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Plan to let utilities steer conservation effort decried

By John Woolfolk

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Ralph Nader and other consumer advocates Tuesday protested plans by state regulators to give utility companies more control over California's efforts to promote energy efficiency.

The activists argued that because the utilities make money selling energy, they have a vested interest in minimizing conservation and should not control efficiency programs that critics say have been better run by local governments and non-profit organizations.

``When they tout energy conservation, they lose revenue," Nader, the former presidential candidate, said after a news conference in San Francisco. ``Once you put it in their hands, they can develop a matrix for how to keep the subsidy and not perform in terms of reducing energy use."

California spends \$400 million a year, mostly in funds from a ``public goods charge" on utility bills, to promote energy-efficiency programs such as installing efficient lighting and insulation.

Those programs historically were run by the utilities. But starting in 2002, 20 percent of the energy-efficiency funding has been available for outside organizations such as local governments and non-profits to run their own programs.

The California Public Utilities Commission on Thursday will consider giving the utilities more control of the efficiency funding, though they would still have to bid out 20 percent of the programs to outside organizations.

Commissioner Susan Kennedy said conservation is critical to keeping the lights on in California and that the state's utility-run efficiency programs have been a national model. She likened recent independent efficiency efforts handled through the commission to a ``social program" that produced questionable results like funding 500 Web sites one year.

`` We're making sure the money's spent evenly around the state, and we're not focused on measuring how much electricity is saved," Kennedy said. `` California is just one outage away from another energy crisis. Energy efficiency is not a social program. It's a critical element in our reliability program."

Commissioner Geoffrey Brown offered an alternative similar to Kennedy's proposal that would allow a few independent efficiency programs like one proposed by San Francisco to proceed as pilot projects.

But Brown said he was concerned about the legality of letting unregulated groups spend money collected from ratepayers.

`` A lot of people want us to just disburse it like Santa Claus," Brown said. `` We just can't do that."

Consumer groups have offered competing plans for how the programs could be administered outside the utilities, but they insist independent management would produce better results.

Bob Finkelstein, executive director of The Utility Reform Network, said putting utilities in charge of energy efficiency is like `` asking them to drive a car with one foot on the gas and one foot on the brake."

`` You've got utilities whose long-term plans involve increasing the amount of electricity they sell in charge of programs designed to decrease the amount of electricity consumed," Finkelstein said.

Consumer advocates said utilities have exaggerated their efficiency gains and accused PG&E of inflating energy savings from compact fluorescent light bulbs by 600 percent.

Pacific Gas & Electric spokeswoman Christy Dennis said the utility stands by its figures and that it is held to tough standards by state regulators.

`` PG&E has goals and targets for energy savings, and those claims are pre-approved by outside entities through stringent measurement and evaluation," Dennis said.

Ralph Cavanagh of the Natural Resources Defense Council said Kennedy's proposal will promote more conservation by giving utilities

an incentive to spend their money on efficiency instead of on power plants.

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