

**California Public Utilities Commission**  
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**PRESS RELEASE**

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**CPUC VOTES TO OPPOSE PROPOSITION 23**

SAN FRANCISCO, September 23, 2010 - The California Public Utilities Commission (CPUC) today voted to oppose Proposition 23 on the November ballot because it would suspend, indefinitely, Assembly Bill (AB) 32, the state's landmark Global Warming Solutions Act, and would significantly impair the state's ability to implement policies aimed at combating climate change.

"We must resist the efforts of out of state oil companies to roll back one of the most important environmental protection laws California has ever enacted and one that will serve to increase investment in energy efficiency, produce jobs, and stimulate growth within the state of California," said CPUC President Michael R. Peevey. "Suspending AB 32 would reverse the regulatory signal to invest in clean, environmentally friendly resources. If this were to occur, customers could face significant carbon abatement costs when AB 32 or federal regulation forces the inclusion of a carbon price into the price of the power. Delaying action now will make it more expensive to reduce greenhouse gases in the future."

The CPUC voted to oppose Proposition 23 on the following grounds:

1. **California is a leader in economically viable environmental protection.** AB 32 is one of the most ambitious climate change laws in the U.S. and its enactment signified California's continued commitment to leading the nation in fighting climate change. Its passage follows a long line of environmental policies that have demonstrated national and international leadership. From energy efficiency to renewables, California has taken a leadership role in many of the technologies and strategies that will reduce greenhouse gas emissions, while providing secure, affordable power to its citizens.
2. **Proposition 23 will suspend the implementation of AB 32 indefinitely.** Requiring a 5.5 percent unemployment rate in order to implement AB 32 ostensibly suspends the law indefinitely. The requirements set out in Proposition 23 under which the suspension could be lifted have only been achieved in three instances in the last 40 years. During a suspension, the state's ability to implement policies aimed at combating climate change would be greatly

impaired, as the state would have to cease implementation efforts on several important programs. In addition, the CPUC would be prohibited from proposing or adopting any regulations that would implement AB 32.

3. **The indefinite suspension of AB 32 will cause investment dollars currently being spent in California to retreat to other states halting the largest growth industries in the state and stunting job growth.** Sending investment dollars out of California will halt momentum in the cleantech markets, hampering economic growth and stunting job growth.
4. **Regulatory uncertainty caused by the indefinite suspension of AB 32 will undermine energy markets, potentially increasing the cost of electricity for consumers.** Suspending AB 32 may result in the development of less efficient 30-year assets that ultimately cost consumers more than if the low-carbon procurement path set out in AB 32 had been followed.
5. **The evidence of the predicted deleterious impacts of climate change is more conclusive than the purported injurious impacts of AB 32.** The report of job leakage and loss promoted by the supporters of Proposition 23 is challenged by several scholars and is in direct conflict with other economic reports. The preponderance of evidence regarding climate change shows that it is more cost effective to take actions now, rather than waiting.

For more information, please see comments made by President Peevey at today's meeting, below.

For more information on the CPUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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### **Comments of CPUC President Michael R. Peevey on Item # 51 – CPUC Position on Proposition 23**

On September 27, 2006 Governor Arnold Schwarzenegger signed Assembly Bill 32 (AB32), *The Global Warming Solutions Act of 2006* into law. AB32 is the first comprehensive climate change law in the United States and its passage clearly signified California's commitment to lead the Nation in combating climate change.

Just to refresh everyone's mind: AB32 established the goal of reducing California's statewide greenhouse gas (GHG) emissions to 1990 levels by 2020, a reduction of approximately 12.5% from current levels and 40% from business-as-usual in 2020.

However, AB32 is under attack. Proposition 23, which would suspend AB 32, is on the November 2 ballot in California as an initiated state statute. Oil companies Tesoro, Valero and Koch Industries have taken the lead in bankrolling Proposition 23.

Colleagues, I firmly believe that we, as Commissioners of the Public Utilities Commission, must register our strong opposition to this ballot measure. We must resist the efforts of out of state oil companies to roll back one of the most important environmental protection laws California has ever enacted.

The Commission should formally oppose Proposition 23 on the following grounds:

1. California has been and will continue to be a leader in economically viable environmental protection.

AB32 is one of the most ambitious climate change laws in the United States and its enactment signified California's continued commitment to leading the nation in fighting climate change. From energy efficiency to renewables, California has taken a leadership role in many of the technologies and strategies that will reduce greenhouse gas emissions, while providing secure, affordable power to its citizens.

California's establishment of carbon emissions standards for cars and trucks, which far exceeded the federal requirement, initially drew a hostile response from the federal government. But early this year, the U.S. Department of Transportation and the Federal EPA followed California's lead and announced national emissions standards that will bring a cleaner fleet of automobiles to national markets.

California has a long history of instituting policies which have demonstrated leadership on a national scale. From catalytic converters to building and appliance standards, California has implemented policies which have significantly improved the environment without harming the economy, many of which have been adopted federally and internationally. California's leadership on climate change, from its collaboration with other states in the Western Climate Initiative to its ability to influence the entire nation, is jeopardized by Proposition 23.

2. Proposition 23 will suspend the implementation of AB32 indefinitely.

Proposition 23 requires the suspension of AB32 until the unemployment rate for the state is 5.5% or less for four consecutive quarters. According to the California Employment Development Department, in the last 40 years, there have been three periods since 1976 when unemployment in the state remained below 5.5% for four or more quarters

Further, with the unemployment rate in California near its 20-year high, undermining one of the state's fastest growing sectors would only make matters worse. Instead, California should continue to support the growth of its clean-tech sector, which promises to bring hundreds of thousands of new jobs to the state.

3. The suspension of AB32 may diminish investment dollars currently being spent in California on clean technologies, harming the largest growth industries in the State.

In four short years, AB32 has already had a positive impact on investment and job growth in California. Since AB32 became law clean energy investment has tripled. About three of every five venture capital dollars nationwide has been invested in California companies, with about \$2.1 billion worth of clean energy investments in 2009 alone. Venture capital expenditures not only create jobs now, but they lead to future expenditures on capital investments and infrastructure that create even more jobs. Our state's policies – and AB32 in particular – are helping draw this activity to California.

4. Suspension of AB32 and the resulting regulatory uncertainty will potentially increase costs for consumers in the long run.

The investment decisions we make today will have economic and environmental impacts for 30 years or more. Energy generating infrastructure and the buildings that consume much of our energy last for decades once built. Developers and investors need clear signals of what resources California will need to meet its energy demands before they make necessary investments. AB32 provides that certainty.

Suspending AB32 would reverse the regulatory signal to invest in clean, environmentally friendly resources. If this were to occur, customers could face significant carbon abatement costs when AB32 or federal regulation forces the inclusion of a carbon price into the price of the power. Delaying action now will make it more expensive to reduce greenhouse gases in the future.

5. The long-run health and economic benefits of mitigating climate change outweigh the negligible economic impacts of AB32 predicted by credible economists.

In addition to the other environmental benefits supported by AB 32, the independent California Legislative Analyst's Office concluded that suspending AB32 "could halt air quality improvements that would have public health benefits such as reduced respiratory illnesses," and that "these public health benefits translate into economic benefits, such as increased worker productivity and reduced government and business costs for health care."

As Senator John McCain put it:

"We have many advantages in the fight against global warming, but time is not one of them. Instead of idly debating the precise extent of global warming, or the precise timeline of global warming, we need to deal with the central facts of rising temperatures, rising waters and all the endless trouble that global warming will bring. We stand warned by serious and credible scientists across the world that time is short and the dangers are great."

The most important development in California energy policy in the past several years, if not the past several decades, is reaching consensus that California must act to decrease its greenhouse gas emissions. The reality of climate change is not in doubt, and the consequences of inaction could not be more extreme. California is past the talking stage, but much of our authority to fight climate change rests on AB 32. This is why AB32 must not be suspended. Doing so will significantly impair, not only our ability to combat climate change, but it will also impair the ability of our sister agencies such as the California Energy Commission and the Air Resources Board from implementing programs and policies that mitigate climate change.

In closing I want to read a quote:

"Few challenges facing America – and the world – are more urgent than combating climate change. The science is beyond dispute and the facts are clear. Sea levels are rising. Coastlines are shrinking. We've seen record drought, spreading famine, and storms that are growing stronger with each passing hurricane season. Climate change and our dependence on foreign oil, if left unaddressed, will continue to weaken our economy and threaten our national security."

That was President Obama. I couldn't agree more. Colleagues, I urge you to join me in opposition to Proposition 23.