

7.i. Oppose Letters – Members/Caucus



CALIFORNIA Senate Republican Caucus

SENATORS:
CHARLES S. POOCHIGIAN
ASST. REPUBLICAN LEADER
GEORGE RUNNER
CAUCUS CHAIR
DENNIS HOLLINGSWORTH
REPUBLICAN WHIP

SB 1037

POLICY AND FISCAL OFFICE
DICK ACKERMAN, SENATE REPUBLICAN LEADER

SAM AANESTAD
ROY ASHBURN
JIM BATTIN
JOHN CAMPBELL
DAVE COX
JEFF DENHAM
ROBERT DUTTON
ABEL MALDONADO
BOB MARGETT
TOM McCLINTOCK
BILL MORROW

September 9, 2005

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: Recommended Veto of SB 1037 (Kehoe)

Dear Governor Schwarzenegger:

I write to respectfully request your veto of Senate Bill 1037 (Kehoe).

SB 1037 requires the PUC to set electricity and natural gas efficiency targets for electrical and gas corporations, and requires that those corporations first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. It also requires municipal electric utilities to first acquire energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible. Finally, SB 1037 requires the PUC to make energy efficiency programs a priority before acquiring other sources of electricity or building new transmission lines.

Codifying the "loading order" removes the PUC's flexibility to deal with changing market conditions. A range of discretion is needed by the PUC to address market changes. Moreover, no operational definitions or criteria are given for the terms such as, *cost-effective, renewable, and feasible*. Thus, compliance with the provisions of SB 1037 is neither achievable nor enforceable.

For these reasons, I respectfully request your veto.

Sincerely,

DICK ACKERMAN
Senate Republican Leader



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September 19, 2005

Governor Arnold Schwarzenegger
State Capitol, First Floor
Sacramento, CA 95814

RE: RECOMMENDED VETO OF SB 1037 (KEHOE)

Dear Governor Schwarzenegger:

This letter serves to memorialize a veto request for Senate Bill 1037, which passed the Assembly on August 30, 2005, by a vote of 47 to 31, with 31 members of the Assembly Republican Caucus voting 'No'.

SB 1037 codifies recent Public Utility Commission (PUC) decisions requiring electric and natural gas utilities to make energy efficiency programs a priority before acquiring other sources of electricity or building new transmission lines. It also extends this mandate to municipal utilities.

However, it may sometimes be more cost-effective to build more generation facilities than to create more demand reduction programs. The prioritization of demand reduction versus new generation should be left to the PUC to determine on a case-by-case basis. Moreover, by codifying the commission's loading order, this bill removes the PUC's flexibility to modify its prioritization to meet changing market conditions. Finally, this bill inappropriately imposes a state-mandated load order on municipal utilities, which are and should be independent of state control.

For the reasons stated above, I respectfully request that you veto Senate Bill 1037.

Sincerely,

Kevin McCarthy
Assembly Republican Leader

cc: Richard Costigan

7.ii. Oppose Letters – Organizations/Local Gov't

No relevant documents found