



NO on Proposition 7

Q&A

What is Prop. 7 and what will it do?

Prop. 7 is a deeply flawed measure, written by a handful of lobbyists and ex-politicians and funded by an out-of-state billionaire, which purports to increase the amount of renewable energy used in California. However, the measure is so poorly written that it is opposed by solar, wind and other renewable power providers, leading environmental groups, business, labor, taxpayers and consumer groups. They warn Prop. 7 will:

- NOT achieve its stated goals and will actually *disrupt* renewable power development.
- Shut small renewable energy companies out of California's market.
- Unnecessarily increase electric bills and taxpayer costs by hundreds of millions of dollars, without achieving its stated goals.
- Create market conditions that could lead to another energy crisis.

Who supports Prop. 7?

Prop. 7 was placed on the ballot by an Arizona billionaire with no expertise in renewable power issues. A team of lawyers and lobbyists with no long-standing experience in the renewable energy market helped draft the initiative and they refused to accept input and advice from renewable and environmental experts who have been leading the charge on these issues in California. As a result, the measure is supported by only a handful of individuals, but no prominent statewide organizations are on record supporting the measure.

Who opposes Prop. 7?

Prop. 7 is opposed by solar, wind and other renewable power developers and leading environmental groups throughout the state. These very groups that have led efforts to greatly increase renewable power development in the state are adamantly opposed to Prop. 7. Even renewable power developers who arguably could stand to benefit under the initiative are opposed.

Specifically, Prop. 7 is opposed by: the California Solar Energy Industries Association, California Wind Energy Association, League of Women Voters, California Taxpayers' Association, California Small Business Association, California Labor Federation, California Chamber of Commerce, Consumers Coalition of

California, the California Democratic AND Republican Parties, League of California Cities, California Municipal Utilities Association and dozens of others.

A separate coalition of environmental organizations has also been formed to oppose Prop. 7 that includes the California League of Conservation Voters, Natural Resources Defense Council, Environmental Defense Fund, Union of Concerned Scientists, Center for Energy Efficiency and Renewable Technology and many others.

Why are environmental organizations and renewable power providers opposing a measure that is supposed to increase renewable power?

Virtually every leading environmental organization opposes Prop. 7 because the measure will result in less, not more, renewable power. In fact, environmental organizations and renewable power providers warn that the initiative could “slam the brakes” on renewable power development in the state. Among the key concerns posed by these groups include:

- Prop. 7 shuts small renewable power companies out of the market, eliminating a major source of clean power and thousands of “green collar” jobs.
- Prop. 7 imposes market conditions that will prevent many renewable power companies from participating in the market.
- Prop. 7 creates excessive new bureaucratic hurdles, such as creating duplicative oversight between the California Energy Commission and California Public Utilities Commission, that will stall the development of renewable power.
- Prop. 7 significantly reduces public input and comment on certain power plant and transmission line approvals. For instance, in some cases local governments, interested organizations and individuals only have 100 days or less to comment on proposed power plants or transmission line approvals, despite potential negative impacts on the environment or a local community.
- Prop. 7’s flaws can only be fixed with an unlikely 2/3 vote of the legislature or another expensive ballot initiative that would have to go before voters.

Why are small wind, solar and other renewable power companies opposing Prop. 7? Won't they benefit from more renewable power?

It's telling that the very companies and groups that would stand to benefit most from more renewable power are all OPPOSING Prop. 7.

Every leading organization representing wind, solar and other renewable power companies all OPPOSE Prop. 7. These organizations warn that Prop. 7 is fatally flawed and will result in less, not more renewable power.

Most concerning, Prop. 7 will shut small providers out of California's market by specifically excluding power from plants smaller than 30 megawatts from counting toward the new renewable goals.

Proponents say the argument that small renewable providers are ineligible is false.

A Superior Court judge recently ruled to uphold the claim that Prop. 7 could shut small renewable energy providers out of the market. Proponents filed a lawsuit in an attempt to strike these arguments from the ballot pamphlet and lost.

Will Prop. 7 increase electric rates?

Yes. Prop. 7 allows power providers to always charge 10 percent above the market rate of electricity. Also, by eliminating competition the measure will also create a sellers' market where rates will be artificially increased – and consumers will pick up the tab.

According to an economic analysis prepared in part by the former chief economist for the California Office of Planning and Research:

- Prop. 7 will increase electric bills by more than \$300 per residential customer per year, which totals more than \$11 billion in increased electric bills statewide.
- Prop. 7 will increase electricity costs to state and local governments – and thus taxpayers – by a combined \$874 million annually by 2025.

And California's independent, non-partisan Legislative Analyst cautions that, "...*the prospects for higher electricity rates are more likely in the short term...*" and the initiative might "...*also lead to higher long-run electricity rates.*"

Proponents say that Prop. 7 guarantees rates won't increase by more than 3%. Is this true?

No. The text of Prop. 7 contains nothing to cap rate increases by 3%. Proponents included introductory language that makes this claim, but since there is no language in the actual text of Prop. 7 this language is nothing more than a PR ploy and is completely unenforceable by law.

The independent Legislative Analyst said that "*the measure includes no specific provisions to implement or enforce this declaration.*"

How exactly does Prop. 7 allow power companies to always charge rates that are 10% above the market rate?

Prop. 7 contains a provision that forces utilities to purchase all proposals for renewable power so long as that power is priced no more than 10% above the market reference point of power. This provision will eliminate any incentive for power providers to offer bids at market rate or lower, since they're guaranteed to have contracts purchased at the inflated price. The 10% above market price will become the new "floor" for prices, artificially increasing electricity costs for all consumers.

Don't we need to do something to decrease dependence on foreign oil and protect us against global warming?

Absolutely and the organizations opposing Prop. 7 are leading the fight to combat global warming and to increase our use of renewable energy in the state. However,

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if we're going to address global warming, we have to get the solutions right. Prop. 7 gets it all wrong. That's why environmental organizations and renewable power companies warn that Prop. 7 will lead to less, not more, clean power.

If we reject Prop. 7, won't that just increase our reliance on dirty fossil fuels?
California is the nation's (and some say world) leader in fighting global warming and increasing our use of renewable energy. In fact, a recent bi-partisan agreement increased the percent of renewable power that utilities much purchase.

We all agree we need to increase the amount of renewable power used in this state and are taking great strides to make that a reality.

Unfortunately, Prop. 7 was written by a few lobbyists and ex-politicians with very little energy expertise, and the measure is so poorly drafted that it could disrupt our progress and take us backward.

Prop. 7 may not be perfect, but isn't it still better than doing nothing?
No. Unfortunately, Prop. 7 is so poorly drafted it will result in less, rather than more renewable energy. California is the world leader in pushing for cleaner sources of power quickly. We all agree more needs to be done. There are many barriers to renewable power development in this state, and we need serious and well crafted policy proposals to remove those barriers and increase clean power. Prop. 7 does the exact opposite, and erects new barriers. That's why leading environmental organizations, renewable power companies, and so many others urge a NO vote on Prop. 7.

Proponents say Prop. 7 will create hundreds of thousands of jobs. Isn't that a good thing?

According to economists, Prop. 7 will likely lead to the loss of *174,000 jobs across all sectors of the California economy by 2025*, because the measure will result in higher electric rates that would will job creation and economic growth. Furthermore, there isn't a single provision in the text of Prop. 7 that prevents renewable power plants from being located out of state or even out of the country, which leads some to worry that the initiative could lead to out-migration of jobs.

Isn't the coalition opposing just a front for utility companies?

No. Hundreds of broad and diverse organizations oppose Prop. 7 because it is so poorly written. Many of these organizations disagree with utilities on other issues, but have reached the same conclusion about Prop. 7. The fact that the state's utilities also oppose Prop. 7 is less concerning than the fact that only a handful of individuals have agreed to support the measure.

Why is all the money coming from utilities?

Hundreds of diverse organizations oppose Prop. 7 and these groups are spending their time, resources and, in some cases, money to oppose the measure. Every group opposing Prop. 7 is doing what they can to educate their members and the

voters to oppose. As stakeholders and experts in the energy market, utilities have a responsibility to educate their customers about any poorly written energy policy that will increase their energy bills and result in less, not more renewable power. We expect a number of organizations, businesses and individuals to contribute money or resources toward defeating this measure, including utilities, renewable power companies, small businesses, environmentalists and many others.

Is it possible for Prop. 7's technical problems to be easily fixed?

No. In fact, it would take an unlikely 2/3 vote of the legislature to change ANY language in Prop. 7, and even then there are extreme restrictions on what could be changed. Or, it would take another costly ballot measure and vote of the people to fix the many flaws in Prop. 7. The best bet is to reject this deeply flawed, costly and anti-renewable measure at the ballot and work toward responsible, well-drafted measures that will actually result in more renewable power.