

DAN MORAIN: TURN CAP AND TRADE RATE BOMB INTO AB 32 DIVIDENDS

Mike Florio, a lifelong consumer advocate turned California Public Utilities commissioner, hasn't often found himself aligned with the California Chamber of Commerce, the Howard Jarvis Taxpayers Association and major power companies.

But in a very public setting not long ago, he warned about the issue that has exercised business advocates: the bill that is coming due as the state goes about reducing greenhouse gases and combating climate change.

"If we do not contain costs for ratepayers, we risk a potential ratepayer backlash when the costs of these contracts finally come into rates in the middle of this decade. The rate impact bomb

is lingering on the horizon, and we cannot allow that bomb to go off," Florio warned at a Public Utilities Commission hearing a month ago.

Until Gov. Jerry Brown appointed him to the PUC last year, Florio, a lawyer, ran The Utility Reform Network, the leading consumer group that fights to keep utility rates low.

Florio supports the governor's goal of getting a third of its energy or more from renewable sources. He's also convinced of the need for AB 32, the landmark 2006 legislation aimed at **cutting** greenhouse gases. But a "rate impact bomb" wouldn't be pleasant.

"I've been trying to sound the alarm on this," Florio told me. "A lot of people are looking at California and hoping we fall flat on our face. I don't want that to happen."

Florio's worries aren't much different from those expressed by the state's major utilities, including PG&E, and by a lobbying coalition calling itself Californians Against Higher Taxes, led by the California Chamber of Commerce, oil industry and various anti-tax groups.

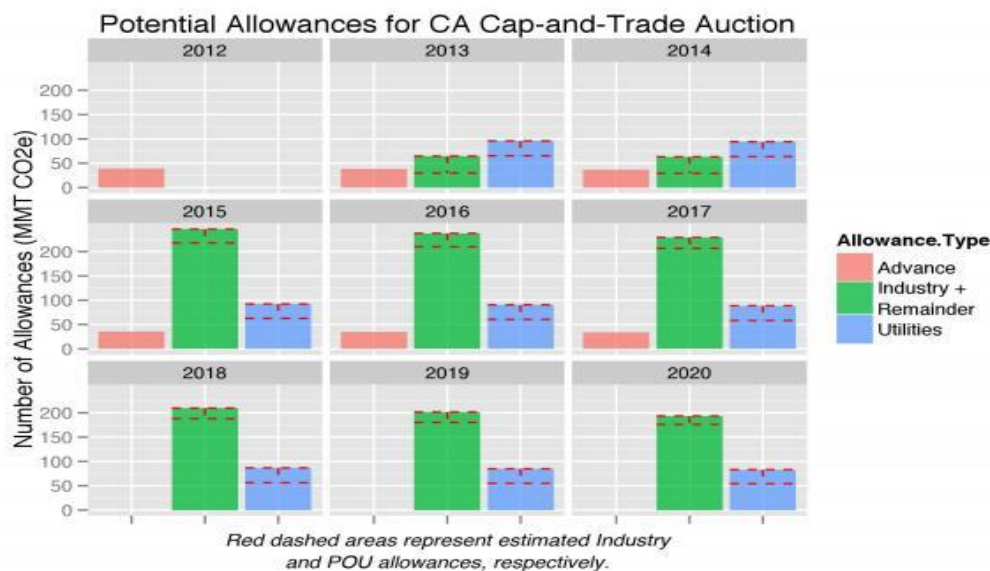
This is an excerpt from the article referenced below. To read this article in its entirety please go to:

<http://www.sacbee.com/2012/06/27/4591278/turn-cap-and-trade-rate-bomb-into.html>

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How California could surpass \$1 billion in cap-and-trade auction



Energy Commission Approves More Efficient Buildings for California's Future

In a move to reduce energy costs, save consumers money, and increase comfort, the California Energy Commission today unanimously approved energy efficiency standards for new homes and commercial buildings.

"Improving the energy efficiency of buildings in which we will live and work will save Californians energy for decades," said Energy Commissioner Karen Douglas. "These Standards will help save consumers money on their utility bills, keep them comfortable in their homes, and reduce greenhouse gas emissions through better, more efficient buildings."

The Energy Commission's 2013 Building Energy Efficiency Standards are 25 percent more efficient than previous standards for residential construction and 30 percent better for nonresidential construction. The Standards, which take effect on January 1, 2014, offer builders better windows, insulation, lighting, ventilation systems and other features that reduce energy consumption in homes and businesses.

On average, the Standards will increase the cost of constructing a new home by \$2,290 but will return more than \$6,200 in energy savings over 30 years. Based on a 30-year mortgage, the standards will add approximately \$11 per month for the average home, but save consumers \$27 on monthly heating, cooling, and lighting bills.

Within the first year of implementation, the Standards are projected to add up to 3,500 new building industry jobs as well as save million gallons of water per year. After 30 years of implementing the Standards, California will save nearly 14,000 megawatt hours or enough electricity to power 1.7 million homes and avoid the need to construct six new power plants.

Two energy policy goals are driving the design of the current standards: The Loading Order, which directs that growing demand must be met first with cost-effective energy efficiency and next with renewable generation; and "Zero Net Energy" (ZNE) goals for new homes by 2020 and commercial buildings by 2030. The ZNE goal means that new buildings must use a combination of improved efficiency and distributed renewable generation to meet 100 percent of their annual energy need.

To read this article in its entirety please go to:

http://www.energy.ca.gov/releases/2012_releases/2012-05-31_energy_commission_approves_more_efficient_buildings_nr.html

PUBLIC WORKSHOP NOTICE

Public Workshop Notice: R.12-06-013 Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

August 27, 2012 - 9:30 am - 4 pm California Public Utilities Commission
505 Van Ness Avenue, Auditorium
(Corner of Van Ness Avenue and McAllister Street)
San Francisco

Conference Phone Line: 877-930-0524
Participant Code: 9183912

The Commission will hold a workshop to discuss and refine the preliminary questions listed in the OIR, R.12-06-013, and will thereafter, by Assigned Commissioner's Ruling, file and serve a list of questions for comment.

At the August 27 Workshop, ALJ Timothy Sullivan and ALJ Jeanne McKinney will lead a discussion to refine the questions for the following topics: 1) goals of retail rate design, 2) optimal rate design structures, 3) equity concerns, and 4) coordination of different proceedings. Energy Division will help facilitate the workshop. A detailed draft agenda is attached and will be distributed to the service list for this proceeding. For further information on the workshop contact Gabe Petlin at CPUC: GP1@cpuc.ca.gov.