

Energy Efficiency Financing in California Needs and Gaps

July 8, 2011

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CA Public Utilities Commission

Single Family Residential

- Lots of products (secured, unsecured, 1st/2nd lien products)
- cumbersome, difficult to access
- high interest rates
- need volume/demand

Government and Institutional

- no lack of financing products (tax exempt municipal, muni bonds)
- lacking knowledgeable and experienced personnel
- need energy services model to provide procurement support

Commercial

- lack of value proposition (energy = 2-4% of operating budget)
- incentives “rich”
- “off balance sheet” products

California Long-Term Energy Efficiency Strategic Plan (2008)

Reduce energy consumption in existing homes by 20%... (2015)

Reduce energy consumption by local governments by 20% (2015)

Reduce energy consumption of existing homes by 40% (2020)

Make certifications and benchmarking standard practice for businesses (2020)

Reduce energy intensity in the industrial sector by at least 25% (2020)

Reduce energy use by local governments by and additional 20% (2020)

Ensure that all new commercial buildings in California achieve zero net energy (2030)

Ensure that 50% of existing commercial buildings achieve zero net energy (2030)

\$5 billion per year investment needed to achieve CA goals

Demand side management spending by utilities in CA is \$1billion per year

ESCOs install \$4 billion in energy efficiency projects annually in the US
(extrapolated to \$500 million in CA annually, property owners invest in energy efficiency absent utility support)

Assume CA spends \$2 billion per year in energy efficiency – significant additional investment is needed.

Who, how, when? (where = residential, G&I, commercial)

Short term steps? Mid-term? Long-term?

Role of local, regional, state governments, other stakeholders?

One immediate next step?