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## Stage set for November ballot duels over clean-energy plans

By [John Howard](#) (published Thursday, June 26, 2008)

Two major ballot initiatives, each emphasizing the need for clean power and renewable energy amid the public's rising concerns over greenhouse gases, will confront California voters in November. On their face, they appear to be straightforward environmental proposals.

But all is not what it seems.

One initiative is being bankrolled by the nation's largest purveyor of vehicular natural gas. And though it's being sold as an environmentally friendly initiative, the measure's sponsor--as well as other energy purveyors--presumably could make millions of dollars if it is approved by voters.

The plan calls for \$5 billion in bonds to develop and encourage the use of clean alternative fuels and renewable energy, with half the money going to new or repowered clean vehicles. "Clean alternative fuel" means natural gas and "any fuel that achieves a reduction of at least 10 percent" in carbon emissions. Thus far, the sole financial backer of the initiative-- which includes incentives for passenger cars, trucks and commercial vehicles--is Clean Energy Fuels Corp. of Seal Beach, which has donated about \$1.5 million.

The company, whose major shareholders and co-founders include billionaire oilman T. Boone Pickens, has more than 200 fleet customers operating 13,000 natural gas vehicles, with 168 fueling stations in 10 states, by one industry estimate.

"It's T. Boone Pickens raiding the state's general fund," said Lenny Goldberg, a lobbyist for The Utility Reform Network. The general fund is the state's main treasury that includes income, sales and corporation taxes.

The other initiative, drafted by the Manatt Phelps political law firm, would require all utilities--whether municipal or private--to get at least half of their electricity from clean- and solar-power sources by 2025. Two Manatt Phelps representatives -- former Sen. Martha Escutia, D-Commerce, and Fred Main, a former state Chamber of Commerce advocate--are taking the lead positions for Manatt.

Almost all the financing for the latter initiative has come from Peter Sperling--son of John Sperling, the founder of the University of Phoenix--who contributed \$1.8 million. But there is a surprise on the other side. There, some environmentalists and California's largest utilities--PG&E, Edison and Sempra, which owns San Diego Gas & Electric--have joined together to try and block it. The utilities believe the initiative goes too far too fast; the enviros say it doesn't do enough.

The two initiatives are not linked and have not yet been numbered, but because they deal with clean and renewable energy, they are seen--mistakenly--as related. They are the latest in a series of policy proposals in the Capitol that deal, directly or indirectly, with carbon emissions, which experts say contribute to climate-changing greenhouse gases. Both initiatives are viewed by proponents as



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furthering the state's goal of reducing greenhouse gas emissions to 1990 levels by 2020--the requirement of the state's landmark 2006 law.

But both initiatives are stirring attention, in part because of their financial backers and in part because each could have a profound impact on California's energy consumption. By law, the initiatives will have to be reviewed by policy committees of the Legislature at least a month before election.



Thus far, the initiative carrying the \$5 billion bond is capturing the most attention. Backers and critics alike call it "Proposition 87 without the tax," a reference to the unsuccessful 2006 ballot initiative that would have raised \$4 billion by imposing a 6 percent tax on most oil produced in the state. Hollywood producer Steve Bing spent \$40 million--a record for an individual--to win approval for Proposition 87, but it went down in the face of a \$51 million advertising campaign mounted by the oil industry.

The measure would have raised money for alternative energy programs.

Like Proposition 87, the latest initiative provides money for alternative energy projects, but the \$5 billion comes from bonds backed by the state's general fund, rather than fees on oil. It provides incentives--nearly \$3 billion worth--for owners of new or retrofitted vehicles that use clean energy. The initiative lists a half-dozen specific categories of vehicles by weight, most of them trucks and large vehicles, but also passenger cars. These categories include light-duty (less than 8,500 pounds), light-medium (8,500 to 14,000 pounds), heavy-medium (14,000 to 25,000 pounds), heavy duty (over 25,000 pounds) and high fuel economy (any new vehicle that gets at least 45 miles per gallon, highway). The incentives range from rebates or coupons of \$2,000 each for the high-fuel economy vehicles to \$50,000 each for new or repowered heavy duty trucks.

Some \$1.2 billion would be used to encourage solar technology, and \$900 million would target research and development of non-carbon fuels, hydrogen fuel cell technology, renewable energy generation and electric vehicles, among other things.

Some environmentalists are suspicious. They note that because many alternative fuel sources--hydrogen fuel cells, for example--are not fully developed, the initiative would give a leg up to vehicular natural gas usage, the specialty of the initiative's bankroller, Clean Energy Fuels Corp.

The company rejects the suggestion.

"I don't think that's completely true. We can't dictate consumer behavior," said Marty Wilson, a veteran Sacramento communications consultant who represents the initiative's proponents. "It's not just natural gas. There are at least three California-based companies that are producing electric vehicles that will certainly be on the market by the end of this year or next. There's even an electric SUV, the Phoenix."

He noted that Pickens is widely known as advocate of wind energy, and that a goal of the initiative is to encourage the use of clean fuel.

"The way you are going to kick start consumer demand is to use a time-honored approach, and that is to give consumers a coupon or rebate. They need something that buys down the incremental cost. I think people will take advantage of it--there are waiting lines for these cars."

"That company is owned by T. Boone Pickens and when one company pays for the entire initiative and they write it in such a way that they have major benefits, there's no way you can't say there is no self-interest here," Goldberg said.

The other initiative carries no specific price tag, but it is also drawing attention in the Capitol, and there appear to be divisions among environmentalists over the proposal. The state's major investor-owned utilities--Pacific Gas & Electric, Edison and San Diego Gas & Electric--are opposed to the initiative.

The initiative toughens and expands existing law, by requiring that California generate at least half its power from alternative energy sources by 2025. Currently, generators are supposed to meet a 20 percent threshold by 2010. There is concern among some environmentalists that the initiative would weaken solar requirements to accommodate alternative energy sources.

The new initiative would keep the existing benchmark, then include a 40 percent level by 2020 and 50 percent by 2025. The governor has proposed a 33 percent level by 2020; legislation containing that level has stalled in the Legislature.

"The initiative basically seeks for California to use some of our long-neglected resources. We have 25 million acres of desert. We could build solar, geothermal, wind facilities. That technology is maturing by leaps and bounds. And we need it: The City of Los Angeles gets 48 percent of its energy from dirty coal," said Jim Gonzalez, Californians for Solar and Clean Energy, the initiative's proponents.

Utilities that fail to meet the targets would face fines and penalties, although there is language in the initiative allowing utilities off the hook if they can't meet the targets and, critics say, would actually reduce existing fines--a contention that Gonzalez rejects. It would also put a 3 percent price cap on consumers' utility bills, give the Public Utilities Commission the power to enforce renewable standards on privately-owned utilities, and give the state Energy Commission similar authority over publicly owned utilities.

The Sperlings, father and son, are backing the initiative, although Peter is the only one listed as contributing to the campaign. The family has a history of supporting environmental causes and spent \$5 million to protect wet lands in the Santa Barbara area.

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