

Attachment A
*How IOUs Misuse EE Funds to Discourage or Interfere with CCA Formation*¹

Offer “extra” EE as an inducement to reject CCA

- Utilize EE proposals as a way to get more private meetings with LG officials and staff in territories that are considering CCA.
- Explicitly link offers of extra EE to voting against CCA, or delaying a vote for CCA.
- Offer shareholder funding for a staff person to assist a local government (LG) to develop EE programs, implying that rejection of CCA is a necessary quid pro quo.
- Provide EE as “green cover” for public officials who reject or delay CCA; i.e. giving the impression that the LG will still have the opportunity to have great green programs.²

Use IOUs’ control over Local Government Partnerships to fight CCAs³

- Contract for the first Local Government Partnership (LGP) in a city pushing for independence (just after the Governor signed the CCA law).
- Delay signing LGP contracts for jurisdictions that are moving forward w/ CCAs (create fear that an LGP might not be funded as retaliation if CCA moved forward).
- Compromise LG public officials and staff who seek to keep LGP program operating (by creating fear that existing LGP would be broken up and/or otherwise penalized for supporting CCA). Provide only two years of funding in a 3-year cycle – make third year dependent on pleasing the IOU administrator.
- Deny funding for a TPP connected to a city/county that tries to municipalize.

Use Account Reps to market against CCA

- Deploy more Account Reps in territories of potential CCAs or munis at key times for the purpose of marketing against CCA (e.g. in a year when key votes are expected).
- (Note: Account reps have responsibility for EE offers and negotiations with businesses and governments. Hearing testimony in PG&E’s General Rate Case established that any of the company’s 270 Account Representatives may discuss EE offers, CCA and ballot measures like Prop 16 in the same meetings.)

¹ An earlier version of this list was provided to 9-27-10 workshop participants.

² Note – there is no program rule that forbids IOUs from deploying EE wherever they choose. They are not required to report where they spend the money or get the savings, so there is no easy way of comparing EE activities in CCA jurisdictions vs. other places. PG&E argued that they deploy EE “where there is interest.” Top PG&E officials in charge of EE and the law dept. testified under oath in the General Rate Case hearings that none of their EE offers fell afoul of Commission orders, and that the prohibitions against misuse of EE funds to market against CCAs in D0909047 and E-4250 do not apply to them.

³ The PRGs noted that IOUs were not treating LGPs well, but apparently were powerless to improve things (see further discussion below).

- *(Note: Account reps' positions are authorized in the General Rate Case; they are paid partly from EE accounts. If their EE activities actually consume more time than reported, as WEM believes may be the case, this could violate the cap on administrative funds and the requirement for EE to be cost-effective.)*

Use Public Events to Market against CCAs and Greenwash the IOU

- Sponsor major public events, e.g. county fairs to promote the IOU's "green" image – including EE and solar – in counties that are pursuing CCAs.⁴
- Utilize sponsorships of events and EE upgrades to influence event organizers in jurisdictions that are considering CCA (the event leadership may be less fair to CCA advocates).⁵
- Hold EE fairs and CFL giveaway events with political operatives who are opposing municipalization or CCAs.⁶
- Hold EE fairs in collaboration with regulatory decision makers.⁷

Influence the Media with advertising dollars

- Spend substantial amounts on advertising related to EE and solar in CCA jurisdictions (increases visibility of IOU "green" programs; may also buy favor with editorial dept.).
- Conduct a stream of local events with EE messages to convince the media that PG&E is very committed to the environment.

Misuse EE education programs

- Utilize EE education programs and "solar schools" as opportunities to silence potential advocates for CCAs (by creating fear of jeopardizing IOU-controlled EE funding).
- Reduce or eliminate opportunities for CCA education in the schools (by creating fear of jeopardizing IOU-controlled EE funding).
- Utilize access to schools and control of ratepayer-funded EE education programs as ways to compromise and mis-educate school administrators, teachers, students and parents in CCA jurisdictions about a wide range of the IOU's programs.

Influence community groups against actively promoting CCAs

- Argue against CPUC intervenor compensation for groups that promote CCAs and oppose misuse of EE funds.
- Cut off sources of funding for groups involved in promoting CCAs and opposing misuse of EE Funds (e.g. by hiring the head of a major local foundation as a lobbyist against CCA).⁸

⁴ While customer events are authorized in the General Rate Case and planning for these are "below-the-line" — the events almost always utilize EE literature and promise EE- funds.

⁵ WEM's youth team was threatened with arrest for passing out CCA brochures at the Marin Co. Fair. See the ABC coverage of this incident at

<http://abclocal.go.com/kgo/story?section=news/environment&id=6246487>

⁶ For example, Willie Brown, Julie and Andrew Lee.

⁷ For example, the energy fair in Volcano, September, 2006. See WEM video

http://www.womensenergymatters.org/video/CPUC/pgvideo_2009-07-15volcano.htm

- Create an EE partnership with a major national environmental organization, whereby their volunteers would distribute ½ million CFLs in October when they might otherwise be engaged in defending CCAs against a ballot measure.
- Utilize CBOs that ordinarily promote Low-Income EE to call customers who are not necessarily low income and offer free appliances. Impact is to give a false rosy picture of the benefits of actual EE programs, which do not offer free appliances.
- (LIEE involvement already compromises the CBOs, makes them less likely to publicly support CCA formation.)

⁸ Could result in the foundation refusing to allow groups involved in promoting CCAs to even apply for funding for any climate-related work, including education about CCAs.