



California Public Utilities Commission
505 Van Ness Ave., San Francisco

PRESS RELEASE

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CPUC VOTES TO OPPOSE PROPOSITION 7

SAN FRANCISCO, September 18, 2008 - The California Public Utilities Commission (CPUC) today voted unanimously to oppose Proposition 7 on the November ballot, primarily because it would establish an excessively rigid, and potentially unworkable, structure for the further development of renewable energy in California.

Proposition 7 makes a number of changes to California's Renewables Portfolio Standard (RPS) program and the permitting and siting of electricity generating facilities and transmission lines.

The RPS program is one of the most ambitious renewable energy standards in the country, calling for utilities to obtain 20 percent of their power from renewable sources by 2010. The CPUC strongly supports aggressive renewable energy goals, but determined that the structure of Proposition 7 might hinder these goals in the short-term and would likely increase costs to consumers. As a ballot initiative, any amendment to the Proposition would need the support of two-thirds of the Legislature. The CPUC is concerned that this would render the program unnecessarily inflexible as new technologies develop and the renewable electricity market matures. The current RPS program provides the CPUC with the flexibility needed to address emerging technologies and the changing marketplace.

The CPUC determined that the legal changes that Proposition 7 would impose would seriously interfere with, and delay the implementation of, the numerous renewable energy related programs that the CPUC is currently carrying out. Of particular note, Proposition 7 appears to exclude all renewable resources smaller than 30 megawatts. Such smaller renewable facilities can be expected to provide a significant portion of the renewable energy that will be needed to meet the RPS, and their exclusion from the program would inevitably hinder, rather than facilitate, the accomplishment of the state's RPS goals.



“None of the regulatory or institutional changes that Proposition 7 would make would actually facilitate the accomplishment of the state’s renewable energy goals. The CPUC strongly supports renewable energy, but more ambitious targets like those advocated for in Proposition 7 are problematic on both economic and technical grounds and could be tremendously disruptive to the renewable market in California by throwing out regulatory regime that is now well understood by the renewable development and financial community,” said CPUC President Michael R. Peevey. “The focus right now should not be on increasing renewable power goals, but on overcoming barriers to getting projects financed and built. The monies that are being poured into supporting Proposition 7 would be much better spent on efforts to make sure the federal government renews the renewable investment tax credits and helping to overcome local opposition to the transmission lines that will be necessary to bring clean renewable power from the state’s tremendous wind and solar resources.”

President Peevey further commented that while the current renewable procurement process is imperfect, it should be fixed with “a finer instrument than the blunt hammer of a ballot initiative.”

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

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