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Docket #: A.12-07-001, et al.

CPUC APPROVES ENERGY EFFICIENCY PLANS AND LEVERAGES LOCAL GOVERNMENTS TO ENSURE CONSUMER BENEFITS

SAN FRANCISCO, November 8, 2012 -- The California Public Utilities Commission (CPUC), building on California's proud history in energy efficiency, today approved a portfolio of energy efficiency programs and budgets for 2013-2014, further affirming that cost-effective energy efficiency is the state's least expensive and most environmental resource, as well as the first line of defense against power shortages. Approved programs will deliver approximately 4,000 gigawatt-hours and 750 megawatts of electricity savings over the next two years, reducing the need for at least two large power plants, while also delivering significant savings of natural gas.

The CPUC approved plans for Pacific Gas and Electric Company, Southern California Edison, San Diego Gas & Electric, Southern California Gas Company, and community choice aggregator Marin Energy Authority. Further, to better leverage energy efficiency expertise at the local government level, the CPUC created two Regional Energy Networks to complement the utility programs – the San Francisco Bay Area Regional Energy Network (BayREN) and the Southern California Regional Energy Network (SoCalREN).

In a May 2012 decision, the CPUC transitioned from a single year extension of existing energy efficiency programs for 2013 to a two year transition portfolio for 2013 and 2014. This change allows California to refocus its energy saving efforts, take advantage of the lessons learned from American Recovery and Reinvestment Act (ARRA) funded programs, and move energy efficiency portfolios away from short-term savings towards deeper, longer lasting measures, such as building retrofits. Following the May decision, the utilities submitted their energy efficiency plans to the CPUC in July and the CPUC acted quickly to evaluate and approve aspects of those plans today.

The CPUC approved a total budget of approximately \$1.9 billion for the energy efficiency efforts of the utilities, MEA, and the two Regional Energy Networks. The utilities will use any unspent funds



from prior energy efficiency cycles by the end of 2014 in order to smooth any rate impacts over the next two years.

Utility efforts approved by the CPUC include the expansion of Energy Upgrade California, the CPUC's primary program to retrofit existing homes. The CPUC also takes significant steps to bring HVAC installations up to code and expand third-party programs. In lighting, the CPUC directs the utilities to target bulbs in the upper end of the market. The decision also approves approximately \$220 million of financing, including on-bill finance, extension of programs first created under ARRA, and four new pilot programs. Further, utilities are directed to develop a comprehensive strategy for addressing workforce, education, and training activities in their energy efficiency portfolios, while also tracking certain workforce data.

Regional Energy Networks (RENs) are a new concept for this cycle of energy efficiency programs. They are independently administered by local governments and serve as an incubator for new ideas. The three screening criteria the CPUC used in evaluating the two REN program proposals were 1) activities that utilities cannot or do not intend to undertake; 2) pilot activities where there is no current utility program offering, and where there is potential for scalability to a broader geographic reach, if successful; and 3) pilot activities in hard to reach markets, whether or not there is a current utility program that may overlap. SoCalREN's budget was approved at approximately \$45 million for activities involving Energy Upgrade California, financing, and creation of a SoCal Virtual Energy Center to aggregate local government activities in the region. BayREN's budget was approved at approximately \$26 million for activities involving Energy Upgrade California, financing, and Codes and Standards work.

Turning to community choice aggregation energy efficiency activities, MEA's budget was approved at approximately \$4 million for activities involving multi-family buildings; small commercial, demand reduction program; and financing.

Said Commissioner Mark J. Ferron, the lead Commissioner in this proceeding, "One of the reasons why I wanted to join the CPUC was to explore how the government can use smart incentives to create positive change in the energy efficiency market. While there is more work still to be done, our decision today represents a new leaf in our collaborative process. I hope that our efforts to increase transparency and to be quick with our regulatory actions provide some much needed market certainty and clarity."



Added CPUC President Michael R. Peevey, “Today’s decision builds on California’s proud history in energy efficiency. It enables us to utilize local governments to grow and improve energy efficiency programs, while maintaining our commitment to utility efforts and Energy Upgrade California.”

“This decision provides greater empowerment for the Regional Energy Networks to meet the state’s energy efficiency goals - the number one loading order of the Energy Action Plan - and it is a model for utility and local government cooperation,” said Commissioner Timothy Alan Simon. “I am pleased to see that this decision encourages Regional Energy Networks to engage with women, minority, and disabled veterans business enterprises in their energy efficiency program contracting plans.”

The proposal voted on is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M033/K171/33171249.PDF>.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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