California Municipal Utilities Association

Capitol Day 2016

ENERGY EFFICIENCY

Energy Efficiency in California

For over 40 years, California has been the national leader in energy efficiency, leading the way in promoting and adopting emerging technologies. Annual investments in energy efficiency programs as well as policies aimed at establishing energy efficient appliance standards have ensured that California ranks near the bottom of per capita energy consumption in the entire country. Publicly Owned Utilities (POU's), who collectively provide a quarter of the state's power, have been instrumental in helping the State achieve its status as a leader in energy efficiency.

Publicly Owned Utilities Support Energy Efficiency

Perhaps the most distinguishing characteristic of Publicly Owned Utilities is that they exist to serve the unique needs of their local community. This fact is what gives rise to incredible diversity which exists amongst California POU's in terms of how they serve their customers. Some POUs are large and serve millions of customers while others are small and have no more than ten employees. Some POUs have lots of solar customers because they're in sunny climates whereas others get power from hydro on a local river.

With such diversity in operating models, it stands to reason that the most effective utility energy efficiency programs for POUs are those which are tailored to the specific characteristics of their local community. As such, POUs regularly invest in those energy efficiency programs which are most likely to gain adoption and deliver benefits to their customer types. These community-specific programs along with voluntary participation by POU customers has been a great catalyst for energy efficiency gains, and while customer participation levels in individual utility programs vary from year to year, collectively publicly owned utility programs incentivizing customer investments in energy efficiency have totaled over $1 Billion since 2006. These programs have reduced peak demand by more than 766 megawatts, and achieved more than 4 million MWh in savings.

Funding Energy Efficiency for POUs

Program funding for energy efficiency programs within the public power community comes from the public goods charge that is collected from each utility customer. These funds go to pay for things such as:

- Cost-effective energy efficiency and energy conservation
- Renewable energy resources and technologies
- Research, development, and demonstration to advance science and technology
- Low-income customer services

Energy Efficiency Policy

This year, two new laws took effect directly related to energy efficiency policy:

Senate Bill 350 (de Leon) In addition to requiring a 50% RPS by 2030, the law also requires that by 2017, the state's energy agencies develop a plan to achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by 2030.

Assembly Bill 802 (Williams) Re-crafted the processes for benchmarking existing buildings for energy efficiency, and mandated that non-residential customer billing and usage data be reported to the California Energy Commission.

In thinking about any new energy efficiency policies or changes to existing law, policy makers should consider the following:

- To achieve energy efficiency goals, policies and programs should aim at removing barriers to customer investments.
- Ensure that energy efficiency programs funded by all customers should recognize community wide participation.
- Do not pick winners and losers by selecting one technology or innovative program over all others.
- Ensure that customer usage data and personal information are protected from unauthorized access.
- Reports on POU energy efficiency programs should be streamlined and better organized to provide clear implementation information while reducing costs associated with frequent and redundant reporting.

CMUA believes the best energy efficiency programs are those which are created and adopted at the local level to serve their specific communities, thereby maximizing the public benefit.