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Staff Workshop on Methodologies for SB 350 Energy Efficiency Target Setting

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Presentation Overview

- Background
- Main considerations in 2018 + update
- Draft scenarios
- Summary of results
- Comparison with 2015 study
- Main takeways

Background

- **P.U. Code §454.55 and §454.56** – identify all cost-effective energy efficiency and establish targets for electric and gas corporations.
- **The Rolling Portfolio Cycle Schedule** requires bi-annual updates of utility goals.
- **2018 and beyond**:
  - Development of methods with input from Demand Analysis Working Group (DAWG)
  - June 15: draft study released
  - July 14: deadline for formal comments and reply comments
  - August: proposed decision
  - September: Commission adoption
- **Process**:
  - Commission will consider the study and the record and will adopt one set of goals

2018 + P&G Study Considerations

- **SB 350/AB802:**
  - Broader application of existing conditions baseline
  - Increased consideration of behavior, retrocommisison, operational savings
  - Normalized meter energy consumption and pay for performance
  - Goals not informed by previous studies
  - Doubling energy efficiency
- **Integrated Distributed Energy Resources Proceeding (IDER – R. 14-10-003)**
  - Proceeding considering the uses of the standard Practice Manual Tests
  - Staff proposal with recommendations for Societal Cost test and use of Greenhouse Gas Adder

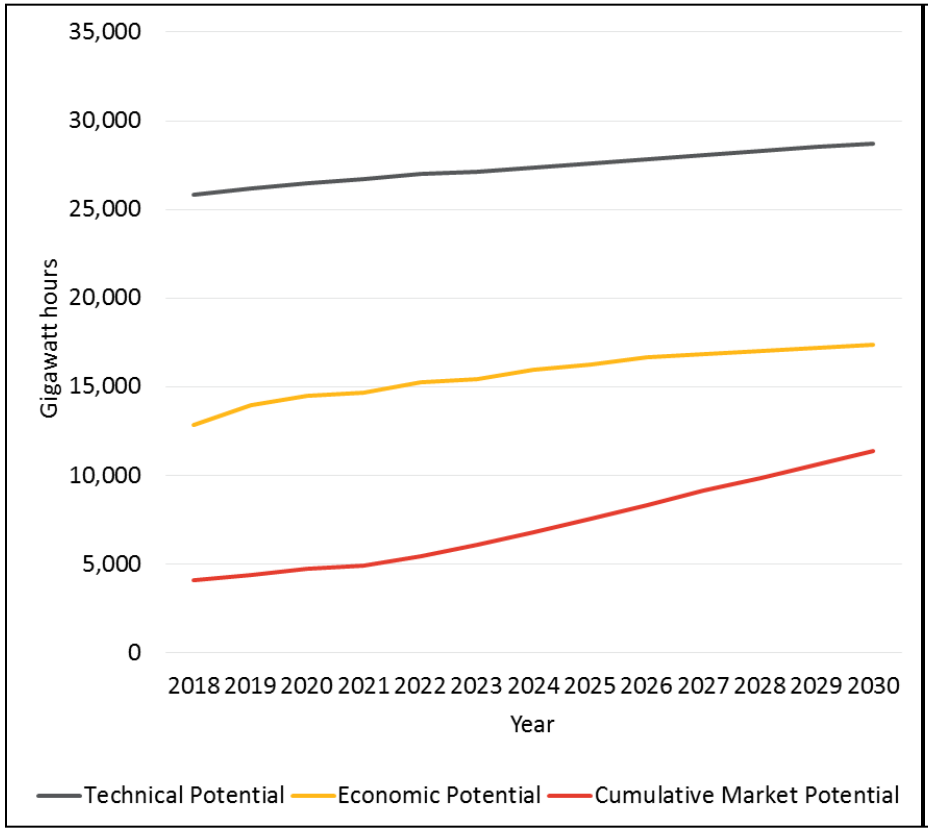
2018 + P&G Draft Scenarios

Scenario	Cost Effectiveness Screen	Program Engagement
TRC | Reference	TRC test using 2016 Avoided Costs	Reference
mTRC (GHG Adder #1) | Reference	TRC test using 2016 Avoided Costs + IOU proposed GHG Adder	Reference
mTRC (GHG Adder #2) | Reference	TRC test using 2016 Avoided Costs + Commission staff proposed GHG Adder	Reference
PAC | Reference	PAC test using 2016 Avoided Costs	Reference
PAC | Aggressive	PAC test using 2016 Avoided Costs	Aggressive

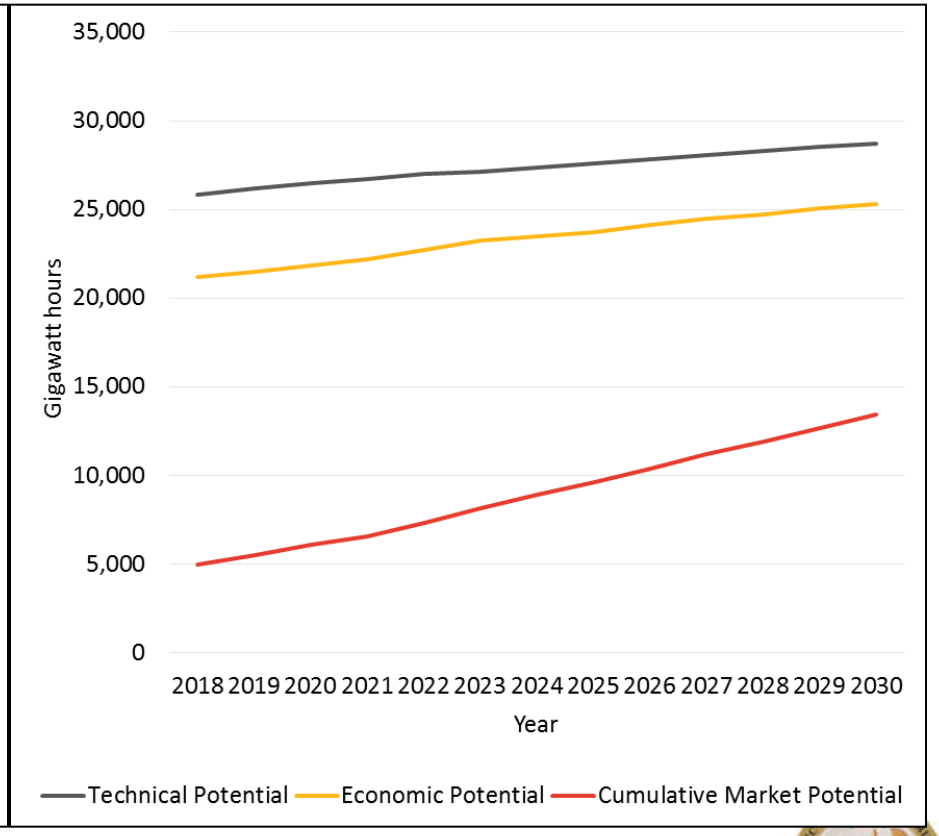
Source: Navigant 2018 + Potential and Goals draft study

GWh Potential Results

TRC I Reference



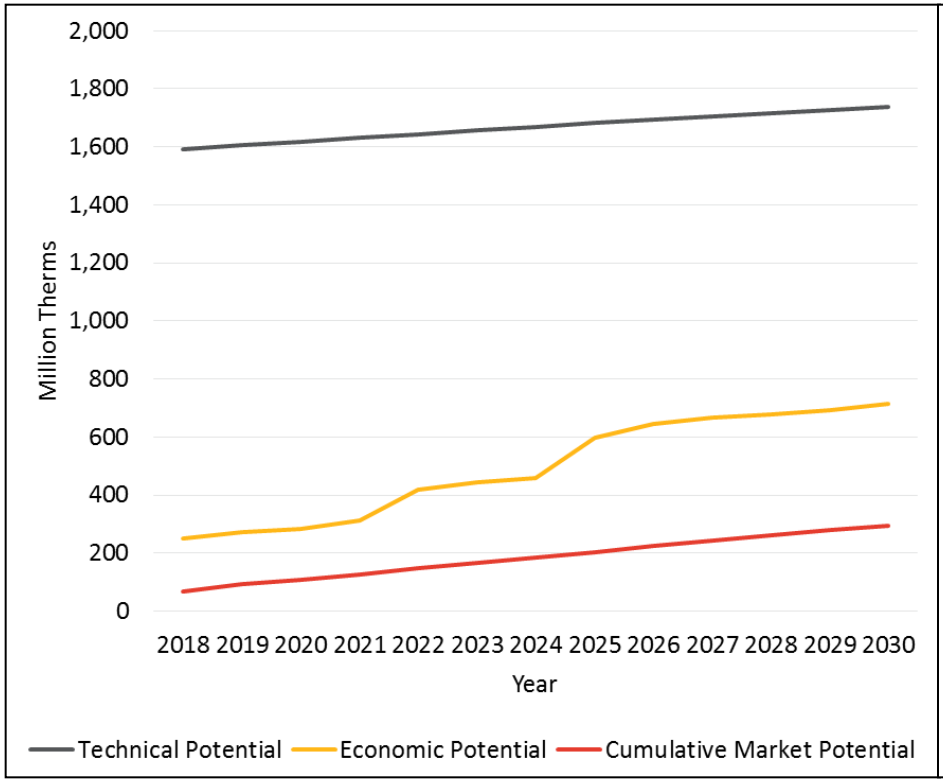
PAC I Aggressive



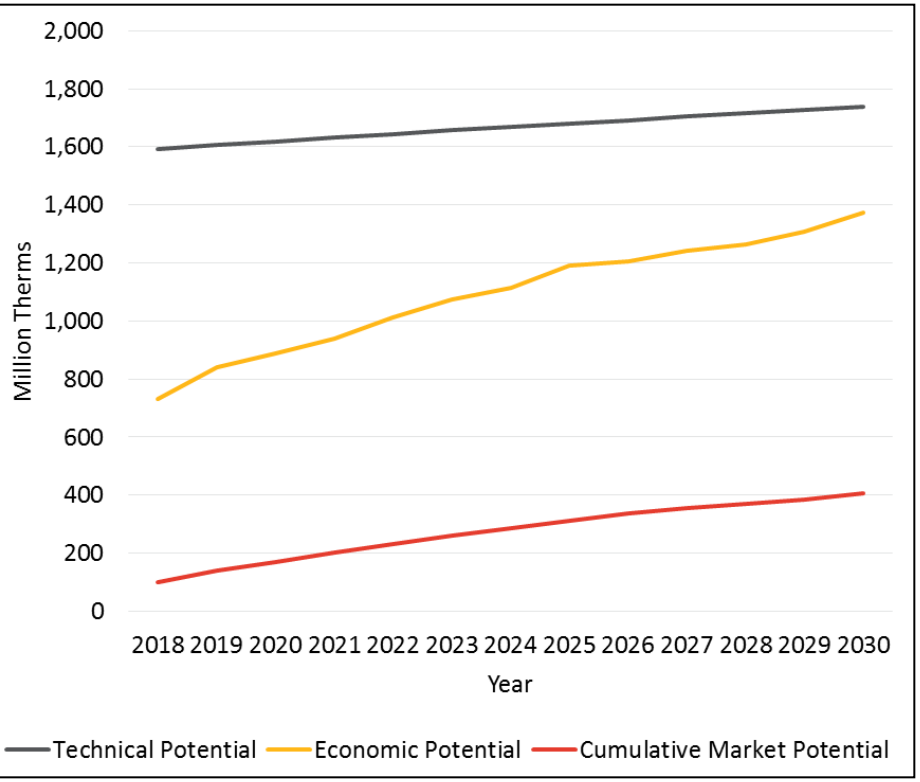
Net Technical, Economic and Cumulative Market Potential.
Source: Navigant 2018 + Potential and Goals draft study

Gas Potential Results

TRC I Reference

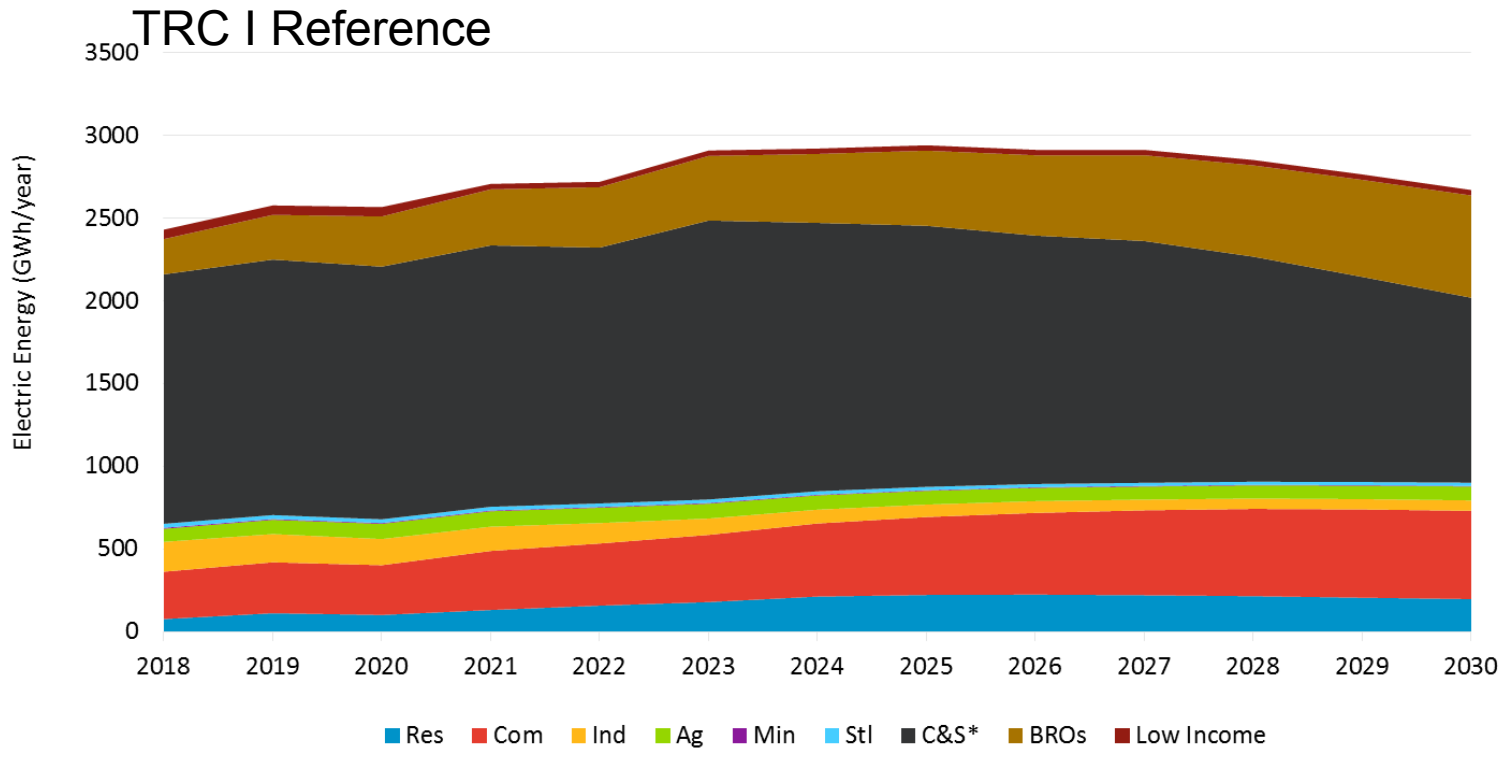


PAC I Aggressive



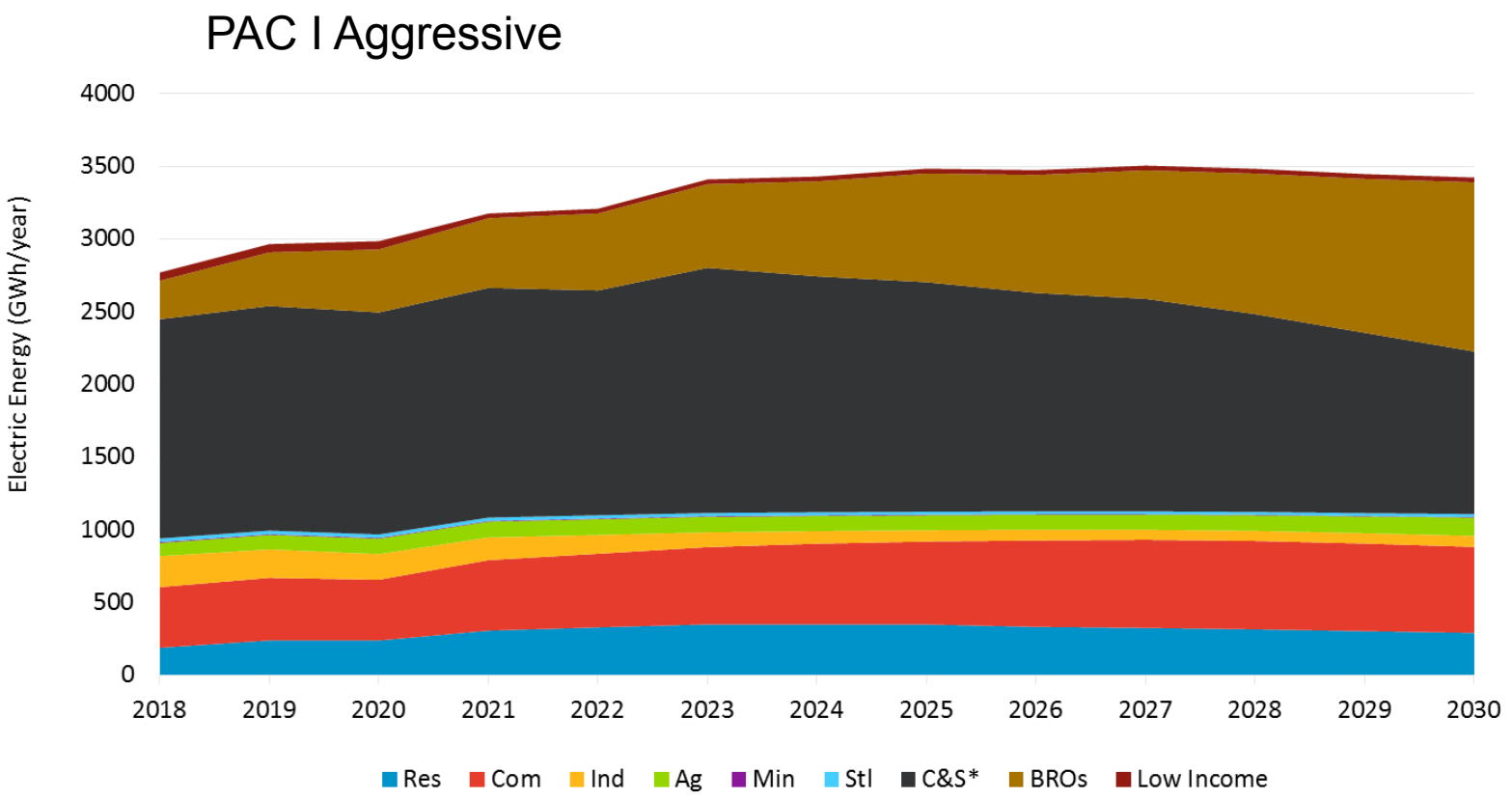
Net Technical, Economic and Cumulative Market Potential.
Source: Navigant 2018 + Potential and Goals draft study

Incremental Statewide Market Potential



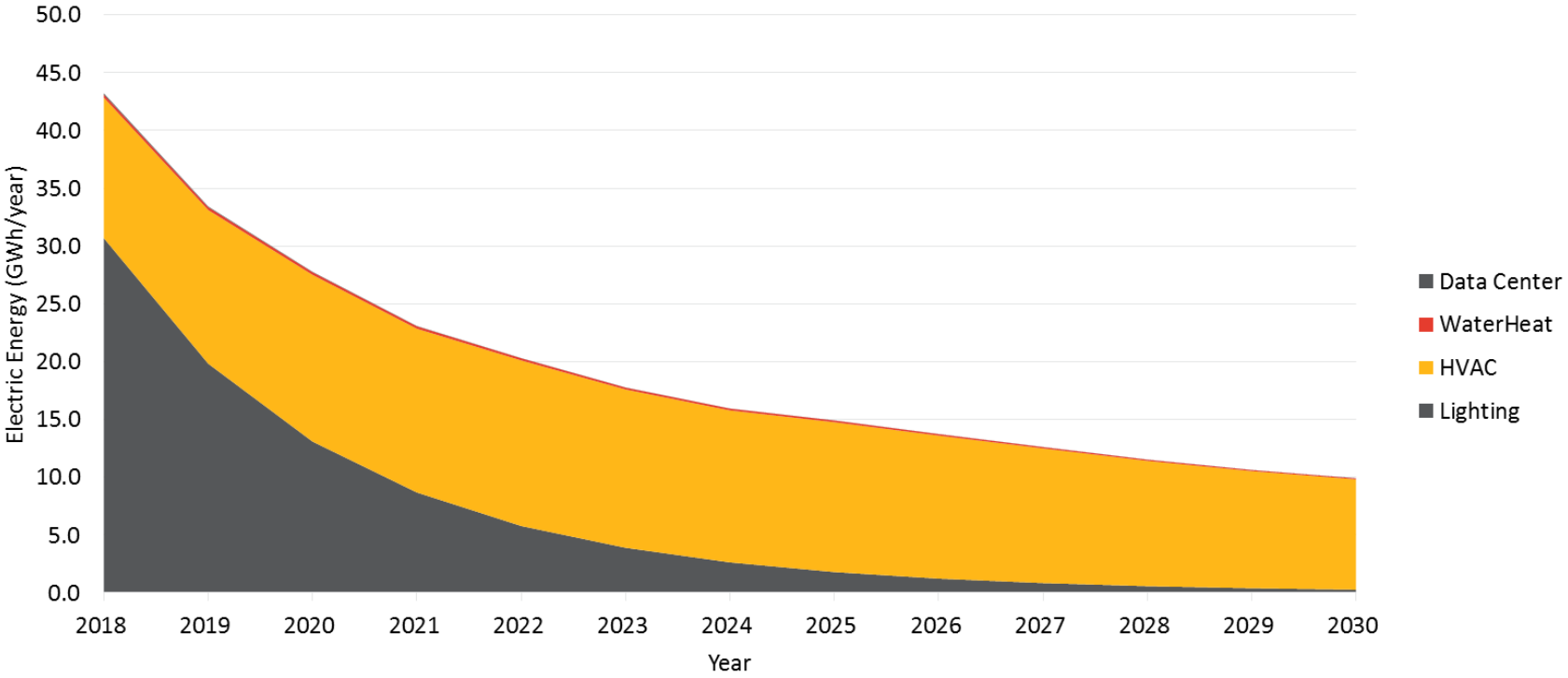
Source: Navigant 2018 + Potential and Goals draft study

Incremental Market Potential



Source: Navigant 2018 + Potential and Goals draft study

Incremental Stranded Potential



Source: Navigant 2018 + Potential and Goals draft study

Comparison to 2015 Study

- **Technical Potential:**
  - Residential: additional 31 technologies characterized
  - Commercial: additional 51 technologies characterized
  - Additional 23 technologies for existing conditions baseline
- **Market cumulative**
  - Electricity: lower for all scenarios but PAC short term; long term only TRC is lower
  - Gas: lower only for TRC for short and long term

Takeaways

The 2018 and Beyond draft study shows:

- Lower market potential than previous studies if using the traditional TRC cost-effectiveness test without considering costs to meet 2030 GHG goals
- The scenarios were developed based on potential policy changes to explore alternatives to past studies, in compliance with SB 350
- Potential from adoption of existing conditions baseline, based on available information, is negligible
- C&S savings are significantly higher than in the 2015 study
- Economic Potential varies 65% depending on the cost-effectiveness test used to screen measures in 2018 and 45% in 2030.

Takeaways

For SB 350 goals:

- Consider there may be limits to utilities contribution given cost-effectiveness, feasibility and reliability conditions
- However, this is the first effort to account for many policy changes:
  - Ongoing updates will account for additional data and further improved methods

Thank You

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Additional Information

CPUC Energy Efficiency: http://www.cpuc.ca.gov/egyefficiency/

2018+ Potential and Goals Draft Study: http://www.cpuc.ca.gov/General.aspx?id=2013

Energy Efficiency docket:

R.13-11-005

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