

## San Diego Smart Energy 2020 Statement - Powers

*“There’s an ongoing schizophrenia in state energy policy between what we say we want to do and what we actually allow to happen,”* said California Energy Commissioner John Geesman in May 2007. Commissioner Geesman hit the bulls-eye with this statement.

Our state policy is marvelous. The Global Warming Solutions Act of 2006, targeting a greenhouse gas reduction of 25 percent by 2020 and 80 percent by 2050, has made California a perceived world leader in the fight against climate change. The California’s Energy Action Plan is outstanding. It says maximum energy efficiency first, maximum renewable energy second, maximum local clean combined heat and power third, and only then look at large conventional power plants.

Our local energy policy is marvelous too. The San Diego Regional Energy Strategy 2030 calls for a steady increase in local power generation, reaching 75 percent in 2020, with 40 percent of this power coming from renewable energy sources by 2030, and at least 50 percent of this renewable energy being generated in San Diego County. It calls for over 700 MW of new combined heat and power by 2020, and a reduction in electricity demand back to 1980 levels, when demand was half of what it is today.

San Diego Smart Energy 2020 is a plan that is coherent with the marvelous policy we already have. Smart Energy 2020 has three driving themes: 1) global warming is the issue of our time, and we must achieve the maximum economically feasible reduction of greenhouse gases as rapidly as we can, 2) energy independence, and 3) stay within the known world in establishing specific Smart Energy 2020 targets. These targets are:

Energy efficiency: 20% reduction from 2003 levels by 2020. Energy Action Plan mandates that state buildings achieve 20% reduction by 2015. The average energy efficiency reduction achieved by the City of San Diego in over 50 projects is 20%. A 20% real reduction is an achievable target.

Renewable energy: Add 2,000 MW of PV locally, mostly large systems, all with battery storage to serve as peaking units. This is in addition to achieving the 20% by 2010 renewable energy mandate that is already law in California. The California Energy Commission has identified PV as more cost-effective than gas turbine peaking units. The California Solar Initiative is \$3 billion incentive program intended to add 3,000 MW of PV by 2017. The proposed San Diego solar program would be ambitious, though smaller than the existing California Solar Initiative. Renewable

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energy will meet 50% of San Diego County's total energy demand in 2020. San Francisco has established a goal of 51% renewable energy by 2017.

Combined heat and power: Add 700 MW of new combined heat and power in addition to the 350 MW in operation already. Combined heat and power has a greenhouse gas emission rate that is 25% less than a large combined-cycle power plant like Palomar Energy in Escondido.

Obstacles to success: Utility profits come primarily from building major infrastructure projects, like the Sunrise Powerlink or a major power plant. For example, the Sunrise Powerlink will cost \$7 billion over 40 years, of which over \$700 million is guaranteed profit. This profit will be earned regardless of how much or how little the line is actually used.

Solutions: A) Put energy efficiency, solar, and combined heat and power projects on higher profit footing than traditional utility infrastructure projects. Energy efficiency projects were put on equal footing in September 2007. This needs to happen with renewable energy and combined heat and power as well.

B) Only authorize infrastructure projects that are coherent with a smart energy future. SDG&E's advanced metering initiative, smart meters in every home and business, is coherent. Replacing the aging distribution system is coherent. Building a \$7 billion transmission line prior to maximizing energy efficiency and local renewable energy, or adding any new combined heat and power, is not coherent.

C) Form a public utility, as San Francisco has done under California's community choice aggregation legislation, and take over responsibility for power generation. Public utilities are responding more quickly to public demand for action on renewable energy and climate change.

The challenge to successfully implementing San Diego Smart Energy 2020 is not technical or economic. It is institutional. With the PUC's new energy efficiency policy, SDG&E can make as much profit eliminating 1,000 MW of demand through energy efficiency programs as it can by building the 1,000 MW Sunrise Powerlink. A small fraction of the \$7 billion Sunrise Powerlink will cost would convert San Diego County into a world leader in addressing climate change and dramatically reduce our dependence on natural gas for power generation.

These are the steps we must take if we are going to translate California's marvelous energy policy into action on the ground.