

Women Designing Energy Policy

GROUP TRACKS
REGULATORY MOVES

BY BARBARA GEORGE

WOMEN'S ENERGY MATTERS

is an organization of women having fun working for clean energy, healthy food and caring communities. It was founded in 1997, just after California passed electricity deregulation. According to the organization's Web site, the group "is a network of women and men who approach energy issues from a woman's point of view." It continues, "WEM also celebrates the ways women have used their own energy through the ages to work for the public good."

As the California energy crisis escalated, WEM became an advocate for public power alternatives, noting that municipal utilities, which controlled 25 percent of the power in California, were largely immune from the crisis. Furthermore, the Sacramento Municipal Utility District became the national leader in energy efficiency and renewables after district ratepayers voted to close their nuclear power plant in 1990. It still holds this distinction today, and its rates are 40 percent lower than Pacific Gas & Electric.

WEM participated in efforts to establish a municipal utility in San Francisco, which led to a ballot initiative in 2001. It "lost" by a hair but two weeks later the Coast Guard found ballot box lids floating in the bay.

Fortunately, we had a backup plan. California's Community Choice law, passed in 2002, allows any California city, county, or group of cities and counties to choose alternative electricity providers for bulk power supplies – and run their own energy efficiency programs. Utilities continue to own and operate transmission and distribution, and provide billing services. Similar laws exist in five states.

Several large regional Community Choice aggregators in California are planning 50 percent or more renewable energy, at the same or lower rates as utilities; independent energy providers eagerly anticipate the opportunity to serve them.

WEM recognized that energy efficiency and conservation had special appeal for women, but there were questions about how California utilities handled energy efficiency funds. WEM became a public interest representative in a California Public Utilities Commission proceeding that reviewed the utilities' 1994–2000

energy-efficiency programs. A single CPUC staff member had been responsible for uncovering what utilities did with hundreds of millions of dollars a year in energy-efficiency funds for those seven years.

The next shocker was that California utilities were in charge of hiring and directing the measurement of their own programs. The primary purpose of that measurement was to calculate shareholders' incentives on those programs.

In the course of six years and six overlapping proceedings, WEM proved that California utilities have their cake and eat it too. They earn profits on energy efficiency as well as on supply side resources these programs should have displaced. Why? Because there is no focus on reducing demand where and when supplies are tight.

The testimony WEM elicited last June in the procurement proceeding is unmistakable. PG&E's witnesses testified under oath that:

The company's procurement planners disqualify energy efficiency as a way to address peak load, although many energy efficiency procedures can reduce air conditioning, which drives the peak.

They don't discuss using energy efficiency for resource adequacy.

The company's energy efficiency department doesn't report the location of energy efficiency installations to the procurement department or the commission, and they don't have to tell anyone where they spent the funds.

Clearly, this provides an enormous slush fund for greenwashing and special favors that the company uses to fight ratepayer self-determination.

The current commission is still dodging these facts. It insists that shareholders' incentives eliminate utilities' conflict of interest with saving energy, on the grounds that incentives mirror the rate of return on supply-side investments. The commission ignores the obvious fact that stock value depends on growth.

In February, California commissioners launched a campaign to promote the shareholders' incentives boondoggle in other states. However, the commission faces an internal revolt. The Department of Ratepayer Advocates, a semi-autonomous arm of the commission, has pledged to oppose these efforts nationally. WEM strongly urges other commissions to beware of emulating California's model; it is riddled with costly illusions.

Back in 2001, I found it was impossible to see how utilities derived their cost and savings calculations.



Barbara George
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MADELINE MUIR

Sometimes they listed the number of items they intended to purchase and install in a particular program. Sometimes they listed the total they expected to spend on a general category of items in different programs, such as residential lighting. And sometimes they listed how much energy the whole category or program was expected to save.

Ultimately, the commission ordered clear, detailed data for every program, and provided much more oversight of program measurement.

A major rulemaking began in 2001, which planned future administrative structure for energy efficiency. Commission President Loretta Lynch awarded \$50 million a year – 20 percent of program funds – to independent programs proposed by cities, nonprofits and small businesses. Utilities furiously fought the experiment from the start.

After four years of independent programs, which WEM's coalition demonstrated were more cost-effective than utility programs, the commission killed them. It gave all the money back to utilities and announced plans to reinstate shareholders' incentives.

The administrative structure decision put the commission in charge of measurement, acknowledging that it was a conflict of interest for utilities to measure their own savings. The commission quietly conceded that utilities exaggerated savings from compact fluorescent lights by at least 400 percent, as WEM had revealed two years earlier. Since CFLs are such a large component of most programs, this miscalculation caused an overall savings shortfall of at least 25 percent.

Meanwhile, WEM is producing a video highlighting a unique Con Edison program that saves energy in specific New York City neighborhoods in order to defer or displace the need for new wires and substations. It is the only program of its kind in the country. ☺

Barbara George is executive director of Women's Energy Matters.



The WEM retreat dinner in March.
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