

Attachment F: California Energy Commission, “Energy Action
Plan II,” September 21, 2005.

STATE OF CALIFORNIA



ENERGY COMMISSION



PUBLIC UTILITIES COMMISSION

ENERGY ACTION PLAN II

IMPLEMENTATION ROADMAP FOR ENERGY POLICIES

September 21, 2005

I. INTRODUCTION AND SUMMARY

In 2003, the three key energy agencies in California – the California Energy Commission (CEC), the California Power Authority (CPA), and the California Public Utilities Commission (CPUC) – came together in a spirit of unprecedented cooperation to adopt an “Energy Action Plan” (EAP)¹ that listed joint goals for California’s energy future and set forth a commitment to achieve these goals through specific actions.

The EAP was a living document meant to change with time, experience, and need. The CPUC and the CEC have jointly prepared this Energy Action Plan II to identify the further actions necessary to meet California’s future energy needs.² EAP II supports and expands the commitment to cooperation among state agencies embodied in the original EAP and reflected in the State’s coordinated actions over the past two years. The development of EAP II has benefited from the active participation of the Business, Transportation, and Housing Agency, the Resources Agency, the State and Consumer Services Agency, the California Independent System Operator (CAISO), the California Environmental Protection Agency (Cal EPA), and other agencies with energy-related responsibilities.

EAP II describes a coordinated implementation plan for state energy policies that have been articulated through the Governor’s Executive Orders, instructions to agencies, public positions, and appointees’ statements; the CEC’s Integrated Energy Policy Report (IEPR); CPUC and CEC processes; the agencies’ policy forums; and legislative direction. This document also is intended to be consistent with the energy policies embodied in the Governor’s August 23, 2005, response to the 2003 and 2004 IEPRs.³ We expect to update or revise this action plan to reflect any changes needed to further implement the Governor’s 2004 IEPR response, future energy policies, and decisions related to the forthcoming 2005 IEPR, as well as other relevant events that may arise in the future.

In preparing EAP II, we do not assume that work undertaken in EAP I is complete or, conversely, to dismiss the accomplishments to date of EAP I. Rather, EAP II is intended to look forward to the actions needed in California over the next few years, and to refine and strengthen the foundation prepared by EAP I. Appendix A provides a status report on the progress of the EAP I activities to date.

Our overarching goal is for California’s energy to be adequate, affordable, technologically advanced, and environmentally-sound. Energy must be reliable – provided when and where needed and with minimal environmental risks and impacts. Energy must be affordable to

¹ EAP I can be viewed at the CPUC’s website at <http://www.cpuc.ca.gov/PUBLISHED/REPORT/28715.htm> or at the CEC’s website at http://www.energy.ca.gov/energy_action_plan/2003-05-08_ACTION_PLAN.PDF.

² The Consumer Power and Conservation Financing Authority was a co-agency in EAP I. Funding for the agency was eliminated in SB 1113 (Chesbro) Chapter 208, the 2004-2005 budget. No additional funding is proposed in the Governor’s 2005-2006 budget.

³ Governor Schwarzenegger’s “Review of Major Integrated Energy Policy Report Recommendations” in his August 23, 2005, letter to Senator Don Perata, President pro tempore of the California State Senate.

households, businesses and industry, and motorists – and in particular to disadvantaged customers who rely on us to ensure that they can afford this fundamental commodity. Our actions must be taken with clear recognition of cost considerations and trade-offs to ensure reasonably priced energy for all Californians. We need to develop and tap advanced technologies to achieve these goals of reliability, affordability and an environmentally-sound energy future. These goals affirm the original objectives of EAP I.

The State will achieve these goals by taking specific and measurable actions throughout California's energy sector. To do this we have expanded the scope of the EAP. The fuels used in the transportation of California's goods and population constitute a third energy sector, in addition to electricity and natural gas. We have incorporated into EAP II specific actions reflecting the importance of transportation fuels to California's economy and the need to mitigate the environmental impacts caused by their use. EAP II further expands the scope of the original EAP to describe research, development and demonstration activities that are critical to realizing our energy goals. In addition, EAP II highlights the importance of taking actions in the near term to mitigate California's contributions to climate change from the electricity, natural gas and transportation sectors.

EAP II continues the strong support for the loading order – endorsed by Governor Schwarzenegger – that describes the priority sequence for actions to address increasing energy needs. The loading order identifies energy efficiency and demand response as the State's preferred means of meeting growing energy needs. After cost-effective efficiency and demand response, we rely on renewable sources of power and distributed generation, such as combined heat and power applications. To the extent efficiency, demand response, renewable resources, and distributed generation are unable to satisfy increasing energy and capacity needs, we support clean and efficient fossil-fired generation. Concurrently, the bulk electricity transmission grid and distribution facility infrastructure must be improved to support growing demand centers and the interconnection of new generation, both on the utility and customer side of the meter.

We also see the need to provide open, transparent, and compelling information and education to all stakeholders and consumers in the State. The agencies are committed to providing more effective information dissemination through increased cooperation among all branches of government, businesses, and energy organizations. In particular, we pledge to remove the remaining barriers to transparency in the electricity resource procurement processes in the State and to increase outreach to consumers by providing improved education and services regarding energy efficiency, demand response, rates, climate change, and opportunities to reduce the environmental impacts of energy use.

The EAP II is intended as an implementation roadmap for the entire State. While some of the electricity and natural gas actions are described in the context of the investor-owned utilities, in general they should be seen as applying equally to all load serving entities, such as customer-owned utilities and energy service providers.

Once this new EAP is adopted, our next step will be to prepare a workplan that ascribes responsibility for each of these key action items, determines the specific roles that will be played by each agency, and develops a timeline that ensures the agencies' prompt attention.