

**Media Release 3/22/02**

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**Public Utilities Commission Ends Utilities' Profits on Energy Efficiency;  
Women's Energy Matters Calls Vote a Big Win for Ratepayers & the Environment**

The Public Utilities Commission voted Thursday, 3/21/02 to end "Shareholders Incentives" for utility energy efficiency programs — an extra serving of profit the PUC allowed utilities to take since 1990, supposedly to convince them to do better conservation programs. Women's Energy Matters declares the vote an important victory for California ratepayers and the environment, which may lead to deeper change.

When the incentives were first proposed in the 1970s, the idea was to put investments in conservation and renewable energy on the same footing as investments in new power plants, by allowing investor-owned utilities to make profits on all of them. However, the utilities never really embraced the idea, and it remained untried.

Commission President Loretta Lynch pointed out that the utilities make no investments in energy efficiency. They take no risk, and deserve no profit. Since deregulation, all the money has come from a special "Public Goods Charge" on utility bills.

WEM's Executive Director, Barbara George explained, "The incentives that were finally implemented, in the 1990s, were just bribes to convince the utilities to do more conservation. They resisted intensely because they had a glut of power after the nuclear plants came online in the mid-80s. The utilities wanted to sell more power, not less — and that's even more true since deregulation, in spite of the energy crisis.

"In practice, incentives were an invitation for the utilities to game the system, to pad their costs for energy efficiency services and exaggerate claims of energy savings, in order to increase profits. In 2000, the incentives were reduced to 7% of the value of the energy saved, but for the earlier decade, profits were uncapped, and ate up a large chunk of the program funds."

Women's Energy Matters, a Bay Area public interest organization, is participating as an "intervenor" in the PUC's review of past energy efficiency programs and its design of new ones. For the first time, the Commission has set aside 20% of the funding for non-utility programs in 2002.

"Ratepayers have not been getting their money's worth, with the utilities running energy efficiency programs. WEM applauds this Commission standing up to the utilities and demanding better performance — and opening up the programs to third parties who are motivated to maximize energy savings. This will result in lower bills and cleaner air."

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