



California Public Utilities Commission
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PRESS RELEASE

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CPUC BETTER ALIGNS ENERGY EFFICIENCY PROGRAMS TO REDUCE GHG EMISSIONS, SUPPORT EQUITY, AND INCREASE GRID STABILITY

SAN FRANCISCO, May 20, 2021 - The California Public Utilities Commission (CPUC) today reformed its approach to energy efficiency programs to better align with reducing greenhouse gas (GHG) emissions and support customer equity and long-term energy grid stability.

Today's decision repositions energy efficiency program goals in several significant ways:

- **Energy Efficiency Goals:** Focuses on setting energy efficiency goals that maximize long duration GHG reductions and grid benefits, transitioning away from setting goals based on savings of kilowatt-hours, kilowatts, and therms. The new "total system benefit" is an expression, in dollar value, of the lifecycle energy, capacity, and GHG benefits of a utility's energy efficiency program portfolio. The metric encourages programs to target "high value" load reduction and longer-duration energy savings while being fuel agnostic.
- **Energy Efficiency Evaluation:** Shifts cost effectiveness evaluations away from an assessment of energy efficiency portfolio-wide economic benefit to an approach that segments the portfolio into categories and evaluates each category based on the primary purpose of the program, thus supporting the continuation of programs that serve important functions but whose benefits are not appropriately captured by cost effectiveness ratios.
- **Energy Efficiency Process:** Enhances alignment and stability of energy efficiency program goal-setting, approval, and evaluation processes by replacing the 10-year business plan and yearly utility filings with the CPUC with a 4-year application that includes a strategic planning component.

Investor-owned utilities are ordered to file new energy efficiency program applications in February 2022 that will take affect by January 2024.



In the Summer of 2021, the CPUC will continue its work to improve energy efficiency programs through consideration of new energy efficiency goals and adding additional details to the changes implemented in today's decision.

“This decision helps to continue California's leadership in energy efficiency by reducing the conflict between cost-effectiveness and other equally or more important policy objectives that address equity and provide market support for our energy efficiency programs,” said Commissioner Genevieve Shiroma. “It further maximizes energy efficiency measures for longer duration greenhouse gas reductions in support of our integrated resource plan and in delivering grid benefits.”

The proposal voted on is available at

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M378/K256/378256443.PDF>.

Documents related to the proceeding are available at

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1311005.

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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