



# Summer 2005: California's Energy Action Plan

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# Background: California's Energy Action Plan

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- Developed by 3 agencies: California Public Utilities Commission, California Energy Commission, and California Power Authority
- Provides a blueprint for implementing unified state energy policy
- Establishes a “loading order” of energy efficiency, demand reduction programs, renewables and then fossil resources
- Guiding principle is to achieve adequate, reliable, and reasonably priced energy supplies

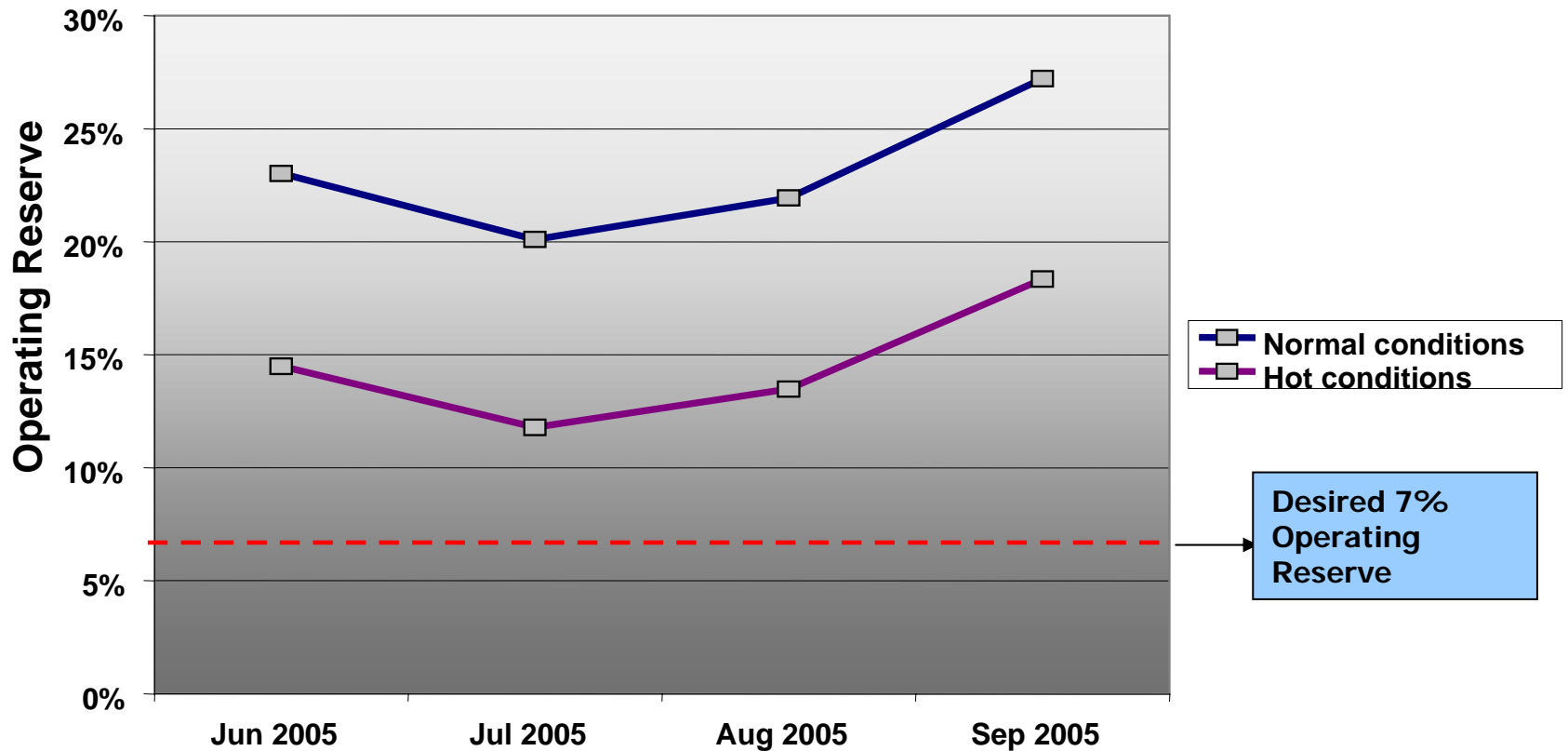


# California's Summer 2005 Outlook

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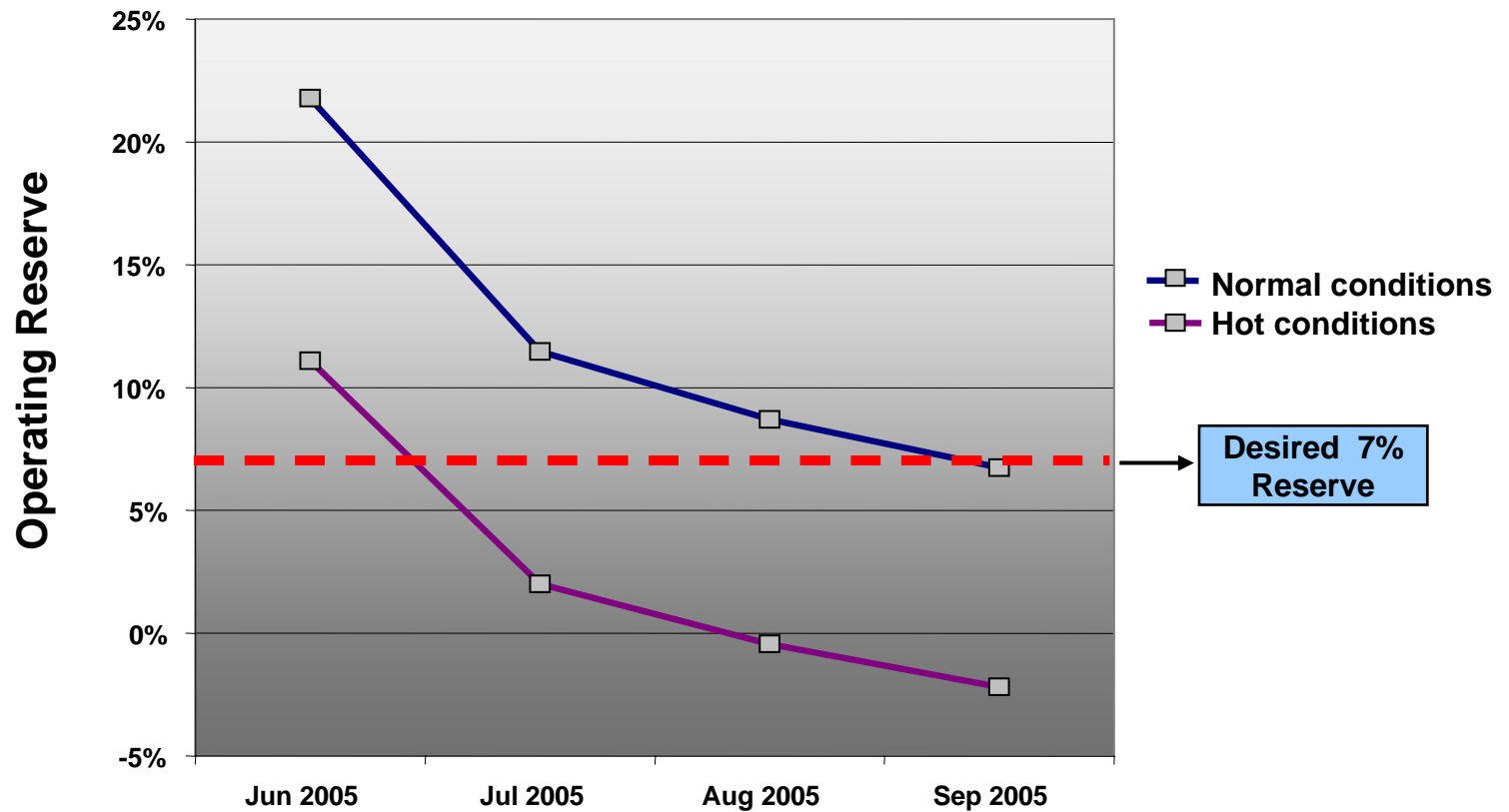
- Northern California: reserves are adequate to serve utility customers under normal and hot weather conditions
- Southern California: reserves adequate under most normal weather conditions but inadequate under hot weather conditions
- Bottom line: Summer 2005 requires aggressive and coordinated action

# Northern California: Forecasted reserves are adequate under normal and hot conditions\*



\*Reserves do not include MWs from interruptible programs

# Southern California: Reserves dip below desired 7% margin under normal and hot weather conditions\*



\*Reserves do not include MWs from interruptible programs



## Summer 2005 Actions by Regulators

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- Augment energy efficiency programs
- Augment demand response programs
- Accelerate completion date of permitted power plants (e.g., Pastoria online date moved from September to July 2005)
- Identify and expedite transmission upgrades feasible for 2005 (e.g., re-rate lines where possible)
- Lock in power contracts via SCE RFO
- Encourage sales of excess municipal utility power



## Achieve Aggressive Energy Efficiency Program Goals To Reduce Peak Demand

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- CPUC-authorized programs are expected to increase energy savings from 380 MWs in 2004 to 750 MWs by Summer 2005
- Programs include rebates for energy efficient products:
  - Fluorescent bulbs and fixtures
  - Windows
  - Evaporative coolers
  - HVAC and refrigeration systems
  - Programmable thermostats
- Utilities are authorized to spend \$820 million in the 2004-2005 energy efficiency program cycle



# Develop Robust Demand Response Initiatives

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- CPUC-approved utility programs add 600 MWs of demand response capacity this summer to the 1800 MWs available in 2004
- Utility expenditure for demand response programs in 2005 is \$200 million
- Programs include:
  - Demand bidding
  - Commercial and residential “20/20” savings program
  - Commercial and residential air conditioner cycling and/or smart thermostat programs
  - Education, awareness and outreach (e.g., Flex Your Power)





# Renewables Procurement

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- California adopted the Renewable Portfolio Standard (RPS) in 2002
  - RPS establishes a target of 20% of energy needs from renewables in 2017
  - The EAP proposes to accelerate this requirement to 2010
- 2005 RPS Goals percent of total energy from renewables

■ PG&E	14.2%	10,190 GWh
■ SCE	18.4%	13,437 GWh
■ SDG&E	13.5%	589 GWh
- The utilities' pending solicitations for new resources integrate RPS requirements for renewable capacity



## Projects Are In The Pipeline

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- Regulators helped accelerate the completion date for Mission-Miguel Phase 1 project from September to July 2005
  - Adds 350 MWs of import transmission capacity into the San Diego area by Summer 2005
- CPUC approved another 500 MWs for 2006 completion to address state and local reliability issues
  - Mission-Miguel Phase 2 – 100 MW into San Diego area
  - Jefferson-Martin – 400 MW into San Francisco Peninsula area



# Coordination of Transmission Planning in the West

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- Region-wide transmission planning forums
  - Western Electricity Coordinating Council (WECC) oversees transmission planning with a reliability focus
  - Seams Steering Group-Western Interconnection (SSG-WI) focuses on transmission expansion to meet commercial needs of the market place
- Sub-regional planning groups
  - Rocky Mountain Area Transmission Study (RMATS)
  - Northwest Transmission Advisory Committee (NTAC)
  - Southwest Transmission Expansion Plan (STEP)
- State-sponsored groups
  - Western Governors Association (WGA)
  - Western Interstate Energy Board (WIEB)
  - Committee on Regional Electric Power Cooperation (CREPC)



# Conclusion

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- All key state energy agencies are working together, per Energy Action Plan
- Key goal is adequate supplies for Summer 2005 and beyond
- Critical actions are energy efficiency, demand reduction, and new supplies via the SCE RFO