

The University of California is a national leader in sustainability and effective actions to reduce greenhouse gases to mitigate climate change. The University galvanized its position for environmental stewardship in 2007 when all ten Chancellors became signatories to the American College & Universities Presidents' Climate Commitment. To reach our next goal, which is to bring the University to carbon-neutrality in its operations by 2025, we will need to take bold efforts to change the fundamental profile of our energy sources. This initiative proposes four efforts that will enable us to become the first major university system to achieve carbon neutrality:

- **Wholesale electricity:** The University will create a shared service center which will manage the supply of wholesale electricity to the five campuses currently eligible for direct access. The service center will both own generation resources and purchase long-term forward contracts. This center will provide the University the flexibility to invest in and develop alternative energy sources or to purchase such power through long-term contracts. This group will also explore alternatives for extending renewable energy procured to all campuses, including those not currently eligible due to regulatory restrictions.
- **Campus Energy Efficiency and Renewable Energy:** Our campuses have been pioneers in the area of energy efficiency, investing nearly \$250 million in the past five years in a partnership with statewide IOU's, an effort that has resulted in reductions of over 112,000 metric tons of carbon. The University will continue these efforts on energy efficiency projects and expand them to small- to medium-scale renewable energy sources at our locations. These strategies are available at every campus, but are particularly important for campuses that are not direct access campuses. The University will also look to expand the funding sources available to fund these projects, particularly from the State sources through Proposition 39 funds and the Air Resources Board.
- **Natural Gas and Biogas Procurement:** Currently, natural gas accounts for approximately 73% of the University's power supply. Due to the scale of the University's natural gas purchases, UC will effectively manage the purchase of natural gas to mitigate risk tolerance to price changes. The University will also develop renewable natural gas, commonly referred to as biogas, to address the large proportion of campus emissions from natural gas consumption. These projects will include both direct development of biogas projects as well as the purchase of biogas contracts through outside producers.
- **Management of Environmental Attributes:** The University is engaged in the portfolio management of allowances and offsets and compliance with California's cap and trade program and other environmental attribute programs. As these programs generate funds to be used for projects resulting in the reduction in greenhouse gas emissions, the University will actively solicit funds to support our initiatives.

These efforts will be governed by campus representatives who will set procurement strategies involving long-term financial exposure, changes to pre-determined price caps, or any change in strategy leading to a material impact on cost assumptions. Energy strategies such as those described above depend on regulatory restrictions, contracts, and operational constraints that govern the choice that campuses have. As a result, the specific set of strategies will vary by campus and by project.