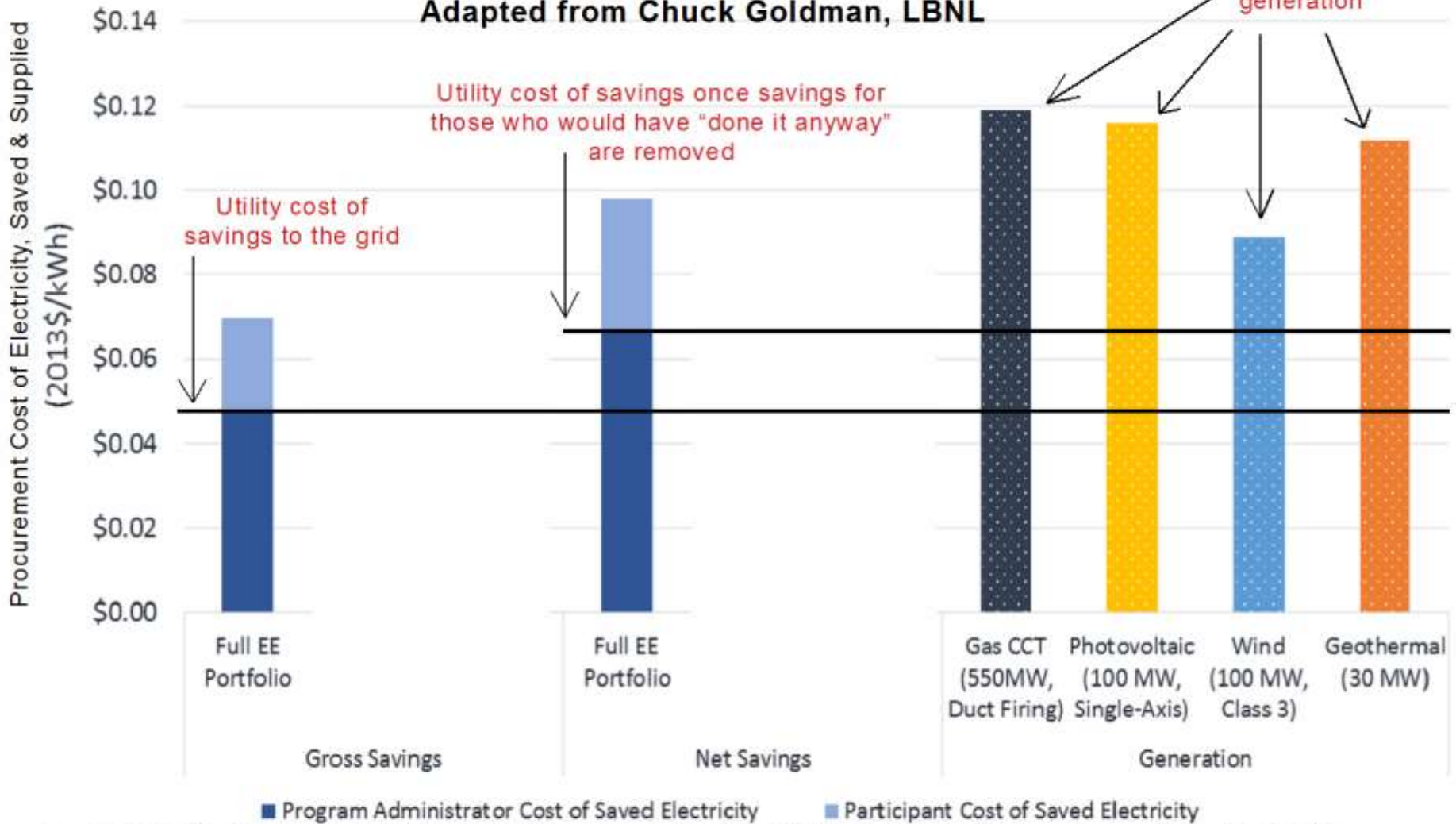
→ Doubling EE:

Lots of promise & Lots of barriers

- Existing Conditions as Baseline
 - Societal Cost Test and GHG adder
 - Strategic Energy Management
 - Conservation Voltage Regulation
 - Behavioral, Retro-Commissioning and operations measures (BRO)
 - Industrial and ag expansion
 - PACE and financing
 - Markets outside the utility world?
- Overly aggressive exceptions to existing conditions baseline
 - Free-rider analysis being done on an individual customer basis
 - Regulatory agency acting as project reviewer
 - Perception of “not affordable”

Procurement Cost of Efficiency vs Supply in California

CA IOU Energy Efficiency Program LCSE vs. Merchant Plant LCOE
Adapted from Chuck Goldman, LBNL



Sources: CPUC IOU Claims Database (2013-2015); LBNL DSM Program Database; CEC Supply Analysis Office hearing presentation, March 2016

If we don't buy efficiency at 5-7 cents/kWh, we buy generation at 9-12 cents/kWh.

➤ Additional influences that we shouldn't ignore...

- Societal Cost Test and interim GHG adder for EE
- Integrated Resource Planning (IRP) to minimize utility cost AND GHG emissions
- Bidding for Diablo Canyon GHG-free Replacement Resources
- Expected increase in Community Choice Aggregators (CCA's)
 - Use IOU wires, but buy and sell power to retail
 - Administer efficiency programs?

