

California Public Utilities Commission
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PRESS RELEASE

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FOR IMMEDIATE RELEASE

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**CPUC APPROVES INCENTIVE PAYMENTS FOR UTILITY
ENERGY EFFICIENCY INVESTMENTS**

SAN FRANCISCO, December 17, 2009 - The California Public Utilities Commission (CPUC) today authorized energy efficiency incentive earnings for the state's investor-owned utilities (IOUs) under the Risk/Reward Incentive Mechanism, or "RRIM". This mechanism was adopted in 2007 to further encourage the IOUs to pursue cost-effective energy efficiency in lieu of supply side investments, consistent with the loading order in the state's Energy Action Plan, which identifies energy efficiency as a priority resource to meeting California's energy needs.

The incentives provided recognize the achievements of the IOUs in meeting the energy efficiency goals established by the CPUC over the 2006-2008 energy efficiency program cycle. Under the RRIM, if Pacific Gas and Electric Company (PG&E), Southern California Edison, San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) meet or exceed certain CPUC-adopted energy efficiency targets, they are able to earn incentives payments; two interim payments for years 1 and 2 of the program, and a third and final payment based on a full true-up of program results when the program cycle ends.

In December 2008, PG&E, Edison, SDG&E, and SoCalGas each were authorized a first installment of RRIM earnings for the 2006 -2007 mid-cycle performance.

Today's decision resolves the second interim claim for the 2006-2008 program cycles. The amounts earned are:

PG&E: \$33.4 million

Edison: \$25.7 million

SDG&E: \$0.3 million

SoCalGas: \$2.1 million

Total: \$61.5 million

These incentives are based upon independently verified utility savings resulting from the energy efficiency programs the IOUs are responsible for administering. Consistent with the decision that created the incentive mechanism, the CPUC held back 35 percent of total incentive earnings pending a final “true-up” in 2010.

With the interim incentive payments and process for true-up next year, the CPUC said it is balancing the goals of transforming energy efficiency into a resource option that provides meaningful earnings opportunities for the IOUs, while also ensuring that ratepayers pay incentives only for energy savings that have actually occurred.

“This has been a contentious and controversial process. Our decision today provides another interim award and encourages a more thorough discussion of energy efficiency evaluation, measurement, and verification on the occasion of the 2010 true-up analysis,” said Commissioner John A. Bohn.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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