

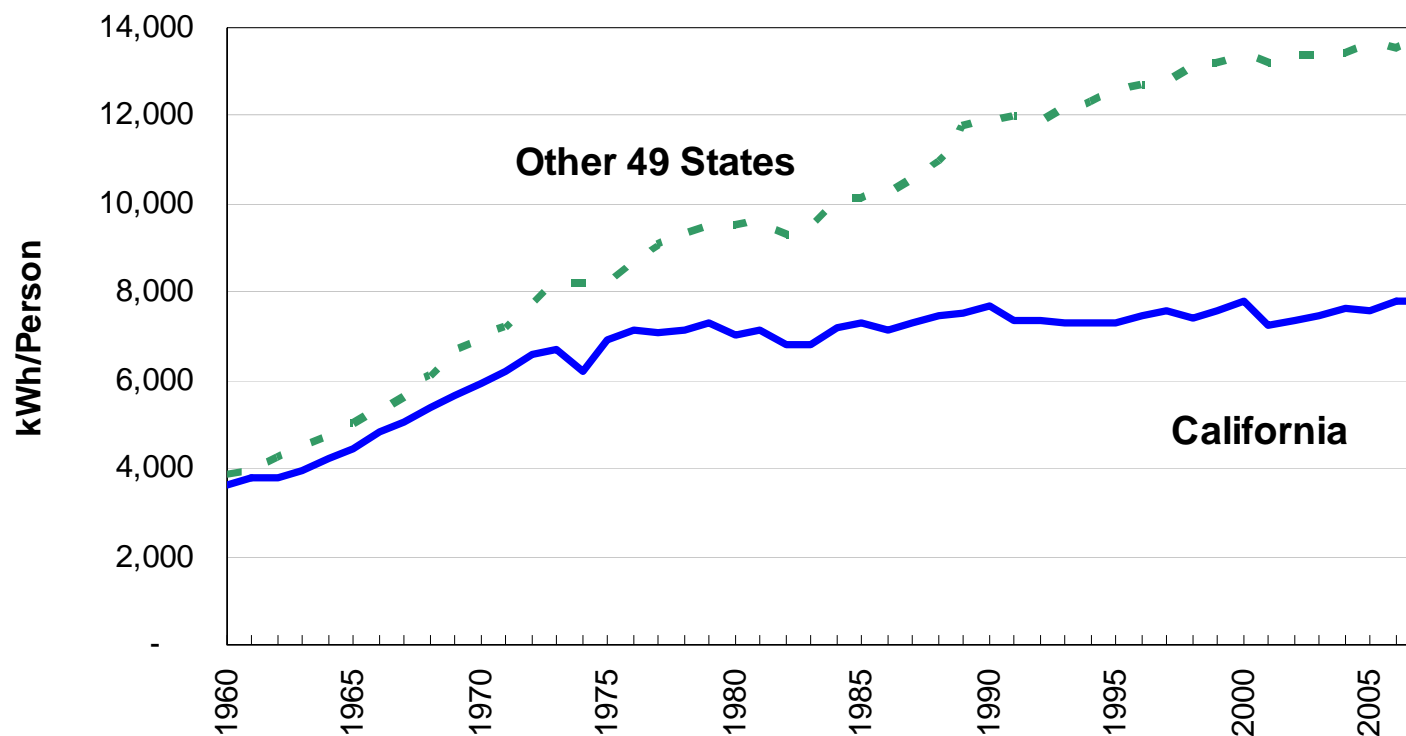


California Restores Its Energy Efficiency Leadership

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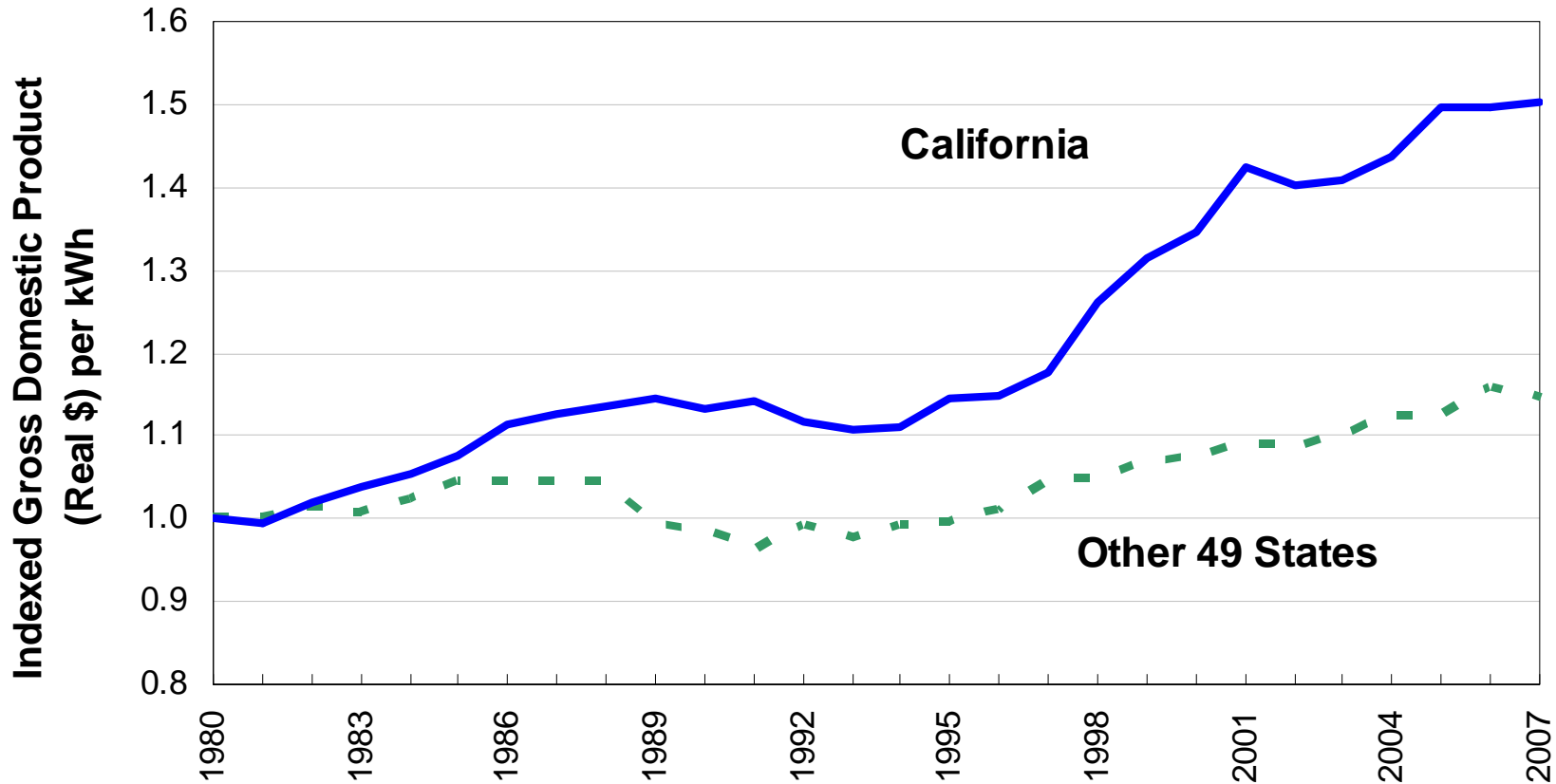
Per Capita Electricity Consumption



Sources: EIA, CEC

- Successful energy efficiency (EE) programs have built on decades of progress
- EE programs enabled California to keep per capita electricity consumption nearly flat over the last 30 years, while the rest of the nation increased by over 50 percent

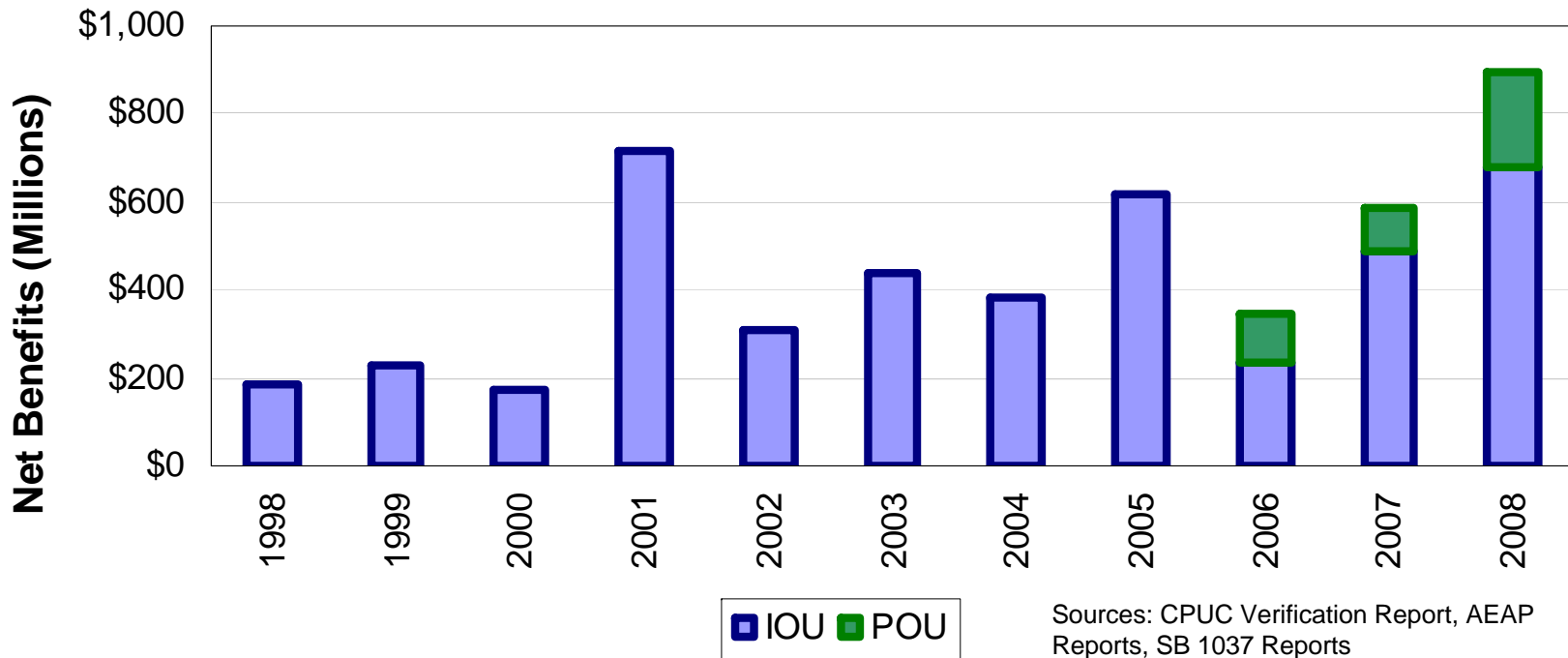
Economic Productivity of Electricity Consumption



Sources: EIA, CEC, BEA

- Inflation-adjusted economic productivity of the state's electricity use has improved about 50% since 1980, while the rest of the nation has improved only 15%
- In 2007, California produced \$5.4 million of GDP for every GWh of electricity consumed, while the average for the other 49 states was only \$2.7 million per GWh

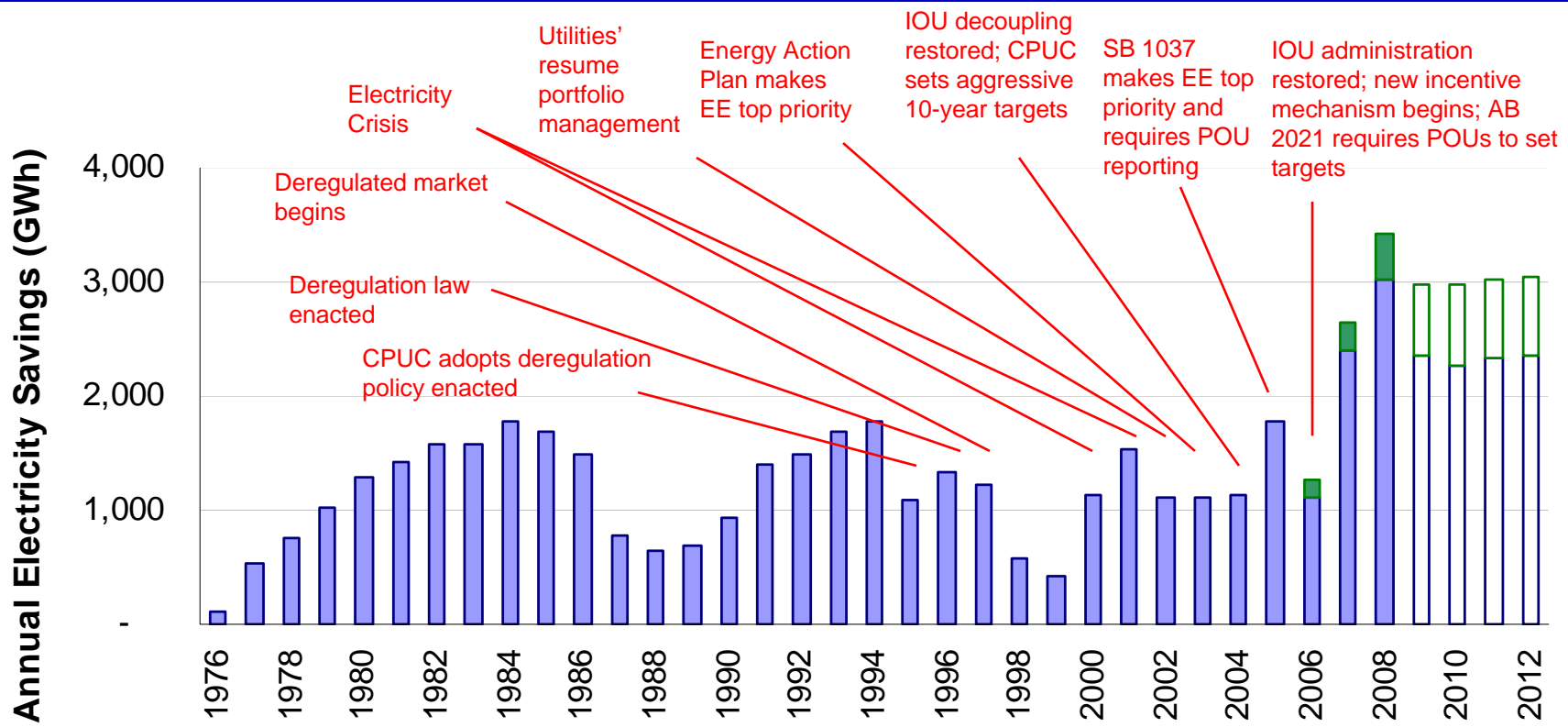
Net Benefits from Annual Utility Efficiency Programs



Note: Comprehensive data on POU efficiency savings is only available beginning in 2006; however, many POUs have offered programs for decades. IOU net benefits include savings from both electricity and natural gas efficiency programs; however, most POUs only provide electricity service. IOUs provide approximately 75% of the state's electricity and POUs provide approximately 25%.

- California's investments in EE provide enormous benefits
- Provided customers nearly \$5 billion in net benefits over the last decade
- Economic benefits radiate throughout economy and stimulate job creation

Annual Electricity Savings from Utility Efficiency Programs



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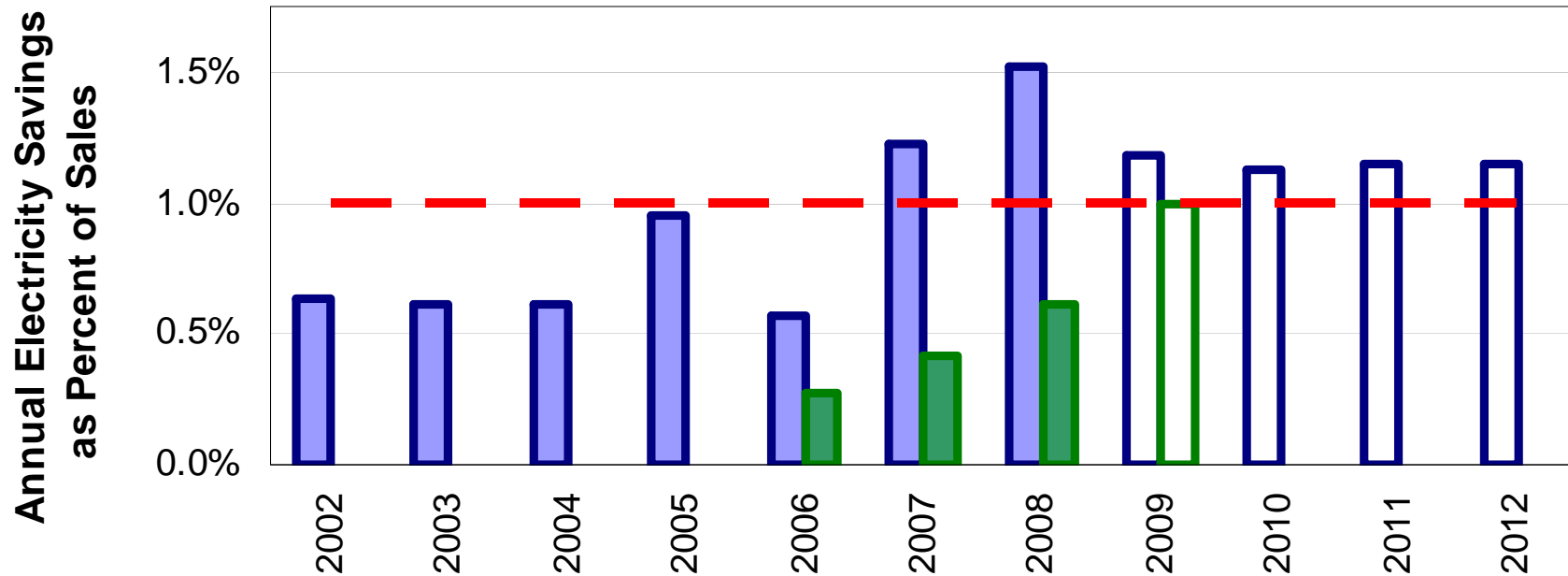


Source: CPUC Verification Report, AEAP Reports, SB 1037 Reports, CEC, IOU and POU Goals

- California's experience with EE shows how important the right policies are for progress
- When policies align utility incentives and customer interests, savings rise
- When these policies are removed, savings drop



Annual Electricity Savings as Percent of Sales



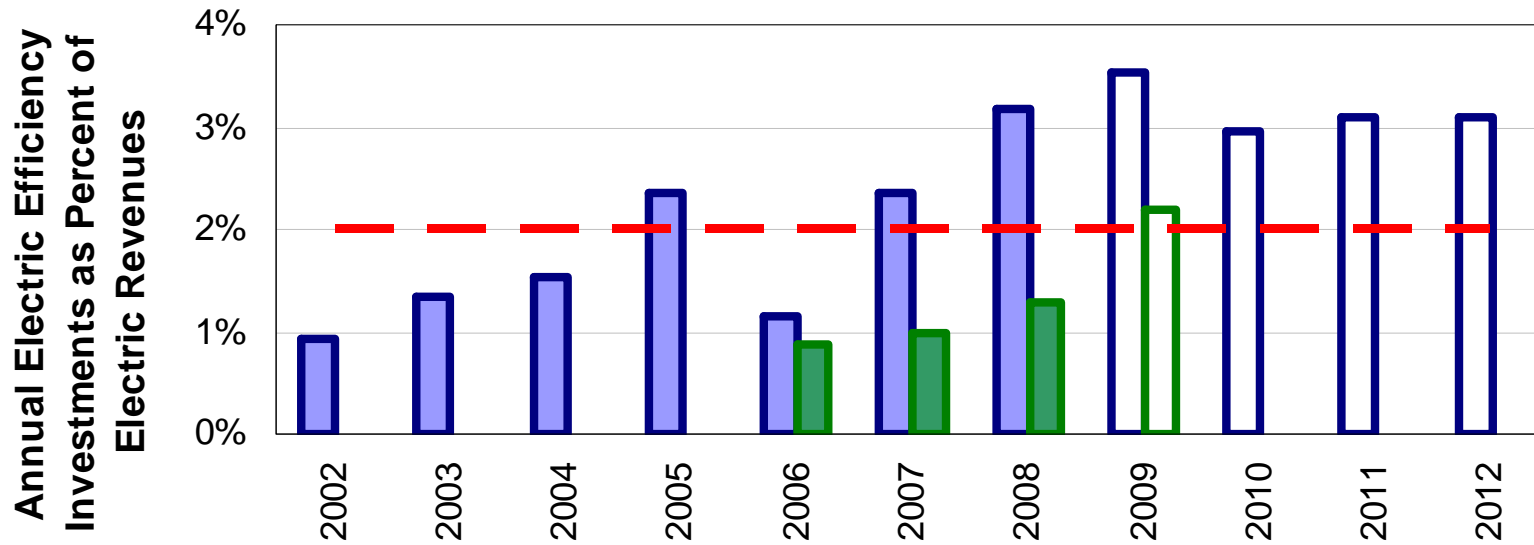
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■ IOU ■ POU

Sales source: CEC

- California has adopted policies necessary to spur aggressive EE programs
- IOUs have truly aggressive programs based on industry-standard efficiency metrics, where annual electricity savings exceed 1% of sales
- POU continue to progress, but need to increase savings approximately 60% to reach their 2009 goals (which they aimed to do)

Annual Electric EE Investments as Percent of Revenue



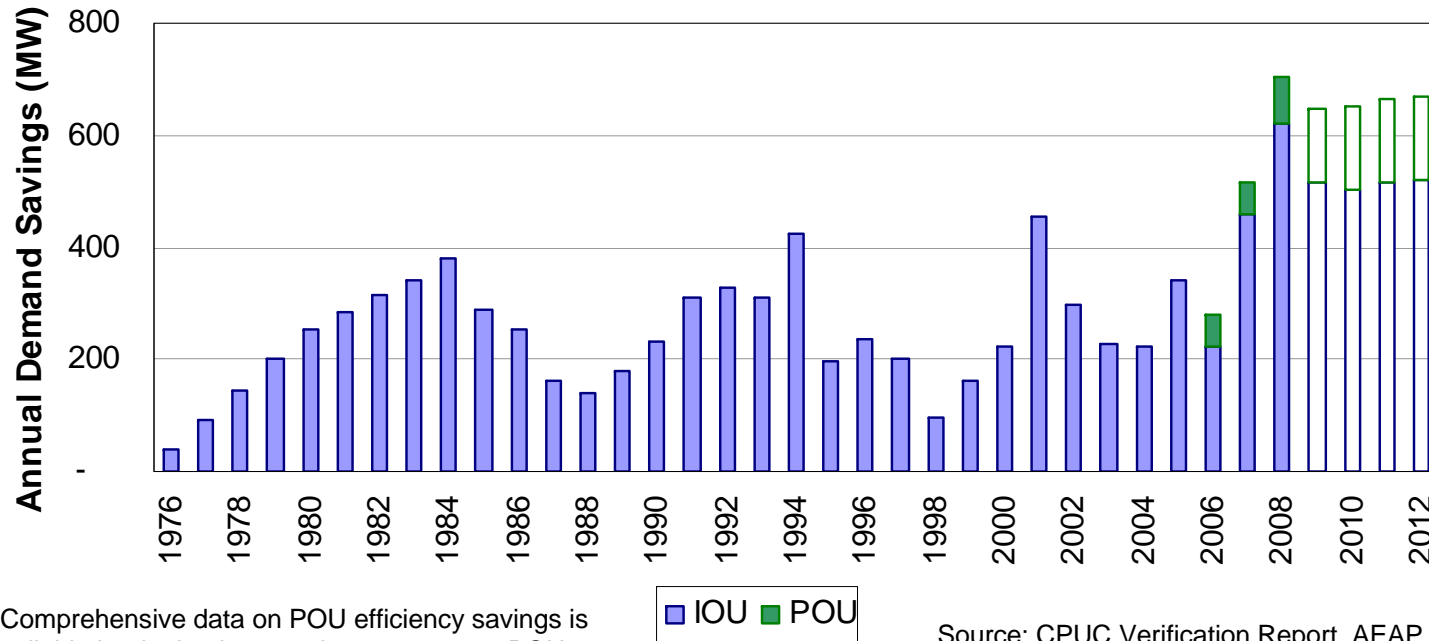
Note: Comprehensive data on POU efficiency savings is only available beginning in 2006; however, many POU have offered programs for decades



Sources: EEGA, EIA

- IOU annual electricity efficiency investments exceed 2% of revenues
- POU are making significant progress towards achieving aggressive programs, but additional changes are still needed to support increased POU investments

Annual Demand Savings from Utility Efficiency Programs

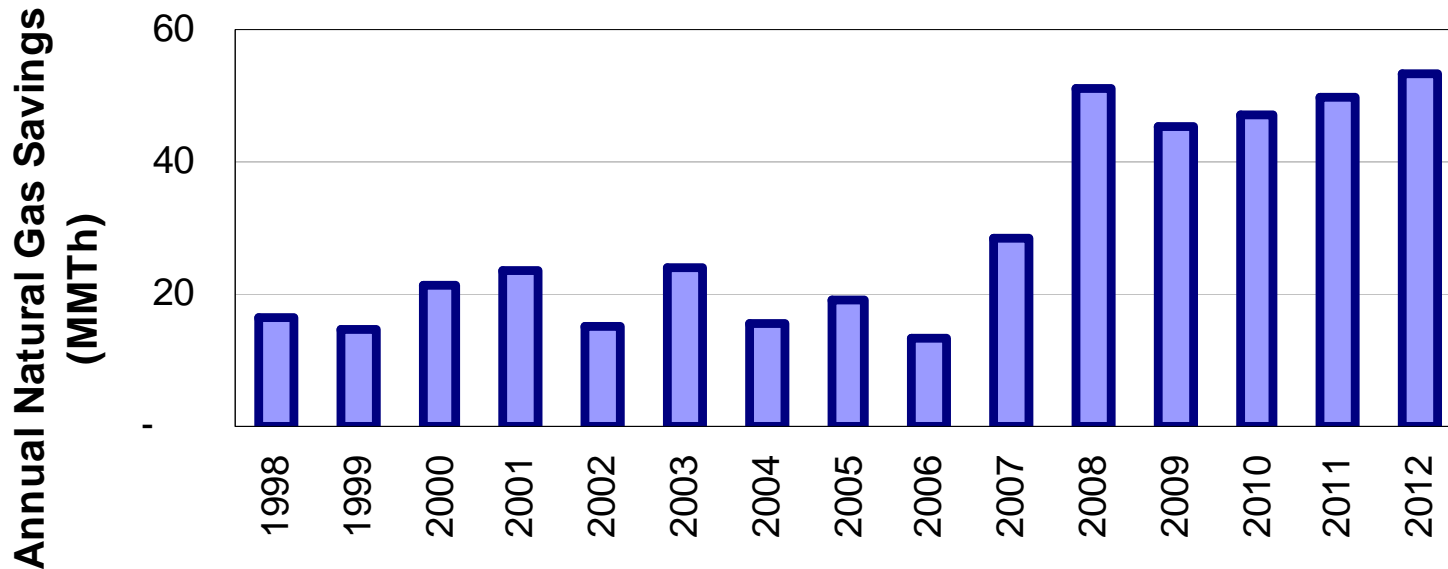


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Source: CPUC Verification Report, AEAP Reports, SB 1037 Reports, CEC, IOU and POU Goals

- California's experience shows how important the right EE policies are for progress
- On average, annual demand savings since 2006 have avoided one large (500 MW) fossil fuel power plant per year – the same is expected through 2012

Annual Natural Gas Savings from Efficiency Programs



Note: Only electric data is included for POUs, since nearly all only provide electric service

Source: CPUC Verification Report, AEAP Reports, SB 1037 Reports, CEC, IOU and POU Goals

- Investments in natural gas efficiency programs increased more than *three-fold* since 2002
- Natural gas savings continue to increase and play a key role in minimizing Californians energy use

Next Steps to Maintain California's Leadership

- California has made enormous progress over the last decade, but more work remains to sustain the state's leadership
- Recent analyses show the state can capture thousands of additional megawatts of efficiency savings through 2020 as the cheapest resource available
- In particular, the CPUC should:
 - establish aggressive new energy saving targets for the IOUs through 2020,
 - improve and extend the performance-based risk/reward incentive mechanism,
 - and refine the process for evaluating program accomplishments
- The CEC and POU's should:
 - work together to expand the POU's' efficiency programs,
 - set aggressive new targets,
 - integrate efficiency into the utilities' resource procurement, and
 - establish independent evaluation of every POU's' program accomplishments
- Continuing to expand the state's energy efficiency savings will help create jobs, lower utility bills, reduce pollution, and jump-start the economy