

# Energy Action Plan



## High Priority Activities

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# Goal: I – ENERGY EFFICIENCY

High Priorities	Joint Activities
1. Require that all cost-effective efficiency is integrated into resource plans on equal basis with supply-side resources.	Work together to increase the priority given to measures that reduce peak energy use.
2. Adopt 2006-2008 energy efficiency program portfolios and funding.	CEC and CPUC staff currently overseeing and evaluating the IOUs selection and implementation of third party programs to develop new EM&V protocols. CPUC authorized IOU program budgets for 2006-2008 in September 2005
6. Implement actions outlined in the Governor's Green Buildings Action Plan to improve building performance by 20 percent by 2015	Will continue through 2006. CEC and CPUC staff participating in joint meetings to coordinate GBI implementation issues.

## GOAL: II – DEMAND REPOSE

High Priorities	Joint Activities
1. Issue decisions on proposals for statewide installation of advanced meters for all small commercial and residential IOU customers and expedite adoption of concomitant tariffs.	Proposed decisions expected in July 2006 (PG&E), and November (SDG&E).
2. Create standardized monitoring and evaluation (M&E) mechanisms to ensure that demand response savings are verifiable.	Scoping workshop and circulated draft protocols for estimating cost effectiveness and load impacts with comments due May 1, 2006.
3. Expedite decisions on dynamic pricing tariffs to allow increased participation for summer 2006; encourage load shifting that does not increase consumption.	Proposed Decision for default CPP rejected by the settling parties. Alternate Decision accepting settlement (voluntary CPP) circulated.
4. Identify and adopt new programs and revise current programs to achieve the goal of five percent demand response by 2007.	In March, CPUC authorized demand response program budgets, program offerings, and a program development process for the large customers for 2006-2008.

# Goal III - RENEWABLES

High Priorities	Joint Activities
<p>2. Approve IOU RPS solicitations for 2005-2008 for RPS goal of 20 percent renewable by 2010.</p>	<ul style="list-style-type: none"> <li>▪All 3 IOUs have completed 2005 solicitation; IOU short lists will be filed Jan 2006.</li> <li>▪Revise the RPS Guidebooks for Eligibility, New Renewable Facilities Program and the Overall Program after public workshop: CEC adoption scheduled for April 26 Business Meeting.</li> <li>▪PG&amp;E has 120 MW geothermal facility pending CPUC approval</li> </ul>
<p>7. Ensure new transmission lines are built to access renewable resources through a comprehensive, integrated transmission planning process.</p>	<ul style="list-style-type: none"> <li>▪ CEC completed first biennial Strategic Transmission Plan with recommendations for renewable TX project investments.</li> <li>▪ CPUC has opened new OII (05-09-005) which will address RPS transmission issues.</li> </ul>
<p>8. Implement program to achieve 3,000 MW for the Governor's Solar Initiative.</p>	<ul style="list-style-type: none"> <li>•CPUC approved \$2.8 Billion for solar in existing IOU commercial &amp; residential sectors.</li> <li>•CEC to focus \$350 million for new residential construction.</li> </ul>
<p>9. Implement RPS standards for ESPs and CCAs</p>	<p>The next phase of CPUC's RPS rulemaking examining establishment of rules for ESPs and CCAs.</p>

# Goal IV – Electricity Adequacy, Reliability and Infrastructure

High Priorities	Joint Activities
<p>1. Ensure all load serving entities meet the state’s adopted reserve and resource adequacy requirements of a 15-17 percent planning reserve no later than June 2006, through a reasonable mix of short-, medium-, and long-term resource commitments.</p>	<p>CPUC adopted resource adequacy requirements in Oct 2005 and CPUC-CEC are coordinating on program implementation and filing review. R05-12-013 Phase 1 local resource adequacy on schedule for a June 2006 decision.</p>
<p>4. Establish appropriate incentives for the development and operation of new generation to replace the least efficient, and least environmentally-sound of California's aging power plants.</p>	<p>Long Term Procurement Rulemaking R06-02-013 Phase 1 addresses impediments to investments in new generation. A decision is expected by June 2006.</p>

## Goal V – Electricity Market Structure

High Priorities	Joint Activities
<p>2. Complete and refine, as necessary, the current IOU electricity procurement process to provide that it is competitive, transparent, fair, proceeds in a timely fashion, and achieves California's resource adequacy requirements.</p>	<p>Rulemaking R06-02-013 Phase 2 will review the IOUs 10 year Long Term Procurement Plans.</p> <p>Rulemaking R05-06-040 is evaluating confidentiality/transparency issues relating to procurement.</p>
<p>3. Complete and implement, by February 2007, the CAISO's Market Redesign and Technology Upgrade (MRTU) to reform California's wholesale electricity market, and to ensure market power mitigation to protect California consumers.</p>	<p>CPUC continues to file comments and negotiate in the stakeholder process for the MRTU, since it is the lead agency. The ISO made a tariff filing at the end of January and intends to implement MRTU by Summer 2007.</p>
<p>Foster sound market rules, increase regulatory certainty and improve coordination with the West's electrical system. Reform rate structure by supporting energy efficiency, demand response and self generation programs.</p>	<p>CPUC will continue coordinating with stakeholders and advocating at FERC.</p>

## GOAL: VI – NATURAL GAS SUPPLY, DEMAND AND INFRASTRUCTURE

High Priorities	Joint Activities
<p>8. Provide natural gas delivery storage system to meet peak demand needs.</p>	<ul style="list-style-type: none"> <li>▪CPUC examining infrastructure adequacy in NG OIR; issued report on electric IOU gas needs; authorized expanded hedging programs reviewing Lodi proposal for storage expansion; PG&amp;E to proceed with added line at Macdonald Island Storage.</li> <li>▪Natural Gas Working Group meets monthly, includes utilities, other stakeholders; could invite FERC on periodic basis; utility study of impact of high NG prices on CA economy completed.</li> </ul>
<p>6. Establish standards for new transmission and storage capacity additions timing and payment and for access to natural gas transmission systems.</p>	<ul style="list-style-type: none"> <li>▪LNG Working Group meeting monthly to coordinate information on LNG proposals &amp; with DOE on a forum in LA on June 1.</li> <li>▪CPUC approved open access tariffs.</li> <li>▪CPUC to receive written and oral testimony on need for and design of standards.</li> </ul>
<p>7. Evaluate appropriateness of current natural gas quality rules.</p>	<ul style="list-style-type: none"> <li>▪NG quality research conducted under CEC w/CPUC approval.</li> <li>▪ARB also examining its rules with CPUC/CEC.</li> <li>▪Executed emissions testing contract for turbines, large burners and appliances.</li> <li>▪CPUC examining NG quality in NG OIR.</li> </ul>

## GOAL: VII – TRANSPORTATION FUELS SUPPLY, DEMAND AND INFRASTRUCTURE

High Priorities	Joint Activities
2. Increase coordination of petroleum infrastructure permitting and develop guiding principles for facility permitting.	Consulting with federal, state, and local agencies on environmental issues and related permitting processes to develop best permitting practices by June 2006.
3. Work with other states and stakeholders to double CAFE standards.	Submitted comments to National Highway Traffic Safety Association on their rule-making for light truck efficiency standards.
4. Work with Cal EPA to implement California Hydrogen Highway Blueprint	<ul style="list-style-type: none"> <li>▪Participating in the California Fuel Cell Partnership.</li> <li>▪Developing bid proposal for hydrogen fuel cell bus funding from the US D.O.T.</li> </ul>
5. Increase the use of non-petroleum fuels and dedicated non-petroleum-fueled vehicles in the State's fleet.	Preparing fuel cycle cost effectiveness study of alternative fuels for SB1007 report in December 2006.

## GOAL: VIII – Research, Development, and Demonstration

High Priorities	Joint Activities
2. Allocate and prioritize RD&D funding for energy efficiency and demand response.	CEC activities are underway to support green buildings, efficient lighting, programmable communicating thermostats and other DR, plus distributed generation.
3. Align RD&D funding with public policy goals for renewables and GHG mitigation.	CPUC solar order set aside funding for solar RD&D; the CEC is conducting research on zero energy homes, cross-cutting benefits of energy storage and emerging renewable technologies.
4. Natural gas RD&D	CEC implementing natural gas RD&D plan approved by the CPUC.
8. Bulk transmission RD&D	CEC projects on systems optimization and new capacity infrastructure, real-time system operations, and planning tools.

## Goal: IX - CLIMATE CHANGE

High Priorities	Joint Activities
1. Implement motor vehicle greenhouse regulation.	Adopted; pursuing regulations in court
2. Implement all Climate Action Team strategies to meet the Governor's GHG emission reduction goals, including recommendations developed as part of the 2005 IEPR.	<ul style="list-style-type: none"> <li>▪Both agencies contributed to and will continue to participate in regular meetings of the CAT chaired by Cal EPA.</li> <li>▪Prepare "baseline" forecast against which the estimated greenhouse gas reduction savings are measured.</li> <li>▪CPUC adopted energy efficiency programs for 2006-2008.</li> <li>▪CEC adopted building and appliance standards.</li> </ul>
7. Ensure that energy supplies serving California, from any source, are consistent with the Governor's climate change goals.	<ul style="list-style-type: none"> <li>▪2005 IEPR put new generation performance standard <math>\leq</math> new gas fired generation emissions</li> <li>▪CPUC adopted resolution to investigate the implementation of a GHG performance standard consistent with 2005 IEPR.</li> <li>▪CPUC staff monitors the application of the GHG adder as it is applied to projects in the IOU sponsored Long Term RFOs.</li> </ul>