

Monday, August 18, 2008

Meeting California's energy needs

By Bill Keese

What's the plan to make sure that as California grows there's enough energy for the lights to stay on and for the air conditioner and furnace to operate, for companies to create jobs and for fuel to operate our cars, buses, trucks, trains and airplanes?

The sad fact is there is not a serious state plan and precious little serious public dialogue to avoid a repeat of the energy crises of the past. I'm well aware there are many state agencies each with their own plan that's focused on various aspects of energy reliability, but no one is in charge of making sure the lights stay on and the fuel remains available for our vehicles. That's a big problem, because even though California's population is expected to grow from 35 million people to 45 million people in 2020, our state does not have a comprehensive energy plan to address the growing disparity between rising consumer demand and the lack of energy supplies to meet it.

Our way of life depends upon a stable and abundant supply of affordable energy. Energy shortages can quickly affect our everyday lives and harm our state and national economy. That's why it is critically important that we strengthen California's energy infrastructure and diversify our energy portfolio. Unfortunately, instead of helping to solve the problem, government decision-makers at every level have erected regulatory hurdles that make it even more difficult to provide adequate energy supplies.

Let me give you some examples. Because the state's population is growing, we'll be using more electricity in the future. However, regulatory burdens and local concerns discourage new power plant construction. Since January 2007, only three power plants generating 270 megawatts have come on line. Another 16 projects totaling 8,845 megawatts are on hold for various reasons.

Seven power plants will never be constructed because their approvals expired or were canceled. And finally, new regulations proposed by the California Water Board threaten to shut down 19 coastal power plants that generate 30 percent to 40 percent of our in-state electric generating capacity.

According to the California Energy Commission, seven transmission line projects are pending final approval but are aggressively opposed by local interests. For example, the Sunrise Powerlink, a major transmission line designed to transport solar and geothermal power from the Imperial Valley to the San Diego area, has languished four years in the permitting process, and it continues to face stiff opposition.

Recently, the state's largest utilities announced increased electricity rates caused by rising natural gas prices. Natural gas fuels most of the state's electricity generation. Yet California produces only 15 percent of the natural gas it consumes and U.S. supplies are not increasing. Worldwide sources must be tapped. Natural gas transported in liquefied form, or LNG, is the only viable option of meeting the demand for safe, clean natural gas in our state. Although up to six LNG terminals have been proposed for

California, not a single one has been approved. Aggressive opposition by environmental and local advocates has been a major issue.

California drivers are feeling the burden of gasoline prices above \$4 per gallon. Skyrocketing crude oil costs are the primary cause of increasing gas prices, but there are state problems as well that constrain local supplies and drive costs higher than in the rest of the country. California has only 13 refineries and four pipeline systems to serve one of the largest transportation fuel markets in the world. Refineries and other petroleum infrastructure must expand to be able to meet California's demand for petroleum and clean fuels. Opposition from local communities and environmental activists as well as regulatory burdens severely constrain expansion.

Even renewable energy sources face significant opposition. For example, the windmill operators on Altamont Pass must shut down half their turbines for two months every year due to legal threats from environmentalists who are opposed to wind-farm development. Similarly, the city of Chino Hills filed a protest over the route of the Tehachapi Renewable Transmission Project, citing the safety, health and welfare of neighbors along the route, even though the route uses an inactive segment of an existing transmission corridor.

California needs a comprehensive and realistic energy plan now to ensure our state has reliable electric, natural gas and transportation fuel supplies in the future. We need a diverse energy portfolio that includes conservation, energy efficiency, renewable energy supplies, biofuels, natural gas and petroleum. And these energy solutions must be consistent with the state's plan to reduce greenhouse gases (AB 32: The Global Warming Solutions Act) and all other environmental laws. There's still time to act to avoid a repeat of the energy crises of the past. But we must roll up our sleeves now and get to work.

Keese is former chairman of the California Energy Commission.