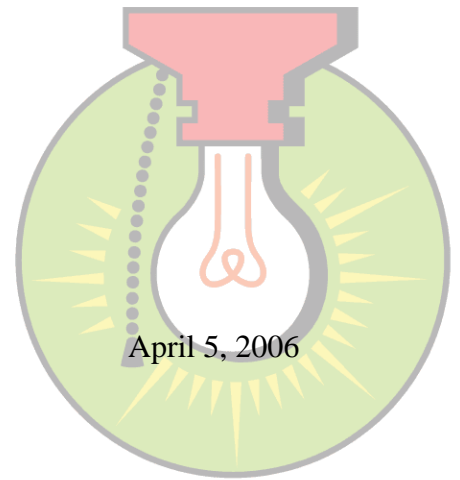


NEWS

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COGENWORKS
A Coalition For Energy Efficiency and Reliability



FOR IMMEDIATE RELEASE

REPORT WARNS CONSUMERS OF RISK TO CLEAN, EFFICIENT ENERGY

PALM SPRINGS – A new report from CogenWorks warns consumers of the risk to Southern California’s energy supply if the California Public Utilities Commission (CPUC) fails to implement policies that preserve and promote the use of cogeneration to meet the state’s growing energy needs.

“By the end of next year Southern California could lose 640 megawatts of cogenerated electricity, which currently provides power for 640,000 homes,” said Audrie Krause, spokesperson for CogenWorks, a coalition representing cogenerators in California. “Without prompt CPUC action, the reliability and security of California’s energy supply, and our industrial infrastructure, will be at risk.”

Electricity produced through cogeneration represents 17 percent of the state’s power, or about 9,000 megawatts (MW). Cogeneration uses a single fuel, usually natural gas, to produce two types of energy, usually electricity and steam heat.

Statewide, the California Energy Commission (CEC) has warned that as much as 2,000 MW of electricity could be lost within four years if current cogeneration contracts are not renewed. The CogenWorks report identifies five projects with contracts set to expire by the end of 2007.

(more)

“Two of those projects produce enough electricity to provide 640 MW of power for Southern California consumers,” said CogenWorks’ Krause.

Clean and efficient, reliable and cost-effective, cogeneration helps keep the lights on and energy bills down. Its efficiency also reduces greenhouse gas and smog emissions by an amount equivalent to removing more than 5 million cars from California highways every year.

Because of these benefits, the CEC has recommended that the Public Utilities Commission implement policies to promote increased development of cogeneration and ensure that existing contracts between cogenerators and utility companies will be renewed.

“Despite California’s growing demand for electricity, cogeneration operators have been experiencing difficulties renewing existing contracts to sell electricity to utilities, and new cogeneration developers are struggling to find buyers for their electricity. The CEC has warned regulators that there will be ‘serious adverse consequences for electric reliability, natural gas demand and air quality’ if these trends continue,” said Krause.

She added that the Energy Commission has provided regulators with a blueprint for policies to promote cogeneration. The CogenWorks report explains why the CEC’s recommendations must be put into effect and calls on consumers, businesses and organizations to urge the CPUC to act promptly.

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Those recommendations include setting specific targets for how much of our power should come from cogeneration, by the end of 2006; requiring greater transparency to ensure that utilities purchase electricity from cogenerators at prevailing wholesale prices, as required by law; and standardizing an open contracting process for cogenerators to sell electricity to utilities under terms that are fair to both cogenerators and utilities.

The full report and more information about CogenWorks can be found at <http://www.cogenworks.com>.

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