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California Public Utilities Commission

**Energy Efficiency: California's Continuing Efforts,
And Our Legacy to Future Generations**

For Presentation to
Southern California Gas Company's Fourth Annual
Energy Efficiency Expo
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Introduction

- Good afternoon. I am pleased to be here today, and I look forward to assisting in the presentation of today's awards. I am also glad to be out of San Francisco as it recovers from Bay to Breaker's festivities and deals with yet another contentious vote.
- First, I wish to thank our host, the Southern California Gas Company (SoCalGas), for putting on this event.
- I especially wish to thank Lee Schavrien for inviting me.
- And, of course, I must state my usual disclaimer:
 - I am a commissioner at the California Public Utilities Commission, one of five independent commissioners who regulate the investor-owned

utilities of California, including, of course,
SoCalGas.

- I am only one commissioner, and I get only one vote out of five.
- So I cannot speak on behalf of the Commission, and you should not take anything I say here today to be the official opinion of the Public Utilities Commission.

Energy Efficiency – California’s Continuing Efforts

- Today, we are here to talk about Energy Efficiency – that is, about using energy efficiently, using less energy in ways that improve our lives, fully conscious that energy is not free, and we ought to use it carefully and appropriately. But we need cost-effective energy to compete! Several things are clear: Energy costs are going up as the cost of traditional fuels increases with global demand, and as we transition to new methods of generation and delivery. We will witness new generation models and technologies, and we will develop additional transmission infrastructure. The global financial mess created by an unprecedented failure in regulation in the United States is likely to be with us for another five years or so. When “normalcy” returns, it will look very little like it did when we entered this chaos. You, as business men and women in California, will face new and intense competition as foreign companies look for opportunities here in California, more and more suppliers look to fewer and fewer

customers, and consolidations induced by financial strains will continue to occur. Indeed, major changes in the geo-political landscape will influence costs and availability of raw materials and competitive products.

1 The Business Case – Where is your State Going?

- Through efficiency you use less fuel, or a different fuel, or you use it in a different way. As a result, you save money, and you emit less pollution and greenhouse gas. You get ahead in your business, and your costs can be a little bit lower than they would have been otherwise. It is important to understand that “energy efficiency” means using less fuel to provide the same business output; it does not mean that the outputs from your business need necessarily decline.
- That is the simple business case: Most of you are in business, and you want to keep your costs down. SoCalGas’s energy efficiency programs can help. Those programs are financed through assessments on all customers’ bills. And they are there to help customers to save money. There are rebates, on-bill financing programs at low- or no-interest, and other incentives that can reduce your up-front costs and shorten your payback time. This is the result of conscious policy decisions of your elected representatives, state as well as local. There are many ways for you to take advantage of energy-saving technologies, to make investments now that can help you to lower your energy usage and lower your

operations and maintenance costs on an ongoing basis. Remember, this is your money, so use it.

- You have heard about many good ways of doing this today during your break-out sessions, and during your tours of the Energy Resource Center (ERC). I want to encourage you to follow up on the ideas you have learned about here. You should want to because it is in your interest and in California's interest. And you need to for your own competitive reasons. And I am delighted that you are availing yourselves of this resource. It is through your efforts, and the efforts of countless other businesses like yours, that our state's energy usage has been pretty much flat – on a per capita basis – for a generation, while the national average has been rising.
- You, the business professionals who see large energy costs and have to pay your bills every month, can see the benefits. And there are benefits in every part of your businesses, from lighting, to refrigeration, to heating ventilation, air conditioning, and insulation. Wherever you turn, there are better ways of doing things and new exciting technologies. With the right incentives, you can take advantage of those better ways to save money for yourselves and for your customers.

2. California's Ongoing Commitment to Efficiency

- We in California government and regulation are very glad about energy savings and reductions in emissions.

- You may be wondering about follow-through. After all, the state of California is in a difficult time – as all of us are in a difficult time right now. Never the less, I want to assure you that California is committed to Energy Efficiency. We have been working at this since the 1970s, and we have not spent mere millions of dollars on it – we have spent Billions. In fact, we continue to spend Billions each year, and it is YOUR MONEY! You might as well use it yourselves. Those billions turn right around and they produce billions in savings. Some have estimated that we are saving two-to-one, or three-to-one over all.
- Of course, as you all realize, some of the “savings” are going to society overall, and not just to you as energy users. Because of Energy Efficiency, we live in a cleaner, less polluted place. Because of Energy Efficiency, we do not have as many power plants as we would need if we did not have all these programs. We have savings in every part of our society. That is part of the reason the State of California spends money on these programs, so that you will implement them, and you will make all of us, not only yourselves, better off. That is California’s commitment.
- California is committed to these programs not just for last year, or this year, but on an ongoing basis. It did not start yesterday, and it will not end tomorrow. The programs are in place, and they are largely self-financing.

- Californians have voted over and over for a cleaner, less polluted, and more pleasant environment. And regardless of what happens in today's special election, these programs will remain in place.
- Our state made a commitment, under *Assembly Bill 32, The Global Warming Solutions Act*, passed in 2006, to reduce our greenhouse gas emissions to the maximum extent cost effective and feasible, starting now, and continuing into the future. By 2020, we are to have reduced our emissions down to the level produced in 1990. That means cutting by about 30-percent from the business-as-usual scenario.
- Back in 1990 there were fewer than 30 million people in California – today there are about 37 million. And by 2020? And yet, it is our plan to reduce, not increase, our energy use. I am not making this stuff up. I invite you to get a copy of the *Climate Change Scoping Plan* of the California Air Resources Board, published just last December.
- Of course, it is not the intention of the Governor or of anyone else that we should all live in huts and eat berries! *Energy Efficiency is the only rational answer.* And you are the people who can bring about energy efficiency.

3. Rationality and Progress Toward our Goals

- This challenge represents an opportunity to transform California's economy to one that runs on clean and

sustainable resources, and, more important, uses those resources in efficient and sustainable ways, such that we get the greatest good from each kilowatt-hour of electric service, and each Therm of natural gas. It is a step toward a new, green economy.

- We need to take logical, rational, steps towards efficiency. Investments in conservation and energy efficiency have been shown to provide economic benefits – savings.
- Our work at the Public Utilities Commission involves overseeing the utilities in their efficiency programs, rather like the work of the Joint Chiefs of Staff. We allocate dollars for these programs, and we measure the results. The public utilities are rather like the generals in this campaign, enlisting you into the guerilla forces to reach our objective and handing out the weapons you will need, like energy efficient devices, new plans, and new technologies.
- Still, I can tell you this: We are working to make sure that the efficiency programs are well managed, that you, the users of these programs, receive their benefits. We are working continuously on *evaluation, measurement, and verification* of the programs and their results.
- I am also working to make sure that the utilities, who administer the programs, are monitored and rewarded appropriately for their efforts.

- You can be sure that I, as a commissioner, am working to make these programs rational, easy to understand, and easy for you to use. And I hope to continue to earn your confidence in that regard.

Conclusion

- Really, energy efficiency is about the efforts of you, the members of the business community who are working to enhance the energy efficiency of your own businesses and, in many cases, to produce energy efficiency for others.
- Your efforts, in cooperation with SoCalGas and the other energy utilities, are paying off in terms of rewards, of lower costs, and in a better and cleaner environment.
- Ladies and Gentlemen, I thank you for your hard work!