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**FREE DOUBLE ISSUE**

## Whistleblower Alleges PG&E Proposed Dry Casks Slipshod

Spent-fuel storage casks proposed by Pacific Gas & Electric for use at its Diablo Canyon and Humboldt Bay nuclear power plants fail Nuclear Regulatory Commission standards, according to a former quality-control engineer for Midwestern utility Exelon. PG&E, however, continues to stand behind its chosen storage-cask manufacturer.

PG&E selected Holtec—the manufacturer chosen by Exelon for its radioactive waste casks—to manufacture the spent-fuel casks it proposes to use in California. Thus, allegations by the former Exelon employee could affect the perception, if not the reality, of Holtec's integrity.

The casks “are nothing but garbage cans” if they are not made in accordance with government specifications, said whistle-blower Oscar Shirani.

Shirani discovered alleged flaws in the casks used at Exelon's Dresden plant in Illinois during a quality-control inspection. He subsequently notified the NRC of potential radioactive hazards from the substandard containers. The former quality-control engineer claims the NRC has refused to investigate or intervene to stop the manufacturing deficiencies.

“I thought the NRC was a big dog and a force,” he said, but without the kind of oversight he maintains was thwarted, the safety of nuclear plants “is suspect.”

If the casks are as shoddy as Shirani fears, would they leak radioactivity and endanger public health? He could only guess at the impact on millions of people.

Shirani said he tried to put a “stop work” order on the casks' fabrication, but to no avail. Antinuclear activists have followed up on his claims, filing Freedom of Information Act requests to find out what the

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**“No one...should have to guess about the consequences of the manufacturing flaws.”**

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government did about these claims. Even in reading the fine print, those activists, as well as Shirani, were unable to not quantify the potential danger.

“No one—not Shirani, the public, the NRC, or cask makers—should have to guess about the consequences of the manufacturing flaws,” said David Lochbaum, Union of Concerned Scientists nuclear safety engineer. “The regulations require a certain level of performance, and his findings were below that minimum level. It may not be that the casks will fail when challenged, but they are unnecessarily and illegally closer to the failure point,” he added.

Shirani audited Holtec and its suppliers for the Nuclear Users Procurement Issues Committee, identifying what he calls “major design

## Non-Utilities Pleased with CPUC's Short-Term Energy-Efficiency Allocation, but Tug of War Continues

To the relief of energy-conservation advocates, the California Public Utilities Commission voted to continue making \$110 million available for energy-efficiency programs offered by non-utility organizations for the next two years. The efficiency proponents will, however, continue to urge the commission to subject the entire program to open bidding and will sue if necessary.

"The battle will continue until the utilities stop using ratepayer money to influence the CPUC to act in a way contrary to ratepayers," said Dan Meek, attorney for SESCO, a minority contractor.

The CPUC last month allocated one-fifth of the \$550 million in public-goods fees paid by ratepayers to fund public and private efficiency programs and earmarked 70 percent to investor-owned utilities' administration for 2004-05. The commission also set aside 10 percent for statewide marketing and adopted evaluation criteria for the program.

At the August 21 meeting, CPUC member Susan Kennedy said the decision provides "some stability and continuity while we debate" the direction and goals of the program. Commissioner Carl Wood had doubts about the funding allocation and wondered whether it would hamper integrated resource planning. Although he voted for the decision, he said the commission should be encouraging third parties' efforts and "tapping into that kind of enthusiasm."

The money for measures to make electricity and natural gas use in homes and businesses more efficient comes from public-goods charges included in ratepayers' bills. The IOUs were forced to relinquish control over 20 percent of that

serve" responsibility and must figure out how to meet load. In response, the utilities came up with energy-efficiency resource-acquisition plans. Peevey wants to merge the IOUs' proposed pot with efficiency program funds, amounting to \$400 million a year, which worries non-utility efficiency proponents. Workshops on the matter are expected to be held by late September or October.

The fight is part of a decade-long dispute over who should administer the energy-efficiency money, with conservation groups pushing for an independent administrator. The CPUC has not administered the public-goods efficiency funds because of state contracting rules. Non-utility efficiency advocates have argued—and continue to argue—that giving Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric the money creates an inherent conflict of interest because conservation measures will not boost the utilities' bottom line. The IOUs have also been known not to spend all the program money they receive.

The recent CPUC decision "is a qualified victory," said Barbara George, head of Women's Energy Matters. She, The Utility Reform Network, Local Power, and SESCO feared the commission would put the 20 percent allocation back under the utilities' control. The efficiency advocates have asked the commission to do away with the hefty set-aside for PG&E, Edison, and SDG&E. The groups' reading of the community-choice law, AB 117, is that 100 percent of the efficiency pot should be on the table and all parties required to compete on an equal footing.

The latest CPUC ruling left conservation proponents concerned because the language linked to the 20 percent allocation left the CPUC wiggle room as to the exact division of the efficiency program pie. The non-utility parties have until September 25 to submit bids, which must demonstrate their programs' benefits—including cost-effectiveness, energy savings, and the ability to reduce peak demand.

Prior to the August 21 hearing, SESCO argued that the IOU residential programs are not cost-effective. "The IOU programs may be a disproportionate beneficiary of various local and statewide information programs which act as the marketing arm for those programs," stated Richard Esteves, SESCO president.

SESCO is seeking a rehearing on the commission's July 11 decision that held the CPUC's policies and procedures meet AB 117 requirements. The law states "any party" may apply to become an administrator of an energy-efficiency program if it meets certain criteria. However, according to SESCO's application for rehearing, the commission "grants IOUs overwhelming preference in awarding both the administration and implementation of [public-goods-funded] EE programs." *D03-08-06, vote 4-1, Lynch filing dissent*  
—Elizabeth McCarthy

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### "Local and state information programs may act as a marketing arm for IOUs."

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amount by the CPUC under AB 117 by Assemblymember Carole Migden (D-San Francisco) two years ago. Early this year, the utilities pushed unsuccessfully for legislation that would put all the money back under their control, under AB 1734 by Assemblymember Sarah Reyes (D-Fresno), chair of the Assembly Utilities and Commerce Committee. The IOUs also urged the commission to give them access to the purse strings via partnerships with the non-utilities—much to the fury of conservation groups.

The fate of the energy-efficiency program funds is also tied up with the procurement proceedings CPUC president Michael Peevey is overseeing. Peevey told the IOUs that they will be handed back their former "obligation to

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### CPUC Returns \$1 Billion to Ratepayers

In an accounting true-up resulting from initial overfunding, the California Public Utilities Commission returned \$1 billion to ratepayers to be credited in bills beginning in the next few days. The credit, requested by bond financiers, is in one lump sum and amounts to \$0.006/kWh of use for the last 12-month period.

In the September 4 CPUC meeting, the commission released \$440 million for Pacific Gas & Electric ratepayers, \$422 million for Southern California Edison customers, and \$135 million for San Diego Gas & Electric ratepayers—amounting to about a \$40 credit on an average residential electric bill.