

Comments on the July 6th IEPR Workshop on Metrics

Docket 11-IEP-1A

By Chip Ashley
On behalf of Save the Foothills Coalition (STFC)

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I thank the CEC for this workshop and for the opportunity to comment.

The mission of Save the Foothills Coalition: *We the residents of the Sierra Nevada foothills stand together to save the foothills from any type of degradation from any source. We care about nature's flora and fauna as well as our families' health and safety, the value of our homes and property and the beauty of the foothills in which we are privileged to live.*

Presently, STFC is focusing on PG&E plans to build a 500 kV transmission line, the Midway-Gregg 500kV, through the Sierra foothills of Kern, Tulare, and Fresno Counties. STFC is concerned that in an era in which because of developments in technology, planners should be looking more to supplying local demand with local generation, especially distributed renewable generation and energy efficiency, planners are instead increasingly centralizing the grid with massive remote renewable generation and long, inefficient, and environmentally destructive transmission lines.

I attended the workshop via telephone. It was encouraging to hear distributed generation discussed in some depth. Unfortunately, the full implications of DG, particularly its political implications, were not developed thoroughly. Therefore, I propose a metric to measure the possible political effects of various models of deployment of renewables.

Unfortunately, in the rush to solve the problem of global warming and consequent climate destabilization, we have not given due consideration to the political implications of various modes of renewables deployment. The corporations, which dominate workshops like this, of course support a centralized solution to integrating renewables. However, I find it encouraging that DG seems to be forcing its way into the discussion probably because in its very nature it offers many advantages over centralized generation.

It is important to ask who benefits from the dominant centralized model, based on large-scale remote generators and long, expensive, and inefficient transmission lines. Do the people benefit most—the *demos*—or do large corporate and financial entities benefit most from the centralized model? And is it merely a matter of monetary value and cost, or are there other considerations which may indeed be more important than cost? I believe DG has important other advantages for the citizen and consumer who values democracy.

Global warming and climate change have brought us to a historical crossroads. Unfettered use of fossil fuels has brought us to the brink of catastrophe. We are in this predicament largely because 30 to 40

years ago in the 1970s and 1980s, when scientists were beginning to come to grips with global warming and its causes and we had the beginnings of a movement to turn to non-fossil renewable sources of energy, the dominant energy corporations and Wall Street Bankers hijacked the political process so they could maximize profits on fossil energy and systematically distracted our society from addressing the problem of global warming and climate change. From a corporate point of view, this is understandable because these entities were reaping—as they continue to reap—huge profits from fossil. They also had vast investments in fossil infrastructure, and moving to an economy based on renewables would require abandoning much of that infrastructure. However, from the perspective of the ordinary citizen and consumer, the hijacking of the process was for reasons now obvious tragic.

The question we must ask ourselves now is whether the people who caused the problem of global warming in the first place are the best choice to solve the problem. In my opinion the answer is “No, they had their chance and they blew it.” Indeed, they are largely responsible for putting us into the terrible corner we’re now stuck in. The problem can hardly be understated: They are largely responsible for putting the planet on the brink of the apocalypse. Moreover, these very same corporations have also used their vast financial resources and in house organizing capability to virtually destroy any opposition to their horrendous scheme.

According to Ray Reece in *The Sun Betrayed*, “an expanded program of solar and wind research was supposed to issue from the Solar Division of the Energy Research and Development Administration (ERDA), established by Congress in January, 1975, and a serious chunk of that program, perhaps up to 50 percent, was expected to be shared by thousands of American small businesses and independent researchers who seemed particularly well suited to the development of small-scale technology like solar power. These expectations were quickly smothered in a flood of ERDA solar funds to large aerospace and energy corporations, utilities, and favored universities with a predilection for high-technology research. In 1976, for example, out of a total of \$94 million spent directly on solar applications, small business received only \$6.7 million in contracts The rest of the solar money went to other government agencies, big universities, and corporations like General Electric (\$2.8 million) and Martin Marietta (\$3.5 million).”¹

This collusion of government and industry to the exclusion of the *demos* amounts to what political philosopher Sheldon Wolin calls, in *Democracy Incorporated*, “inverted totalitarianism”—a form of government run by corporations for corporations—essentially *fascism*. “Inverted totalitarianism reverses things. It is all politics all of the time but a politics largely untempered by the political. Party squabbles are occasionally on public display, and there is a frantic and continuous politics among factions of the party, interest groups, competing corporate powers, and rival media concerns. And there is, of course, the culminating moment of national elections when the attention of the nation is required to make a choice of personalities rather than a choice between alternatives. What is absent is the political, the commitment to finding where the common good lies amidst the welter of well-financed,

¹ South End Press (1979), 14.

highly organized, single-minded interests rabidly seeking governmental favors and overwhelming the practices of representative government and public administration by a sea of cash.”²

The single hope we have for a viable *democratic* solution is to bring other voices—grassroots voices—back into the process. This is why I was encouraged to hear the presentation of Stephanie C. Chen of the Greenlining Institute, who called for more public participation. Ms. Chen is quite correct to say that environmental justice communities are generally more aware than their middle class counterparts—my community (if “community” is the right word for this amorphous and dysfunctional collective)—about the plight of our energy sector. She is also correct that these communities are too stressed economically to participate in the energy planning process.

So how do we bring these communities into the process in order to inject some reality back into it? How do we bring the middle class—who are also more and more stressed economically largely due to the very same corporate sector that has schemed to drain the middle class as well as the poor of their modicum of wealth and prosperity? There are no easy solutions to a problem that has been 150 years in the making—at least since the powerful rail industry began to take over the government before the Civil War (See Ted Nace, *The Gangs of America*).³

If the Energy Commission is indeed interested in bringing more voices into the process—and the fact that the CEC invited the Greenlining Institute suggests they are at least somewhat interested—the CEC must do more than make its web page more user-friendly by providing information in various languages. No, the agency must do much more. In fact, a real solution would be to subsidize participation by environmental justice communities in the very same way that corporate participation is subsidized—wand we all know that the energy sector is heavily subsidized. You must proactively go out and bring these voices—voices which heretofore have been systematically diverted from the process—into the process. In order to do so, the government will have to make these new participants financially whole because they obviously cannot afford to take time off work to participate without financial support.

We must also bring more middle class consumers in. Why don’t they participate now? The answer is obvious: They have been trained not to participate. The IOUs seem to prefer that the public remain ignorant about how their electricity is produced and transmitted. Well-funded corporate propaganda says “Joe and Jane Public don’t need to participate. The industry sees Joe and Jane’s interest as a top priority, and industry experts are on the job on behalf of Joe and Jane.” Yea, right.

People are busy. They must work to keep bread on the table and a roof over their heads. Life is hectic and people think they have bigger problems than energy efficiency and where the electricity comes from. As long as the bill is not extremely high, they aren’t going to question it much. Therefore, it is up to the government—in this case the CA Energy Commission—whose job is to actually represent the public—not just the public utilities and the industry. Again, such participation is going to have to be subsidized, which is only fair since these voices compete with an industry that is already heavily

² Democracy Incorporated: Managed Democracy and the Specter of Inverted Totalitarianism, Princeton, Princeton UP, 2008, 66.

³ Berrett Koehler Publishers

subsidized by both taxpayers and ratepayers. You have to go to the public and not wait for the public to come to you, and it will cost money. If a truly democratic process is necessary, then the cost is justified.

One segment of the public—the environmental community—was not well represented on the panel. Organizations like the NRDC and CEERT represent what I call “corporate environmentalism,” which is much more about profit than the environment. (Please see the attachment on the NRDC.) Inside the green sock puppet with NRDC stenciled on it is the iron fist of Big Energy. Their answer to the question posed above about the efficacy of corporate centralized solutions to the global warming issue is that corporations must solve most of the problem, if not all. My answer is, “Well, maybe the corporations have the expertise to solve the problem, but do they have the motivation?” I don’t believe they do.

A quote from Ralph Cavanagh, a senior attorney and co-director of NRDC’s energy program, goes a long way to peeling back the illusion to see inside the reality of the NRDC. According to Cavanagh, “On environmental stewardship, our experience is that you can trust Enron.” The corporations and the government have been partners and have excluded Joe and Jane for too long. These so-called mainstream environmental organizations do not represent the public or grassroots environmentalism. It’s time to subsidize public participation to bring about a fair and transparent process.

The NRDC’s answer to global warming is to further centralize the electrical grid and make it a national grid. The NRDC was formed precisely for the purpose of “greenwashing”—airbrushing corporate profit-making ventures so they appear environmental so as to help maintain the corporate stranglehold on renewables. The organization was formed during the 1970s when large energy corporations hijacked the political process that was beginning to move significantly toward renewable energy. In *Who Owns the Sun*, Berman and O’Connor describe the NRDC as follows: “the NRDC doesn’t have local chapters. The organization has no internal democratic process involving the membership and no intention of developing a base of mass participation and action. ... NRDC’s board of trustees was founded and is dominated by Wall Street Lawyers.”⁴ The NRDC is not a democratic organization and does not represent real grassroots environmentalists.

Further centralizing the grid exacerbates an already serious challenge to our democracy, which has come more and more under the control of a centralized authority represented by large often multinational corporations, whose interests are antithetical to the interests of citizens except in their role as consumers and ratepayers. Thus, distributing the electrical grid into dispersed generation hubs controlled by local communities is crucial not only to solving the problem of global warming but also to removing government from the control of corporations, whose sole interest is profit, no matter what the environmental and human cost.

Finally, we must have a metric to measure how effective a corporate capitalist “free-market” (Come on, we all know it’s not really a free market) solution to integrating renewables into the electrical market to solve climate change. This is the biggest problem this planet has ever faced while humans have been in charge (irony intended). It is time we learn to cooperate. This is about survival, not mere profit. I see

⁴ Chelsea Green Publishing, 1996, page 130.

some encouraging evidence that those who lead the California Energy Commission have the courage to face these serious problems head on.

Thank you,
Chip Ashley
President, Save the Foothills Coalition

Attachment 1

The following article is taken from the web site Oil Empire

<http://www.oilempire.us/nrdc.html>

NRDC: Natural Resources Defense Council

Enron and NAFTA

The Natural Resources Defense Council was one of a handful of corporate connected quasi environmental organizations that endorsed the North American Free Trade Agreement. Most real green groups bitterly opposed NAFTA due to the obvious threats: the relocation of US factories to Mexico (where environmental laws are minimal), the dumbing down of US standards to Mexican levels, the increase in energy consuming cross border trade. In 1998, NRDC endorsed the "TEA-21" transportation bill that included funding for more "NAFTA Superhighways."

How Environmentalists Sold Out to Help Enron, by Sharon Beder
Published in PR Watch, Third Quarter 2003, Volume 10, No. 3
www.prwatch.org/prwissues/2003Q3/enviros.html

"On environmental stewardship, our experience is that you can trust Enron."
-- Ralph Cavanagh, NRDC

A key component of the PR campaign by private power companies consisted of efforts to target key environmentalists, enrolling them to their cause while attacking environmentalists who were not so easily persuaded.

During the 1970s, environmentalists criticized the expansionist mindset of the power companies and the rating structure which rewarded high electricity consumption and provided no incentives for conservation and efficiency. In the late 1980s, however, "sustainable development" became the catchphrase and some mainstream environmental groups were swayed by business proffers of "win-

win" situations that they promised would enable companies to make profits while supposedly helping the environment.

In 1989, Ralph Cavanagh, a senior lawyer at the Natural Resources Defense Council (NRDC), set up the "California Collaborative Process." The San Francisco Bay Guardian called it a process whereby "key environmentalists could meet behind closed doors with top executives from private utilities to smooth over their differences and hammer out energy-efficiency programs."

Thanks to the Collaborative Process, PG&E was able to greenwash its image by running ratepayer-funded television advertisements with titles such as "Conversations with the Earth" and "Smarter Energy for a Better World." At the same time NRDC defended PG&E's commitment to environmental protection and supported PG&E causes such as higher electricity rates.

When President Bush awarded PG&E the Environmental and Conservation Challenge Award in 1991, Cavanagh was featured in full-page newspaper ads praising PG&E's environmental efforts. Cavanagh also produced videos on behalf of PG&E, and collaborated with PG&E personnel to coauthor an article on their conservation efforts. Cavanagh was appointed to a steering committee with Amory Lovins and others for a PG&E research project, and he generally received favorable media coverage for his "positive" and cooperative stance.

NRDC had been founded in 1970 by two Wall Street lawyers to fight legal cases to protect the environment. It was funded by the Ford Foundation on the condition that it accepted a conservative board of trustees that included Laurence Rockefeller and other wealthy conservatives. Additionally, Ford stipulated that its legal activities had to be cleared by a group of past presidents of the American Bar Association. One of the two founding lawyers, Stephen Duggan, was a partner in the New York law firm, Simpson, Thatcher & Bartlett, which included utilities as a major part of its clientele. At the behest of the Ford Foundation, the NRDC also incorporated a similar public interest law group made up of Yale Law School graduates, which included John Bryson, who later became head of the Californian Public Utilities Commission (CPUC) and then chief executive of Southern California Edison Company (SoCalEd). Cavanagh was reportedly a "disciple of Bryson."

During the 1970s and 80s, the NRDC made a name for itself by fighting legal battles to enforce clean air and water legislation as well as cases to do with pesticides, arms testing and a myriad of other issues. When it came to energy issues, however, NRDC moved from being a confrontational outsider to a significant player with a seat at the negotiation table, with the help of the San-Francisco-based Energy Foundation.

NRDC received \$3.1 million from the Energy Foundation between 1991 and 1997 and \$1.13 million from the Pew Foundation between 1993 and 1995. Both foundations were set up with corporate money made in oil and other industries. These foundations dominated the funding for activist groups, ensuring that their lobbying on energy issues took a pro-business, pro-deregulation and pro-private utility stance. According to Ralph Nader, "the network of funders has become a network of enforcers. And these guys are all on a first-name basis with these corporate [utility] executives." The Energy Foundation ran

conferences where environmentalists and consumer activists could hob nob with utility executives and get on their wavelength.

Despite all this friendly hob-nobbing, Californian private utilities cut their budgets for achieving energy efficiency between 1994 and 1998: PG&E by 38 percent, San Diego Gas & Electric by 58 percent and SoCalEd by 23 percent.

NRDC played a key role in gaining the support of environmental groups for deregulation in California during the 1990s. Many environmentalists were persuaded that deregulation would remove incentives from the regulated monopolies to increase electricity sales and build large new power plants. They also believed that the unregulated "free market" would provide more opportunities for companies offering alternative power generation from renewable sources.

To shore up environmentalist support for the deregulation law, the California legislature included a small budget for energy efficiency and the development of electricity generation from renewable resources. Harvey Wasserman, author of *The Last Energy War*, claims that the pro-environmental measures in the bill were a "few eco-scrap" that enabled Cavanagh to sell the deregulation bill to the media and the mainstream environmental community. Cavanagh was quoted by the media as the voice of environmentalists on the issue, preventing others with more critical stances from being heard. According to the *American Prospect*, SoCalEd CEO John Bryson got NRDC support for deregulation by promising a commitment to various conservation programs but he later got the Federal Energy Regulatory Commission (FERC) "to overturn the conservation mandate." Far from benefitting the environment, deregulation in California crippled the nascent solar and energy efficiency industries, because of the uncertain investment environment created and the surcharges necessary to bail out the utilities.

"You Can Trust Enron"

Environmental groups also provided reputational support to Enron, which was hailed as an ethical company, won environmental awards and was listed prominently on social responsibility investment indexes even as it fought pollution restrictions in Texas, enabling its methanol facility to continue emitting more than 3,000 tons of air pollution each year while its pipelines in the developing world caused major environmental damage.

Enron won environmentalist praise because it lobbied for environmental regulations that were in its own interest. Its stand on global warming, for example, had more to do with the anticipated profit opportunities from greenhouse gas emissions trading than from a desire to save the planet. One company memo stated that the Kyoto treaty "would do more to promote Enron's business than will almost any other regulatory initiative outside of restructuring the energy and natural-gas industries in Europe and the United States."

Another Enron memo stated: "Enron now has excellent credentials with many 'green' interests including Greenpeace, World Wildlife Fund, Natural Resources Defense Council [NRDC], German Watch." NRDC's Cavanagh was particularly impressed with [Ken] Lay's opposition to some anti-environmental measures

in Congress. "He is part of the reason why the bad guys ultimately failed at most of what they attempted," Cavanaugh stated. "On environmental stewardship, our experience is that you can trust Enron."

Enron used donations and its relationship with the NRDC to win approval for its purchase of the largest electric utility in Oregon, Portland General Electric (PGE). The purchase faced considerable opposition within the state. Even Oregon's Public Utility Commission opposed the takeover, warning that prices would rise, workers would lose their jobs, and the environment would not be protected. Others went further, arguing that Enron planned to sell off PGE's assets and sell its cheap hydropower to California for large profits.

NRDC's Cavanaugh played a key role in pacifying some of this opposition. He negotiated a memo of understanding between Enron and Oregon environmental groups involving a transfer of \$500,000 of financial support from Enron to the groups. Cavanaugh repeatedly declared that Enron was a socially responsible company that could be trusted. The takeover went ahead. And sure enough, in the following two years rates went up, assets were sold and PGE's electricity made its way to California. Enron then sold the utility.

Additional resources:

www.mapcruzin.com/review_losing_ground.htm

a review of "Losing Ground" by Mark Dowie

www.rachel.org - has lots of info on false solutions

www.oilempire.us/environmental.html

Thus, confronted by powerful corporate opposition, the environmental movement has split in two. The older national environmental organizations, in their Washington offices, have taken the soft path of negotiation, compromising with the corporations about how much pollution is acceptable ... The people living in the polluted communities have taken the hard path of confrontation ... The national organizations deal with the environmental disease by negotiating about the kind of 'Band-Aid' to apply to it; the community groups deal with the disease by trying to prevent it.

-- Barry Commoner, Making Peace With the Planet