From: Hall, Thomas A.
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To: Hall, Thomas A. (thomas.hall@cpuc.ca.gov)
Cc:
Bcc:
Subject: DRA Calls for Elimination of Costly, Ineffective Energy Efficiency Bonuses for Utility Shareholders

FOR IMMEDIATE RELEASE

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Media Contacts:
Cheryl Cox, Policy Advisor, 415-703-2495, cxc@cpuc.ca.gov
Tom Hall, Information Officer, 415-730-2964, tbh@cpuc.ca.gov
DRA Press Room: http://www.dra.ca.gov/DRA/News/

DRA Calls for Elimination of Costly, Ineffective Energy Efficiency Bonuses for Utility Shareholders

SAN FRANCISCO, December 15, 2011 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), renewed its call for the CPUC to eliminate shareholder bonuses for utility energy efficiency programs in the wake of today's CPUC approval of $60 million in additional shareholder bonuses for California's four major investor-owned utilities.

2009 Utility EE Bonuses by Utility Service Territory

Utility	Requested	Awarded
PG&E	$ 32,446,184	26,168,746
SCE	27,572,109	18,075,141
SDG&E	15,108,031	13,730,390
SoCalGas	2,037,721	2,037,721
	$77,164,045	**$60,011,998**

These bonuses for 2009 program activities were available to Pacific Gas and Electric Company (PG&E), Southern California Edison (Edison), San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) under the CPUC's energy efficiency risk-reward incentive mechanism, which was designed to reward utility success in helping consumers reduce energy consumption. The $60 million in bonuses approved today are in addition to $68 million awarded in 2010 for a total of $212 million awarded for 2006-2008, even though none of bonus amounts awarded met the CPUC-established goals for energy savings.

Much to DRA's frustration, the bonuses awarded today are largely based on the utilities' self-reported claims, discounted for overstatement of savings from lighting programs. Furthermore, a 2010 CPUC report found that there is a trend in increasingly large discrepancies between utility reported energy savings and independently evaluated savings. DRA's analysis also shows that shareholder bonuses are not deserved and do not work as an effective incentive to spur the utilities to achieve aggressive energy savings as originally conceived.

"The shareholder bonus program doesn't work to encourage utilities to maximize energy efficiency. Maximizing energy efficiency is the highest energy policy priority for California because it is the most environmentally sound tool for the state to meet its energy needs," said Joe Como, DRA's acting director. "But rewarding utility shareholders with hundreds of millions of dollars for unsubstantiated energy savings does a disservice to ratepayers who have to pay these bonuses, and to the public that is not getting the benefit of real energy savings."

The CPUC is currently reviewing potential reforms to the utility shareholder bonus program; however, today's vote raises concerns that the CPUC may be signaling its intention to continue the costly and ineffective bonus program.

"Utilities that supply energy may not be the best administrators of a program that is designed to decrease energy consumption," said Joe Como. "The CPUC should consider employing an independent energy efficiency administrator to work with the utilities and their customers to achieve the state's goals."

For background on the program and DRA's analysis, please visit DRA's Energy Efficiency page.

For more information on DRA, please visit www.dra.ca.gov.

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Tom Hall
Information Officer
California Public Utilities Commission
thomas.hall@cpuc.ca.gov
916-928-2274 (desk) | 415-730-2964 (cell)
180 Promenade Circle; Sacramento, CA
Visit the CPUC on: **Twitter** | **Facebook**