



# California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

## News Release

FOR IMMEDIATE RELEASE

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### **PUC MAKES IMPROVEMENTS TO DEMAND RESPONSE PROGRAMS TO PROMOTE ELECTRICITY RELIABILITY**

SAN FRANCISCO, November 30, 2006 - The California Public Utilities Commission (PUC) today adopted improvements to the electric utilities' demand response programs and created several new programs. These changes will promote system reliability during the summers of 2007 and 2008.

"Demand response and energy efficiency are at the top of the state's loading order, which provides preferences for obtaining new energy resources. California can lower energy costs and increase electric system reliability by expanding our demand response efforts," said PUC President Michael R. Peevey.

California experienced an unusually intense heat wave in July 2006, which at times strained the state's electrical system. Customers participating in demand response programs played a critical role by reducing their energy usage when called upon by the utilities and the Independent System Operator.

"With simple incentives and new technologies, consumers can help keep the lights on in California," Commissioner Rachelle Chong commented.

Demand response programs typically provide incentives and technologies to customers who can reduce their power when the electric grid is strained. Today's decision is intended to increase customer participation in existing demand response programs. The Commission also authorized some new additional programs that will be attractive to customers. This decision will provide an

estimated 270 additional megawatts (MWs) for summer 2007 and 297 MWs for 2008, and will be accomplished using the utilities' existing 3-year Demand Response budgets.

**Specific Highlights of the Decision:**

- **More attractive options for customers:** Simpler incentive structures, more flexible rules for the programs, simplified enrollment processes, and enabling customers to participate in some programs through third-party aggregators.
- **PG&E's Air Conditioning Cycling (AC) Program is approved:** AC Cycling is a device that can switch off a customer's air conditioner unit when the utility needs immediate reductions in load. Customers who participate in this program typically receive a bill credit. PG&E has proposed a program to install 5,000 switches in 2007 and fund 10 years of operating and maintenance costs. PG&E's program is subject to advice letter and budget review.
- **Increased incentives for technologies that will enable customer participation:** Incentives were increased for the Technical Incentives program, a rebate program that offsets the costs of enabling technology that a customer installs to participate in demand response programs.
- **Permanent Load Shifting is encouraged:** The utilities are directed to solicit 5-year proposals from customers and aggregators for permanent load shifting that can be implemented by summer 2007. Each utility is directed to file an advice letter with their proposals by February 28, 2007.

For more information on the PUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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