

**Statement of PUC Commissioners Loretta Lynch and Carl Wood
on the Energy Action Plan
May 12, 2003**

Two Commissioners of the California Public Utilities Commission (PUC), Carl Wood and Loretta Lynch, have issued a dissent to the Energy Action Plan, which was approved by the Commission, yesterday, on a 3-2 vote. The Energy Action Plan, which was drafted by members of the PUC, California Energy Commission, and California Power Authority, has now been approved by all three agencies. The Plan both sets general goals for energy development in California and states specific conclusions about matters that have yet to be decided by the Commission. Wood and Lynch objected to the ways in which the Plan prejudices matters in pending proceedings, and to the underlying philosophical premises

In the dissent, Wood and Lynch remarked, “Our focus is on consumers. The Plan’s focus is on competition. We want stability, predictability, consumer protection, low prices, environmental preservation, and regulatory fairness. The Plan talks about markets.” They continued, “Where one stands on these issues makes all of the difference when answering fundamental questions about energy planning and service. Someone who looks at an inkblot and sees markets will argue for higher reserve margins and redundant transmission facilities – adding billions of dollars in cost. One who looks at the same image and sees the face of a consumer will be searching for ways to keep costs low and stable, make supplies efficiently reliable, and support integrated planning and least-cost dispatch. It is this fundamental difference that drives the debate about such things as transmission adequacy and ISO rule changes.”

Wood and Lynch also objected to portions of the Plan that they felt prejudice the outcome of other Commission proceedings:

1. It sets goals for peak demand reduction through a variable pricing system, although the Commission is actively evaluating such pricing systems in a pending proceeding.
2. It declares an appropriate capacity range for new electric resource additions and an appropriate range for reserve margins although the Commission has yet to take steps required by state law (Assembly Bill

- (AB) 57) before establishing such goals. Similarly, it jumps ahead of the AB 57 process to declare a level of needed new peaking capacity.
3. It declares that three specific new transmission projects are needed even though the Commission is required by law to make record-based needs assessments under Section 1001 and California Environmental Quality Act (CEQA) before reaching this conclusion. One of the projects, the Path 15 upgrade, is the subject of two Draft Decisions that are currently pending before the Commission. The other two – a second Palo Verde-Devers line and an expansion to serve wind farms in Tehachapi -- are as-of-yet not even the subject of formal applications.
 4. It announces that sufficient new transmission must be built to ensure high quality power supply throughout the state, although this might suggest that the entire state should be wired as if it is the Silicon Valley.
 5. It prejudices the Commission's decision about departing load customers and pledges the adoption of exemptions for various technologies at levels that are not reflected in any Commission order.

In rejecting the Plan in its current form, Wood and Lynch asserted that the Commission cannot “skirt around pending proceedings to create new programs, set reserve margins or declare that certain new facilities are needed. To do so would be unfair. It would breed cynicism and it would violate the law.”

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