

ITP Straw Proposal # 3 v.3b (10/30/13)

Include an optional DMM for water-energy efficiency partnerships

Purpose: The purpose of this proposal is to recommend an optional demand management measure (DMM) for water-energy efficiency partnerships. Water and energy providers have had a long history of partnering to implement joint water and energy efficiency programs. Examples of previous partnership programs include pre-rinse spray valve installations and high-efficiency clothes washer incentive programs. In 2009, the California Public Utilities Commission (CPUC) directed implementation of several water-energy pilot programs for water conservation and recycled water that included incentives for high-efficiency toilets, landscape water conservation, recycled water retrofits, leak detection, and commercial customer audits. The CPUC pilot included an impact evaluation that calculated water and embedded energy savings for each of the pilot programs. This effort resulted in several studies on embedded energy in water that were completed over the last few years.

In order for future water-energy efficiency partnerships to be successful, the CPUC must continue to provide its support to the energy utilities that participate in the partnerships. To that end, in June 2013, the CPUC directed staff to form the Project Coordination Group (PCG) to evaluate the cost-effectiveness of water-energy efficiency partnership programs. The PCG is tasked to develop a comprehensive cost-effectiveness framework to analyze the value of demand side programs that save energy and water through the development of avoided cost values for energy and water. This framework will incorporate a methodology to calculate embedded energy in water based on energy intensity. Once complete, the PCG's findings will provide the CPUC with a better understanding of the potential opportunities for cost-effective water-energy efficiency programs. If the findings show that water-energy partnership programs are cost-effective, funding from energy utilities may be available to improve the cost-effectiveness of the programs from the perspective of water suppliers. An optional DMM that supports those water-energy efficiency partnership programs is needed to encourage future partnerships.

Proposal: Update the Urban Water Management Planning Act to include an optional DMM for water-energy efficiency partnerships.

Recommended Language for Optional DMM:

10631 (f)

(f) Provide a description of the supplier's optional water demand management measures. This description may include the following:

10631 (f)(1)(P) Water-energy efficiency partnerships.