State shifts priorities for energy efficiency

Regulators emphasizing retrofits instead of rebates

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2:00 a.m. September 25, 2009

State regulators yesterday committed more than $3 billion over the next three years for programs aimed at getting people to use less energy by retrofitting 130,000 homes, training 15,000 workers and using smarter appliances.

The programs will be coordinated by California's four investor-owned utilities and paid for through electric and gas bills.

The initiatives, which are an expansion of efficiency efforts long in place in the state, mark a change in direction by moving away from rebates for devices such as light bulbs and instead making buildings more efficient.

"The focus is to shift priorities away from rebates for widgets to sustained energy savings in the built environment," said Dian Grueneich, a member of the California Public Utilities Commission, which approved the programs yesterday.

By increasing efficiency, efforts in 2010 through 2012 should preclude the construction of three 500-megawatt power plants; save almost 7,000 gigawatt-hours of electricity and 150 million therms of natural gas; and keep 3 million tons of greenhouse gases out of the atmosphere, Grueneich said.

"These numbers are breathtaking in their own right," she said.

The programs will provide $265 million for energy-efficiency efforts by cities, counties and regional agencies, including retrofits for government buildings, updated building codes and help for small businesses and residents.

Overall, the program represents a 42 percent increase in spending on energy-efficiency programs statewide.

Locally, the measures will give customers the ability to see energy-usage statistics on their computers, and new ways to pay for home retrofits and smart-grid efforts, said Mark Gaines, director of customer programs for San Diego Gas & Electric Co.

"The decision allows us to continue our aggressive efforts," he said.

SDG&E will spend $278 million collected through customer bills on efficiency programs, Gaines said.

San Diego ratepayers won't see big increases in bills, partly because the commission gave SDG&E permission to use $80 million left over from earlier efficiency programs.

Gaines said SDG&E is simplifying some efforts — for instance, making deals with retailers so people who buy efficient appliances get rebates at the register. Also, in conjunction with cities, SDG&E is planning an effort allowing homeowners to put the costs of big projects, such as replacing air conditioners or windows, on their property tax bills.

For its part, the Public Utilities Commission expects to introduce a set of home-efficiency programs statewide in January, targeting homeowners and renters.

One set will focus on getting homeowners, buyers and renovators to reduce overall power consumption through better energy management. A second will focus on getting consumer electronics to use less energy. A third will aim at transforming the lighting industry, eventually phasing out incandescent bulbs.

California is already seen as a worldwide leader in energy efficiency, in part because of early efforts like the one expanded yesterday, said Scott Anders, who heads an energy think tank at the University of San Diego.

"In some respects, efficiency is a way of life in California," he said. "This is obviously an unprecedented level of expenditures."

Efficiency doesn't attract the attention that some technologies do — rooftop solar, for instance — but it's Job One when it comes to battling greenhouse gases, Anders said.

"The cheapest kilowatt-hour is the one not used," he said. "This is taking it to new heights."

Anders said his Energy Policy Initiatives Center stands to get some of the money through a program with SDG&E.

He particularly liked the focus on retrofits, which he said make a lasting difference and produce local jobs. "Somebody in India can't replace your air conditioner," Anders said.

Also, because the programs approved yesterday are designed to dovetail with other programs, such as federal stimulus grants and ongoing upgrades to the electric grid, "the leverage benefits are bigger than $3.1 billion," Anders said.

Consumer advocates lauded the program's goals but are wary that its size will make it difficult to ensure that the money is well-spent.

Cheryl Cox, a policy analyst for the Division of Ratepayer Advocates, the PUC's in-house watchdog agency, said the key will be in an upcoming decision on how to measure what utilities do.

"There's a lot more oversight and checks and balances going forward," Cox said. "We've got the right strategic approach. . . . We don't have any kind of methodology to demonstrate the money we're spending is worth it in the long run."

Mindy Spatt, spokeswoman for The Utility Reform Network in San Francisco, agreed that oversight is essential.

"If the PUC does not hold the utilities accountable, this could just become a $3 billion slush fund," Spatt said. "If we get what we're paying for, we'll get a lot."

Earlier efficiency efforts have had hiccups.

Spatt cited subsidies for compact, fluorescent light bulbs as an example. She said the utilities made the devices too inexpensive, compared with prices in the rest of the country. As a result, she said, "these light bulbs people subsidized were being sold on eBay."

And because there was no way to follow up, the utilities got credit for the energy-saving devices that ended up elsewhere, Cox said.

That credit is important to the investors who own the four utilities participating in the program: SDG&E, its sister company Southern California Gas Co., Southern California Edison and Pacific Gas and Electric Co.

Depending on how close the companies get to their goals, their shareholders get 9 percent to 12 percent of the money earmarked for energy savings.

"It's hundreds of millions of dollars for them," Cox said.