

## Two energy initiatives in California under fire

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SAN FRANCISCO – Californians will vote on two ballot initiatives this fall that at first glance would seem shoo-ins for approval in a state long associated with environmental activism.

The first would require utilities to generate half of their electricity from renewable sources such as wind and solar. The second would provide rebates of up to \$50,000 for the purchase of alternative-fuel vehicles through a \$5 billion bond.

Supporters say the measures on the Nov. 4 ballot would help combat global warming and make California a leader in the alternative-energy industry. Like most initiatives that wind up on the state's ballot, however, they're more complicated and contentious than advertised.

Opponents say the ballot measures would undermine state efforts to promote alternative energy, add to California's already bloated deficit, saddle taxpayers with billions in debt and potentially benefit a handful of companies, including one linked to Texas oilman T. Boone Pickens.

Propositions 7 and 10 are two of the most heavily contested of the 12 statewide initiatives on the ballot, as measured by campaign contributions.

Experts on California's initiative process say the propositions are the latest examples of special interest groups seeking to pass laws or authorize state bonds through the ballot. Anyone can place questions before voters if they collect enough valid signatures.

"What is clear is that increasingly complicated, expensive and important measures are being put directly to the vote of the people instead of going to the Legislature," said Tracy Westen, chief executive of the Center for Governmental Studies in Los Angeles. "You have a very potent instrument for those who can afford to pay for it, without many checks and balances."

Proposition 7 would give California the nation's most aggressive renewable-energy mandate, requiring utilities to generate half their electricity from windmills, solar panels, geothermal plants and other renewable sources by 2025.

The measure was placed on the ballot by Arizona billionaire Peter Sperling, vice chairman of Apollo Group, which operates the University of Phoenix. He has given more than \$7 million to

### AT ISSUE: PROPOSITION 7

Requires California's utilities to generate half their electricity by 2025 from solar, wind, geothermal and other renewable sources.

**Pro:** Creates a market for renewable energy by requiring utilities to buy clean power if it's comparable to the price of natural gas or other fossil fuel. Also eliminates the current cap on penalties that utilities would have to pay for failing to meet their existing renewable energy obligations.

**Con:** Excludes small projects, could drive up electricity prices and make it easier for utilities to wiggle out of the mandate.

### AT ISSUE: PROPOSITION 10

Authorizes a \$5 billion bond that would pay for research in renewable energy and cleaner fuels and provide \$2.5 billion in rebates to buyers of cars and trucks that run on certain alternative fuels.

**Pro:** Helps California jump-start the market for alternative-fuel vehicles, reducing reliance on foreign oil and greenhouse-gas emissions.

**Con:** Primarily designed to subsidize purchases of vehicles that run on natural gas sold by the initiative's main sponsor, Clean Energy Fuels Corp., a Seal Beach-based company founded by Texas oilman T. Boone Pickens.

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promote the initiative in his former home state.

The measure is opposed by leading environmental groups, taxpayer advocates and much of the renewable-energy industry who say it would shut out small green-energy projects.

"We think it would obstruct and delay renewable-energy development in California," said Ralph Cavanagh, a senior attorney at the Natural Resources Defense Council. "The people who brought this initiative forward were not knowledgeable about renewable energy. They hired people who didn't know what they were doing."

The state's largest utilities have raised nearly \$24 million to defeat Proposition 7, with most of that coming from Pacific Gas & Electric Co. Southern California Edison Co. calls the initiative "misguided," saying it would disrupt existing renewable-energy development and lead to higher utility bills.

The state's utilities already are having trouble meeting California's current mandate to generate 20 percent of the state's electricity from renewables by 2010. A recent report by the state Public Utilities Commission projects California will miss the target by at least three years.

The other ballot measure, Proposition 10, would authorize a \$5 billion bond that would have to be repaid from the general fund.

It would provide \$2.5 billion in rebates for buyers of alternative-fuel vehicles and another \$340 million in rebates for highly fuel-efficient vehicles such as the Toyota Prius. The rest of the money would be used to fund research and development of alternative-energy technologies, as well as grants for training and education.

Backers say the money will jump-start the market for cars and trucks that run on hydrogen, natural gas, methane, electricity and propane as well as help cut greenhouse-gas emissions to 1990 levels by 2020.

Opponents say California, which has annual budget deficits, can't afford the bond. Proposition 10, if approved by voters, would cost the state \$9.8 billion, or about \$325 million annually, over 30 years.

They also say the measure was designed to benefit its chief sponsor, Clean Energy Fuels Corp., a Seal Beach-based company founded by Pickens, the billionaire oilman. The company, which owns natural gas fueling stations across North America, has donated more than \$4 million to the campaign.

Others that could stand to gain if the initiative passes have chipped in. Aubrey McClendon, chief executive of Chesapeake Energy Corp., an Oklahoma City-based provider of natural gas, donated \$500,000 to the campaign. Another \$250,000 came from Westport Fuel Systems Inc., a Long Beach company that makes natural gas engines for heavy-duty trucks.

The bond measure fits Pickens' plan to reduce the country's dependence on foreign oil by building more wind farms to replace electricity produced from natural gas. That would leave more natural gas to fuel vehicles that now run on gasoline and diesel.

Critics say owners of cars and trucks powered by natural gas would get most of the \$2.5 billion in rebate money because there are few other vehicles available that would qualify. Increased sales of natural gas vehicles could provide a big boost to the fueling business of Clean Energy Fuels Corp.

"It's a classic case of a wealthy special interest using the California ballot initiative system to enrich itself," said Richard Holober, who heads the Consumer Federation of California.

Todd Campbell, Clean Energy's public policy director, said Proposition 10 is designed to "create a market for low-carbon fuel vehicles" and that there is no guarantee the company would benefit.

"I don't think it's a given that Clean Energy is going to cash in," Campbell said. "I wish it were that simple."