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# City of Palo Alto Utilities

## Efficiency Potential and Goal Setting Process



Inspired by a brighter tomorrow.

# Palo Alto is Unique

- Palo Alto has only a slight summer peak electric load, and a majority of its sales (86%) come from business customers.
- Efficiency goals are set for electric, natural gas and water commodities.
- Funds for programs come from customer charges for all three utilities. For electric and gas, these customer revenues are enhanced by supply funding.
- Utility load forecasts include efficiency goals when modeling projected sales and revenues.



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# How Potential is Developed

- For electric, the CMUA-wide Cal-EERAM model was used, with Palo-Alto specific information for rates, avoided costs and line losses added.
- CPAU worked with Navigant to develop a similar model for natural gas.
- Water potential savings are modeled in a joint effort of other Bay Area Waster Supply and Conservation Agencies (BAWSCA) as a part of the development of the Urban Water Management Plan.



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# Potential and Goal Approval

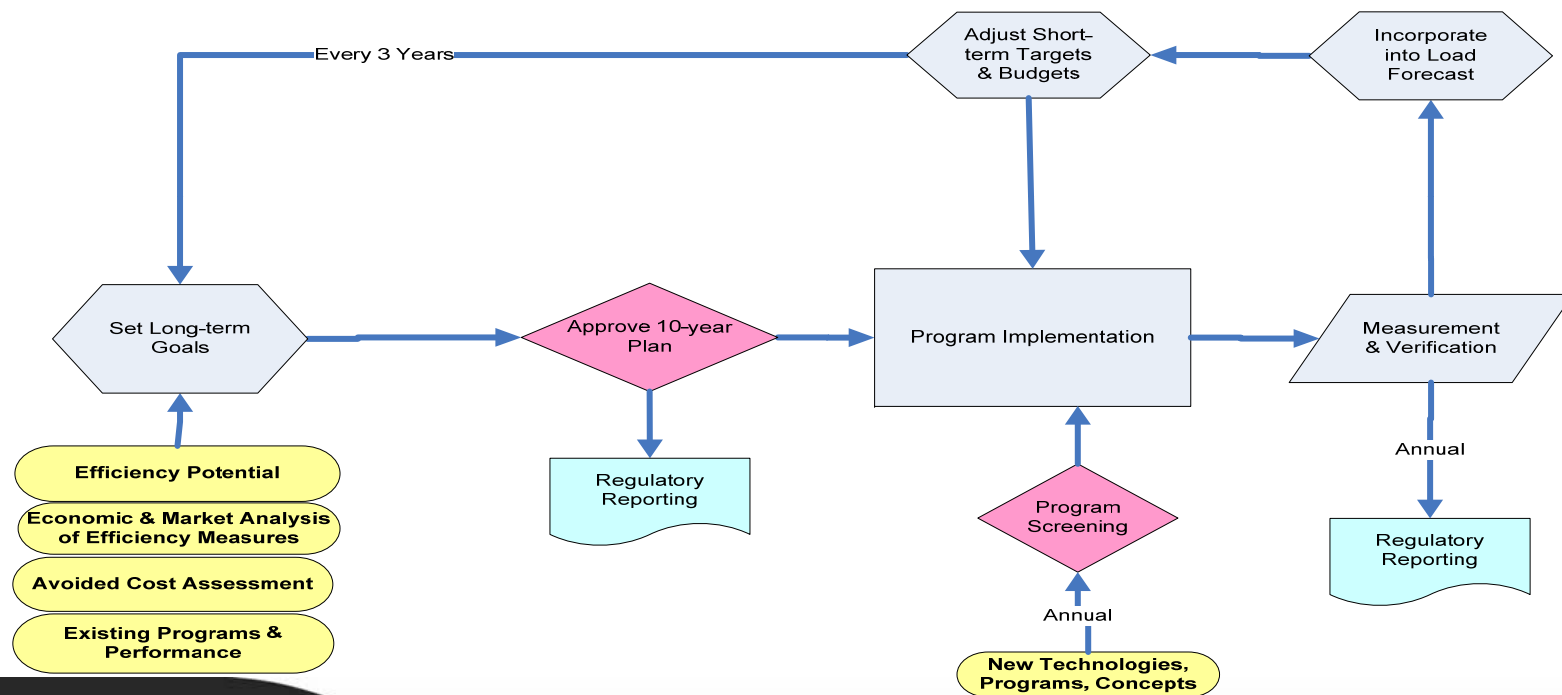
- Variables input into model and results reviewed for inaccuracies.
- Engaged with Account Representatives and customers about potential for increased efficiencies by technology, customer type and program.
- Developed goal proposals based on output of model, adjusting market potential based on historical program achievements and customer/staff feedback.
- Held public hearings at Utilities Advisory Committee and City Council.
- Once goals were approved, used them to assist in developing program implementation plan for next fiscal period.
- Process detailed on next slide.



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# Program Process from Council Report

Figure 1: Illustration of Efficiency Program Assessment, Implementation, and Reporting Process



# Future Process

- Will complete EM&V of two to three programs at the end of the calendar year.
- Expect to begin electric and natural gas potential modeling process again in 2012.
- UWMP goals already approved by Council for upcoming 5 year period.
- The results of the new models will be compared with the progress of new 3<sup>rd</sup> party programs to determine areas of possible expansion or program elimination.
- Goals will again be proposed to UAC and Council, as before.



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