

Prop. 16, bankrolled by PG&E, subject of lively debate

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SAN FRANCISCO — Proposition 16, a statewide ballot initiative being bankrolled by PG&E, was the subject of a lively hearing Wednesday at the California Public Utilities Commission.

Opponents of the measure, including a woman dressed like the Statue of Liberty who held an "Energy Liberty" sign, rallied on the steps of the PUC before the 1 p.m. hearing.

The initiative, which will appear on the June 8 ballot, would require two-thirds approval from voters before cities or counties could choose an alternate energy provider. PG&E has funneled at least \$28.5 million in support of the measure, according to documents on the California secretary of state's Web site, and has signaled to shareholders that it is prepared to spend millions more.

PG&E, former San Francisco Mayor Willie Brown and representatives of the California Chamber of Commerce and the International Brotherhood of Electrical Workers union spoke in support of the measure. Scheduled to speak in opposition were several municipal-owned utilities, former California Energy Commissioner John Geesman, San Francisco Supervisor Ross Mirkarimi, consumer advocates and Steve Van Dorn, president of the Santa Clara Chamber of Commerce.

The San Francisco-based utility says it wants to guarantee that taxpayers have a voice if their local governments decide to spend public dollars to get into the power business. They frame the initiative as one of good governance, warning that cities and counties need to have a public debate before spending public dollars on the often volatile energy business.

"Prop. 16 would require a vote of the people," said Nancy McFadden, senior vice president at PG&E. "It gives Californians the right to vote."

But critics say PG&E is trying to sabotage communities in Marin County and elsewhere that are eager to buy more of their power from renewable energy sources like wind and solar.

"If this passes, it locks consumers into high PG&E rates," said Mark Toney, executive director of TURN, The Utility Reform Network. "And it locks communities out of any opportunity to be served by public power."

Santa Clara Chamber President Van Dorn agreed. "Prop. 16 is meant to reduce PG&E's competition, and it's just plain wrong," he said.

At stake is "community choice aggregation," known as CCA. Established by the Legislature in 2002, CCA gives cities and counties the authority to buy electricity on the wholesale market on behalf of customers within their jurisdictions.

Proposition 16 would also affect existing local utilities like Palo Alto and Silicon Valley Power in Santa Clara because voter approval would be required to expand their service areas.

Communities that want to buy their own power are often motivated by environmental factors. California requires utilities to purchase 20 percent of their power from renewable sources by 2010.

PG&E has not yet met that goal. In 2009, according to the PUC, about 12 percent of the energy PG&E delivered to customers came from renewable sources. PG&E says it has enough signed contracts in place to meet the 20 percent goal by 2013.

The recently formed Marin Energy Authority, which includes the county of Marin and seven cities, plans to buy at least 25 percent of its power from renewable resources immediately, and hopes to begin providing electric service to a first wave of customers by June. PG&E has been countering the local power push in Marin through lobbying, glossy mailers, advertisements in the Marin Independent Journal and an opposition Web site called Common Sense Marin.

PG&E provides natural gas and electricity service to about 15 million customers from Eureka to Bakersfield. It warns that if public power efforts fail, PG&E will be expected to serve any customers in the affected territory.

But in an October earnings call with analysts, PG&E executives made it clear they are eager to retain market share. "We value our customers very much and we are going to stand up and resist efforts to take over our customers," said Chairman Peter Darbee.

The California Public Utilities Commission has not taken a formal position on Proposition 16, but may do so.