

PG&E Portfolio Performance

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Customer Energy Efficiency



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2006 - 2008 Energy Efficiency Portfolio

- Moves towards an integrated customer-based focus
- Portfolio includes: financial incentives and rebates, training, education, energy audits, emerging technology projects, energy codes and standards support, marketing and outreach, and evaluation activities
- Multiple delivery channel opportunities: utility programs, partnerships, 3rd parties
- Mass Market: single family, multifamily and small business customers
- Targeted Markets:
 - Agriculture & Food Processing
 - Hospitality & Lodging
 - Heavy Industry
 - High Tech
 - Large Commercial
 - Medical & Biotech
 - Residential New Construction
 - Retail
 - Schools & Colleges

PGE's 2006-08 Energy Efficiency Strategy

Customer Focused Portfolio

- Innovative customized marketing and sales approaches
- Integrated offerings through:
 - Programs: Core, Third Party, and Partnerships
 - Products: EE, DR, Renewables, Metering

Ongoing Strategic Planning to Modify Programs as Market Change

- Flexibility to respond to changes in market
 - Ability to shift budget and goals within portfolio
- Get favorable EM&V decisions from CPUC
 - Net to Gross (attribution) and inclusion of spillover
 - Regulatory and legislative mandates

Collaboration Among Stakeholders

- Ongoing forums
- Utility coordination

Specific Strategies for Success

- Achieve Mass Market Program goals by the end of 2007
 - 2008 Mass Market Program accomplishments will make up potential shortfalls in other portfolio delivery channels
- Calculated savings projects will focus on large project commitments in 2006 and early 2007, delivering significant savings in 2007 and 2008
- Deemed savings measures are pushed through all channels, creating significant volume
- Mitigate risk by incorporating a Total Resource Cost (TRC) test into decision criteria for portfolio channels, with a target TRC of 1.6
- Increase product development and deployment, especially Emerging Technologies

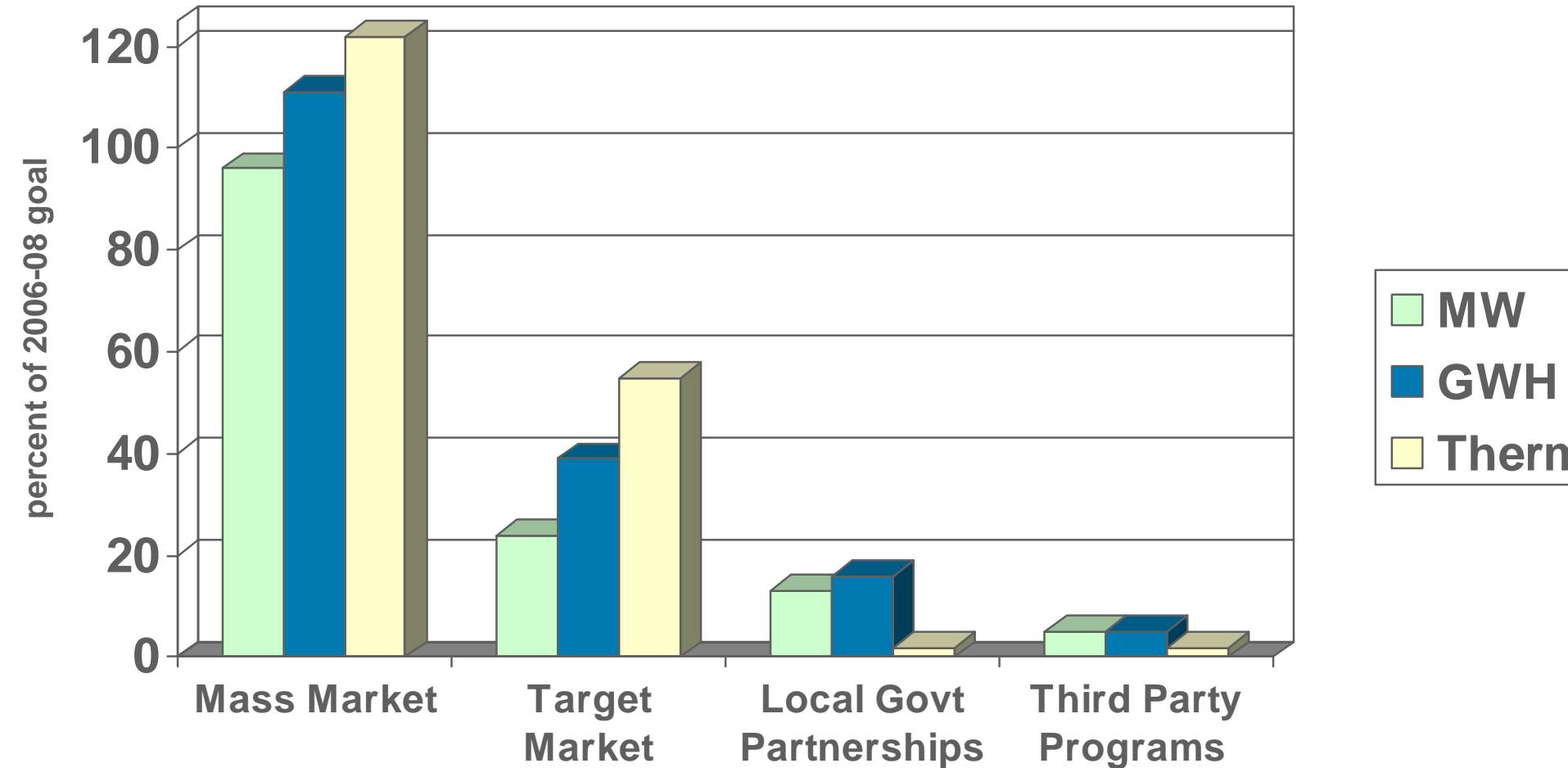
2006-08 Portfolio is on pace to achieve goals

PG&E Actual Savings Achieved Through September 2007

	Savings Achieved through 9/30/07	2006-08 CPUC Goal	% of 06-08 Goal
MW	347.44	612.96	57%
GWH	1960.66	3,063.17	64%
MM Therms	22.73	47.50	48%

**Note: This chart includes estimated Codes and Standards and Low Income savings through 18 months.*

Savings Goals and Achievements by Delivery Channel



Customer Satisfaction with PG&E's Energy Efficiency Programs

Satisfaction with Rebate Program	<i>Excellent/Very Good/Good Response</i>
Single Family	95%
Small Business	96%
Multifamily	96%
Likely to participate in another PG&E-sponsored energy efficiency program	<i>Very Likely/Somewhat Likely Response</i>
Single Family	96%
Small Business	98%
Overall Customer Satisfaction	<i>Excellent/Very Good/Good Response</i>
Low Income Energy Efficiency	99%
Central Inspection Program	98%
CARE	96% (July)

006-08 Portfolio Performing As Expected

- Monthly KW savings are 70% higher than previous portfolio
- “Core” deemed rebate programs contributed significant savings into portfolio in first 18th months as planned; calculated savings also on track
- Coordination between Service and Sales, Third Parties and LGP is working
- Higher cost effectiveness in first 18 months as expected
- High Tech Market a nice surprise success
- Underspent the budget compared to savings as planned

But...

- Third Parties, Partnerships and Low Income took longer than expected to negotiate contracts
- 2004-2005 EM&V results worse than expected
- CFLs, steam traps and oil/food processes dominate savings more than expected
- Continuing to work towards integrating Demand Side Management (DSM)

Planning challenges will continue through 2008

Challenges to Successful Strategic Planning

- Uncertainty
 - Actual savings potential
 - Future attribution of savings to programs
- Lack information on full program effects
 - Don't measure “spillover” or wider program effects
 - Need to measure effectively to accurately guide future program plan/actions
- Mandates/Constraints
 - Example: Energy efficiency mandates under California Solar Initiative
 - San Francisco “Green” mandate and state legislation
 - How will they affect utility energy efficiency programs?