



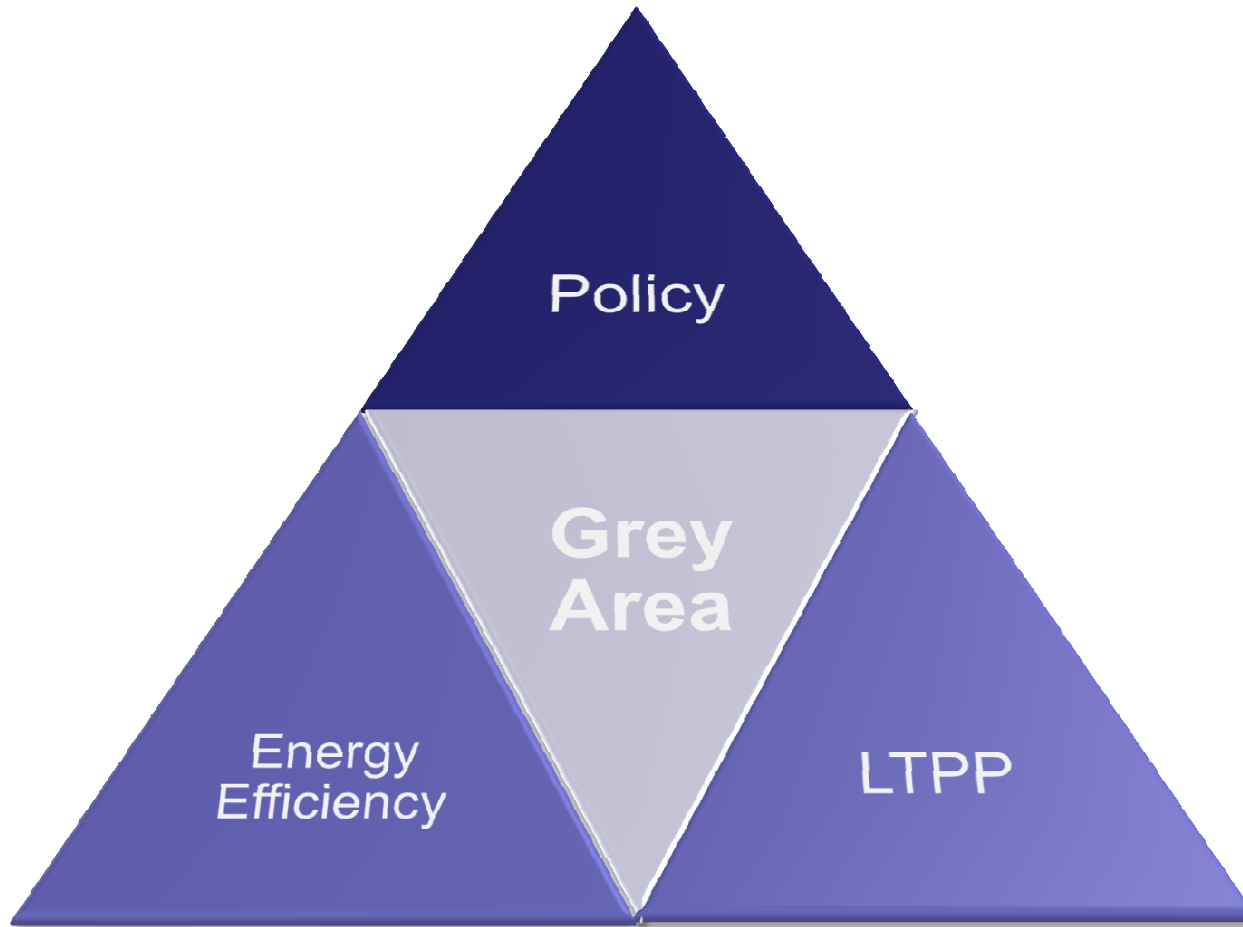
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Use of Energy Efficiency in Procurement Planning Activities

CEE 2012 Winter Program Meeting – San Diego, CA
January 24, 2012

Policy Implications



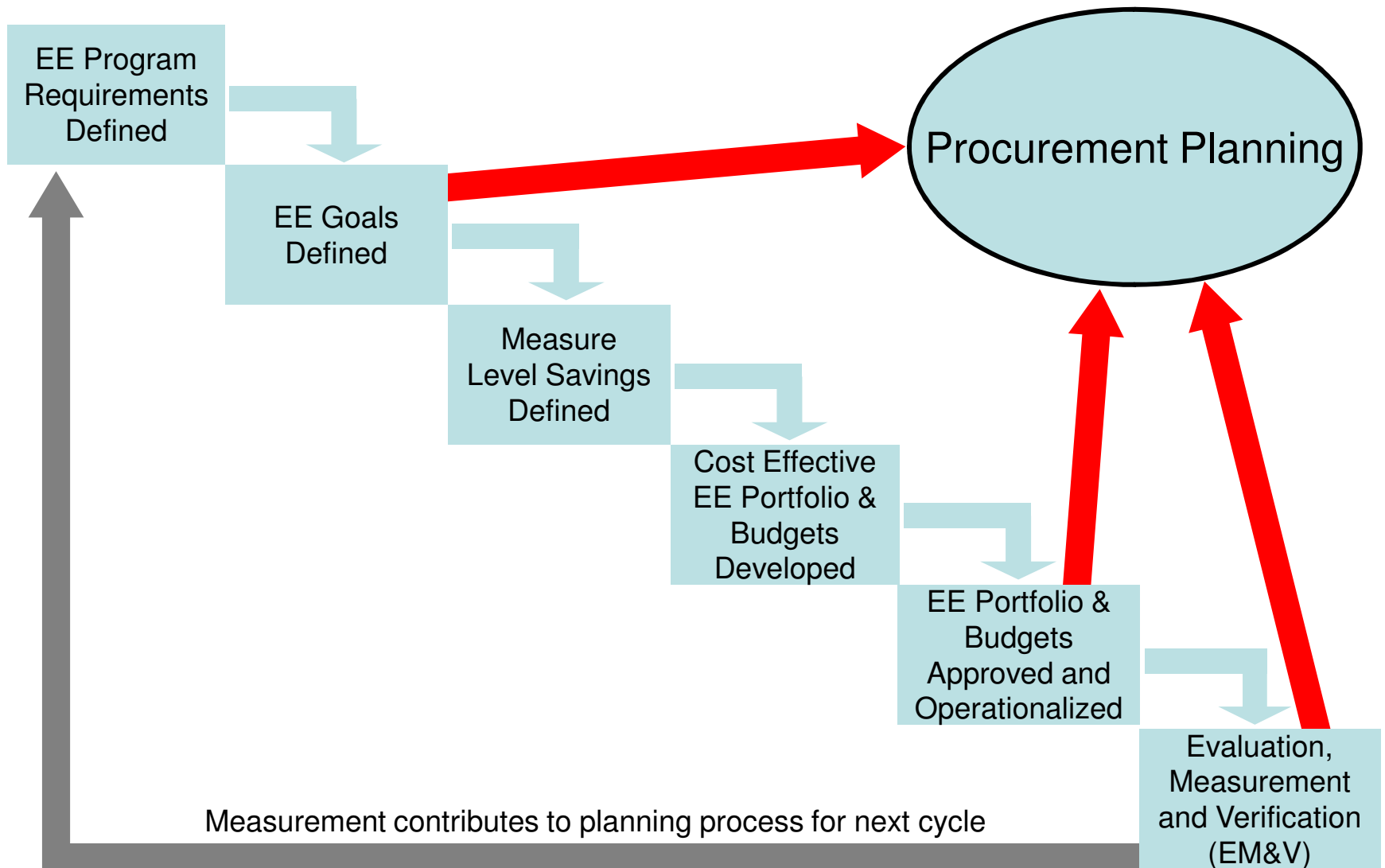
California Policy Overview

- Public Utilities Codes, Procurement Planning, Energy Efficiency, Climate Change (AB32), and Strategic Planning are Intertwined:
 - **California's Energy Action Plan** makes Energy Efficiency and Demand Response the first resources in our "loading order"



- **California Global Warming Solutions Act**, requiring GHG emissions reduction to 1990 levels by 2020, utilizes EE as a primary resource solution
- **California Long-Term Energy Efficiency Strategic Plan** establishes far-reaching aspirational goals for energy efficiency in California
- **Public Utilities Code** states that utilities must first meet their "unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible."
- **Energy Efficiency Program Goals**, sets goals for IOU resource EE programs, and defines their use in the procurement planning process

Energy Efficiency Program Design vs. Program Planning



EE and Procurement Planning Goals

➤ Energy Efficiency

- Decision (D.) 04-09-060, the Commission set annual and cumulative energy efficiency savings goals through 2013.
- Decision (D.) 07-10-032 determined the use of the current goals through 2011.
 - CPUC required utilities to pursue “Big Bold Strategies” and other market transformational programs to create a framework for sustainable energy efficiency approach “that transcends regulatory, programmatic and jurisdictional constraints, and emphasizes a broader view of the energy efficiency landscape.”
- Decision (D.) 08-07-047 adopted the total market gross energy savings goals for 2012 through 2020
 - Investor Owned Utilities
 - Codes and Standards
 - Huffman Bill
 - Big Bold EE Strategies

➤ LTPP

- Ensure a reliable and cost-effective electricity supply in California through integration and refinement of a comprehensive set of procurement policies, practices and procedures underlying long-term procurement plans, and to provide the appropriate forum in to consider the Commission’s electric resource procurement policies and programs and how to implement them (R. 10-05-006).

The Requirements For Use of EE Goals

- CPUC Decision 08-07-047 states:
 - Energy utilities shall use 100% of the interim Total Market Gross (TMG) energy savings goals for 2012 through 2020 in future Long-Term Procurement Planning proceedings

- The CPUC 2011 Long Term Procurement Plan (LTPP) scoping memo (R. 09-11-014, December 3, 2010):
 - Called for reconsidering the EE goals to be used for purposes of resource planning
 - The changes to EE goals used for resource planning will not affect that actual EE goals

 - Directed parties to use the CEC Integrated Energy Policy Report (IEPR) EE forecast Mid Case Incremental Uncommitted results, with the exception of the Low Case results for BBEES.

SCE Use of EE in Procurement Planning

- Reasonableness must prevail
 - Utilize somewhat conservative assumptions regarding the potential for expanded reliance on EE and DR in the procurement planning process

- SCE supports an approach that:
 - Reassessed the use of 100% of the TMG goals for resource planning purposes
 - Assessed the potential for expanded reliance on EE, bounded by a prudent effort to build flexibility into the resource planning process
 - Considered a variety of load forecasts (scenarios), so that the resource planning strategies adopted by the Commission can accommodate potential forecast errors (either high or low) without exposing IOU service-area customers to excessive costs or reliability risks