

## Power Market Today

PG&E Ties Growth to Climate Change, Starts Energy Biz Group  
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The CEO of San Francisco-based Pacific Gas and Electric Co. ( PG&E) Thursday told a Wall Street audience in New York the giant combination utility is staking its future growth on California's and the nation's response to global climate change. Back in San Francisco, the utility said it has gathered more than 100 of the San Francisco Bay Area's largest businesses to form the Business Energy Coalition (BEC) Demand Response program. Noting that businesses account for about 35% of California's peak electricity use, Helen Burt, PG&E senior vice president for customer care, underscored the importance of the initiative to maintain reliability of the grid and help large business customers. "In addition to lowering bills for participating companies, the BEC program helps secure a sustainable energy future for California and has a positive impact on the environment through significantly reducing carbon dioxide emissions," Burt said.

Meanwhile, in New York City at the Sanford Bernstein investor conference on carbon dioxide (CO<sub>2</sub>) emissions and their impact on the power industry, PG&E utility CEO Tom King said the power industry is unmistakably moving into a carbon-constrained environment and "at PG&E we view this as having opportunities for us," although he added that it will cause the power sector to have to "re-invent itself" in some areas.

King said that ultimately global solutions are going to be required and the United States must be an active player, but in the meantime as national energy policies are being hammered out, California's leading-edge role can be helpful. For example, he said PG&E is "well on the way" to achieving the state's renewable portfolio standard (RPS) goal of 20% of its generation coming from clean sources in 2010. ( PG&E now has hit the 13% level with 6% more under contract and it has another solicitation outstanding that should bring in 2% more renewables, King said.)

In pushing energy efficiency, at present PG&E has calculated that about half of the 2% increase in electricity demand annually is being met through energy efficiency.

The new demand response program (BEC) is a joint effort between the utility and the coalition it has helped form, with the capability of providing more integrated group responses to energy emergencies, said Burt. California's chief utility regulator, Michael Peevey, said the program is "consistent with where the state wants to be and is working toward today. This is part of a much bigger template that is an investment in clean energy and clean resources for this state."

Under the program, on designated "energy action days" when the state grid operator encounters high demand, coalition member companies will be notified and will implement energy-saving measures that are designed specifically for their properties. The program with a smaller number of coalition members was used last summer and resulted in an estimated reduction of 18 MW of peak demand in the Bay Area.