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OP-ED by Carole Migden

Another CPUC Scandal

Amid the hustle and bustle of the holiday season, few may be aware of an important matter that has slipped under the political radar. The California Public Utilities Commission is poised to act Jan. 8 on a five-year utility-procurement framework that would compromise aggressive efforts by San Francisco and communities in Marin, Los Angeles, and San Diego Counties to implement community-choice aggregation and secure cleaner, more efficient sources of energy.

If the CPUC approves this framework, it essentially would allow the three investor-owned utilities - Pacific Gas and Electric Co., Southern California Edison, and Sempra Energy - to put their customers on the hook by entering into five-year power-procurement contracts, and it would effectively block communities from obtaining independent electric service providers for their energy needs by imposing a mandatory surcharge on residential, business, and public agency customers who seek to escape their existing utilities.

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Furthermore, the electricity in these contracts would come entirely from natural gas-fired plants. This is sure to result in higher energy prices for ratepayers, as everyone from Federal Reserve chair Alan Greenspan to Bush administration energy czar Spencer Abraham has projected a prolonged natural gas crisis.

But most important, the proposed five-year utility procurement framework ignores two significant California laws: the Community Choice law and the Renewables Standards requirement. I authored Assembly Bill 117, the Community Choice law, in 2001 to allow local communities to procure power from independent electric service providers. The objective of my bill was clear: to enable municipalities to invest in cleaner, more efficient sources of energy such as solar and wind power and to reduce

their exposure to the volatile energy markets.

In San Francisco, voter approval of Proposition H in 2001 allowed the financing of these new investments with revenue bonds in a manner that will not increase electric rates, while putting in place the permanent infrastructure to make San Francisco truly energy independent.

The recent blackout in San Francisco that stranded holiday shoppers, created chaos in city streets and in retail establishments, and left more than 120,000 PG&E customers without electricity reminds us that capacity and reliability remain critical considerations of electricity procurement - whether it is procurement of natural gas-generated power or of cleaner, more efficient power and conservation technologies. However, any long-term procurement framework must incorporate the key elements of community choice and renewable energy standards in addition to ensuring capacity and reliability.

It is true the CPUC is authorized to subject ratepayers to long-term utility contracts. However, it must do so responsibly by allowing for community-choice aggregation and by complying with the renewables portfolio standards law - not by ignoring these laws.

Ratepayers already are being forced to assume a huge burden to bring PG&E back to financial solvency. Why should they and local communities throughout California be penalized again for determining how to accommodate their energy needs responsibly? What is the justification for the urgent rush to expose ratepayers to natural gas-price volatility?

Interested parties should urge the members of the CPUC to suspend action on a long-term procurement framework so as not to thwart these local efforts and to implement the laws that were enacted by the legislature on a bipartisan basis. For the sake of California's long-term economic and environmental health, we must preserve community choice and secure cleaner, more efficient sources of energy.