

Media Backgrounder 3/15/02

MEMO

From: Barbara George, Women's Energy Matters 510-528-5104; bgwem@igc.org
Subject: **CPUC May Make Big Changes in Energy Efficiency at 3/21 Meeting**

The Calif. Public Utilities Commission is expected to make major changes in Energy Efficiency programs at its meetings on 3/21 and in April or May. Women's Energy Matters (WEM) is sending you the enclosed information because we think you might be interested in WEM's perspective on these changes.

WEM is the only intervenor in the Calif. Public Utilities' Commission's annual review of past energy efficiency programs run by investor-owned utilities. WEM is also an intervenor in the CPUC process designing new programs for 2002-3.

(The Commission has set aside 20% of the 2002-3 energy efficiency funds for "local" programs by non-utility entities. This amounts to \$50 million a year, out of \$250 million for energy efficiency collected from ratepayers in the Public Goods Charge (not counting Low Income Energy Efficiency programs). Commission staff is currently reviewing some 250 proposals, including one from Women's Energy Matters, and is expected to choose finalists in April or May.)

Meanwhile, the CPUC is moving ahead rapidly to approve 2002 "statewide" energy efficiency programs, almost all of which will be run by the utilities. The Commission will make a key decision at its March 21st meeting: whether or not to offer the utilities "Shareholders Incentives" (pure profits) for their 2002 programs. The Draft Decision by Administrative Law Judge Sarah Thomas would end the incentives; Commissioner Duque's Alternate Draft Decision would keep them, and move the review that determines the size of the incentives into the General Rate Case, where they would be less vulnerable to ratepayer challenge.

Women's Energy Matters (WEM) is challenging the whole concept of shareholders incentives during the current annual review of past programs (called the Annual Earnings Assessment Proceeding, or AEAP). The Administrative Law Judge in that case, Christine Walwyn, is echoing WEM's questions and conducting an unusually thorough investigation of how much energy the utilities really have saved since 1995, how much it cost, and whether there is any justification for shareholders incentives in the present era.

A Feb. 8th hearing in the case was abruptly cancelled two days beforehand, with no word yet on a new date. WEM is worried that the atmosphere of intrigue at the Commission and CPUC President Loretta Lynch's uncertain status may affect both the annual review and the future of non-utility energy efficiency programs. Lynch is the Commissioner in charge of energy efficiency programs, and has been critical of shareholders incentives.

The utilities claim approximately \$350 million of incentives for programs performed between 1994-2001. \$143 million is on the table this year. Some of the incentives are spaced out over ten years, depending on confirmation of installations and persistence of energy savings over time. Incentives were reduced to 7% for 2001 programs, but previously averaged 30% and theoretically could be even larger.

Below is a Table of Contents to help you navigate through the enclosed materials. They consist of three Women's Energy Matters' comments in the annual review of past programs (AEAP), a transcript of the 11/20 hearing in the review (with key passages highlighted), plus WEM's comments in the New Energy Efficiency proceeding and a related sign-on letter to Commission President Loretta Lynch. WEM's filings have been praised for their readability, humor and plain-spoken explanations of the problems with energy efficiency programs run by investor-owned utilities.

Please feel free to call with any questions you may have — I look forward to discussing these matters with you further, and can help you make contact with other key players.

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LIST OF ATTACHED FILES

Annual Review of Past Energy Efficiency Programs (AEAP):

- (filename-9/4/01 wem comm refil 11/16.doc) Refiled Comment of Women's Energy Matters in the 2001 Annual Earnings Assessment Proceeding (9/4/01, refiled 11/16/01 with minor revisions)
- (filename-11/16/01 wem supp comment.doc) Supplementary Comment of Women's Energy Matters (11/16/01)
- (filename-2/7/02 WEM replycommentsrev.doc) Women's Energy Matters' Reply Comments to ALJ Walwyn's Questions and Utilities' Responses (2/1/02, revised 2/7/02)
- (filename- 11/20/01 PHC – aeap.doc) Transcript of 11/20/01 Pre-Hearing Conference

New Energy Efficiency Programs

- (filename 11/16/01 Wem re New EE DD.doc) Women's Energy Matters Comment on the Draft Interim Decision Adopting Energy Efficiency Policy Rules (11/16/01)
- (EE sign-on ltr w/names 12-19.doc) Sign-on Letter to CPUC Pres. Lynch (12/17/01)

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Transcript of 11/20/01 Pre-Hearing Conference

(main points are highlighted for easier reading)

New Energy Efficiency Programs

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Women's Energy Matters is a non-profit network of women and men who work for a rapid transition to a non-polluting energy system based on energy efficiency, solar and wind — and celebrate the many ways women use their own energy to make the world a better place for all to live. WEM has been deeply involved in clean energy and public power campaigns responding to the California "energy crisis."