**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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| Order Instituting Rulemaking to Reform the Commission's Energy Efficiency Risk/Reward Incentive Mechanism | Rulemaking 12-01-005 (Filed January 12, 2012) |

# WOMEN'S ENERGY MATTERS
# NOTICE OF EX PARTE COMMUNICATION

December 19, 2012

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**WOMEN'S ENERGY MATTERS**
**NOTICE OF EX PARTE COMMUNICATION**

Women's Energy Matters (WEM) hereby gives notice of the following ex parte communications, pursuant to Rule 8.2, 8.3, and 8.5 of the California Public Utilities Commission's Rules of Practice and Procedure.

Barbara George, Executive Director of WEM, initiated a meeting with Colette Kersten, advisor to Commissioner Sandoval. The meeting lasted for approximately twenty-five minutes on Tuesday, December 18, 2012, from 4:35 to 5pm. The communications were primarily oral, but included WEM's chart comparing savings per dollar in California EE programs vs. Texas programs (attached).

Ms. George also initiated a phone communication with Matthew Tisdale, advisor to Commissioner Florio, on Friday, December 14, 2012, at 4:29pm, which lasted approximately 2 minutes and touched on the same points as the conversation with Ms. Kersten.

Ms. George discussed WEM's support for the ALJ's Proposed Decision and our opposition to the Alternate PD of Commissioner Ferron. We described problems caused by the Risk-Reward Incentive Mechanism, such as the investor-owned-utilities' opposing other EE administrators, because that cuts into their "turf" and potentially reduces their bonuses and/or fees under the RRIM. Ms. George mentioned PG&E's repeated misuse of EE funds in the battle over Community Choice in Marin and San Francisco.

Ms. George pointed out that the RRIM is exclusively offered to investor-owned-utilities, *because* they have a conflict of interest, but it would make more sense to have EE administered by those who *want to save energy* and do not share the IOUs' conflict of interest — such as the Marin Energy Authority.

Ms. George asked that Commissioners Sandoval and Florio consider that the Alternate's policy constitutes discrimination against ratepayers of the Marin Energy Authority (MEA). Under the Community Choice law, AB117, MEA finally became an EE administrator in 2012 (which is part of the current 2010-12 EE cycle) but the Alternate was silent about a "management fee," performance bonus, or any other incentive mechanism for MEA. MEA ratepayers would be forced to pay these fees to PG&E, however their own chosen energy and EE provider, MEA, would receive no incentives for superior performance, and according to the Alternate, this could lead to inferior results.

Ms. George described the superior savings per dollar of the independently administered Texas programs, as well as the independent programs in California during the experiment with independent EE in 2002-2005. We pointed out that the Alternate made no attempt to determine whether utilities had met their goals, and that the mechanism serves essentially as protection against utilities' threats against the program's goals, which constitutes extortion — *although it claims that incentives are necessary to incentivize superior performance.*

Ms. George also discussed the problem that CAISO and procurement planners say they cannot in fact use EE programs to defer or displace any particular supply-side resources in "Local Capacity Areas" (which is the only place where there is much of any need), because EE is not measured in a way that's useful for procurement. This highlights a fundamental problem with the EE Risk-Reward concept, which is premised on the notion that supply-side resources are being deferred and displaced. Rather, there is a growing glut of power statewide, because preferred resources including energy efficiency, demand response and local solar are not being "plugged in" to the grid. Ratepayers are forced to fund redundant systems — plus profits for utilities on transmission/distribution or utility-owned generation — plus *more* profits for EE that failed to defer or displace supply-side resources.

Dated: December 19, 2012

Respectfully Submitted,

/s/ Barbara George

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