

2009 – 2020 California Statewide Energy Efficiency Strategic Plan

Recommendations for Industry

Aimee McKane, LBNL

Debi McGhee, PPC

Significant input from stakeholders

- Formed a close working team with 4 IOU industry representatives that helped guide the process
- Conducted 6 half-day workshops (Redlands, Downey, San Ramon, and Stockton)
- Conducted 6 90-min webcasts (Dec 5, 14, 18, 20, Jan 3[2])
- Additional meetings/conference calls with California Manufacturers and Technology Association, California League of Food Processors, Silicon Valley Leadership Group
- Total participation
 - 134 individuals (excluding the Industrial Team members)
 - 82 organizations (60 were either industrial, water/wastewater, or provide services to industry)

Industrial Market Realities

1. industry uses a large quantity of energy and other resources via complex processes to create and bring to market products that meet societal needs; these products have embedded energy that can't simply be "zeroed out"
2. industrial facilities in California are increasingly managed by corporations that reside outside of the state or outside of the country and who view these facilities as *mobile assets* in their efforts to compete in the global marketplace
3. California industry is highly diverse in type, size, and operation. One policy size does not fit all.

Major Themes

Theme 1: To maintain economic health in industry, the regulatory environment needs to be:

- much better coordinated across energy, water, GHG emissions, waste reduction, and air quality
- based on a comprehensive, shared, long-term vision of what the state hopes to accomplish through energy and environmental regulation
- includes a need for greater industrial involvement in planning for implementation of AB32.

Theme 2: To respond effectively to this shared vision, industry needs the state to provide coordinated access to the technical assistance and program resources.

Major Themes

Theme 3: Utility programs currently limit industrial participation because:

- free-ridership rules are inconsistent with typical industrial practices,
- no provision is made for rewarding documented operational changes to improve energy management and efficiency, and
- incentives for very large projects are insufficient to meet internal hurdle rates for investment.

Theme 4: Serious statewide attention needs to be given to training today's industrial workforce while also encouraging California's future workforce to consider careers in industry.

Vision 2020: California Industry is Energy Efficient, Growing, and Profitable

- 1) California industries have market recognition for effective energy resource utilization and remain competitive
 - a. Industry has undergone a culture change so that active management of energy is fully integrated into daily operational practices - it has become “business as usual”
 - b. Industry is managing energy use, GHG emissions reduction, water use, waste disposal, and air quality as a part of a comprehensive approach to effective resource utilization
 - c. State of California publicly supports and recognizes industry’s efforts to more effectively utilize energy and water resources, and to contribute to GHG reduction goals
- 2) Regional, state and local regulatory agencies provide well-coordinated, consistent regulatory policies that support California industry’s efforts toward improving long-term effective utilization of energy resources while also achieving GHG emission reduction, water conservation, waste disposal, and air quality requirements.

Vision 2020: California Industry is Energy Efficient, Growing, and Profitable

- 3) Industry has coordinated access to energy efficiency and regulatory assistance via a statewide integrated program that supports the state's energy and environmental goals
- 4) Energy program offerings to industry are:
 - a. Flexible
 - i. designed to respond effectively to differing needs of industrial facilities (size, sector, operations)
 - ii. may include structured contracts that assign value to assumed risk as well as energy savings
 - b. Well-aligned to industrial project development business cycles
 - c. Comprehensive in scope (including all aspects of energy efficiency, demand response, load management, energy storage, combined heat and power, distributed generation, renewables, and emerging technologies)
- 5) California is a national leader in training industrial energy efficiency professionals

Strategy #1

2009

- Establish a framework for improved regulatory coordination and develop a shared vision for the State

2010-2020

- Develop and implement a comprehensive, coordinated long-term approach to the entire portfolio of regional, state, and local regulations affecting California industry's efforts toward improving long-term effective utilization of energy resources while also achieving GHG emissions reduction, water conservation, waste disposal, and air quality requirements.

Strategy #2

- Facilitate industry involvement in coordinated agency planning for the energy efficiency portions of AB32 implementation
 - Encourage the ARB to establish a Climate Action Team for Industry
- As part of this activity, examine the potential benefits demonstrated by negotiated agreements to promote industrial energy efficiency and help meet the goals of AB32.
 - Examples- negotiated agreement best practices demonstrated in Europe, especially in the United Kingdom, the Netherlands, and Sweden in which agreements with industry have been used to achieve energy savings and corresponding GHG emission reductions of 20% or more.

Strategy #3

- Provide market recognition via a label or certification for industrial facilities that meet defined criteria for continuous improvement in the utilization of energy resources and GHG emissions reduction (could also include water resources, waste management, and improved air quality)
 - join the “Superior Energy Performance Partnership”, an existing national effort to improve energy management through certification of plants for energy efficiency being led by the USDOE, the USEPA, the Manufacturing Extension Partnership, and a number of industrial firms (including 3M, Dow, Dupont, Ford, Toyota, Sunoco).

Strategy #4

2009-2011

- Develop and launch seamless, centralized, statewide access for California industry to technical assistance to support more effective utilization of energy resources.
- Conduct pilot demonstration projects with 2-3 industrial sectors to test new program concepts.
 - Includes food processing pilot demonstration program

2012-2020

- Provide greater flexibility in the operational policies of utility programs that promote industrial energy efficiency in order to remove barriers to participation, to promote industrial competitiveness and longevity and to support allied environmental goals.
- Extend statewide access for California industry via an *Industrial Resource Efficiency Alliance* to technical and regulatory assistance to support more effective utilization of energy and water resources, GHG emission reduction, waste management, and improved air quality.

Strategy #5

2009-2011

- Develop a comprehensive framework for industrial energy efficiency workforce development
 - build on the Governor’s “Get REAL” Campaign for Career and Technical Education with specific strategies designed to link “green” educational initiatives, such as energy efficiency, with secure, well-paying technical careers in sustainable industries.
 - orientation programs for new workers need to be expanded beyond traditional topics such as safety to address their personal role in the energy efficiency and sustainability of the company.

2012-2020

- Fully implement California’s workforce development program for industry resulting in an influx of qualified workers and students.