

California grooms utility giants to compete against Big Oil

8 October 2015, by Judy Lin

California wants more drivers to dump the pump and plug in.

Climate change legislation signed Wednesday day by Gov. Jerry Brown calls for major utilities to compete as an alternative transportation fuel source by installing thousands of charging stations where people live, work and play.

The provision was contained in a broader climate control measure requiring the state to boost [renewable electricity](#) use to 50 percent and double the [energy efficiency](#) of existing buildings by 2030.

The bill's author, Senate President Pro Tem Kevin de Leon, a Los Angeles Democrat, was forced to drop a key aspect of his proposal that would have pushed the state to cut oil use by half.

State officials hope to see a big cut in [greenhouse gas emissions](#) by encouraging residents to fuel their cars and trucks with electricity—a move that environmentalists say will pit utilities against oil companies in the marketplace.

"It basically tells the electric industry to go eat the oil industry's lunch," said Max Baumhefner, an attorney with the Natural Resources Defense Council.

While oil companies aggressively lobbied against the oil reduction provision in the bill, California's largest private utilities—Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric—were among those pushing to boost the electric vehicle charging market.

During the first half of the year, the three private utilities spent about \$2 million lobbying state government on dozens of bills, including SB350. That was more than Chevron, Valero, Shell and BP combined in that same period, according to lobbying reports.

The oil companies did not oppose the goal of increasing electric power for cars but point out that the state has policies to diversify transportation fuels.

"We need to make sure Californians can move about our state and have access to reliable, affordable energy," said Catherine Reheis Boyd, president of the Western States Petroleum Association, which represents [oil companies](#).

For utilities, the bill is a business opportunity as much as it is a moral imperative for the Democrats who want to fight [climate change](#). Two of Brown's top aides, who negotiated the bill, are former PG&E executives.

The state is already a leader in the electric vehicle market, according to the state's Plug-in Electric Vehicle Collaborative, with four of every 10 electric vehicles in the nation sold in California. Still, they are only a fraction of the 1.7 million cars and light trucks sold in the state each year.

"Companies are going to have to prove to consumers that it's in their best interest to make that switch from traditional fuel vehicles," said Travis Miller, director of utilities research at Morningstar Inc. in Chicago. "I don't know we're at the tipping point quite yet."

One reason is the state's still-spotty charging infrastructure. Utilities plan to compete with private companies to install tens of thousands of new charging stations to diminish driver worries of getting stranded with a dead battery. The three utilities have separate plans before state regulators to spend more than \$1 billion on charging stations.

Most electric car owners do their charging at home, so utilities are targeting chargers for multi-unit complexes, which can be challenging to break into, and businesses.

"The big opportunity is workplace. It's the other place where you really park your car for a long time," said Aaron Johnson, vice president of customer energy solutions at Pacific Gas & Electric.

Consumer advocates are also watching the state Public Utilities Commission, which must approve plans to install the charging stations, to ensure ratepayers who will foot the bill for the [charging stations](#) do not overpay. The regulatory agency has come under fire for its cozy relationship with power company executives.

Betty Plowman of the Western States Trucking Association said while the state's policies are laudable, electric vehicles aren't yet practical for many commuters. She's also worried about having to subsidize electric car drivers through her utility bill.

"Who pays for that electricity? Is it a gift from the gods?" she said.

Electric car drivers and building owners will pay for the electricity, but all utility customers will pay for the chargers through their bills. Utilities estimate the hardware will add a nominal amount—82 cents to \$2 a year per San Diego Gas & Electric customer, according to Laura McDonald, who directs clean transportation for SDG&E. Critics such as Plowman said every penny counts for someone like her who is nearing retirement.

Computer consultant Darshan Brahmhatt switched to a Nissan Leaf about two years ago. Brahmhatt, who lives in Folsom, a suburb of Sacramento, estimates his lease and extra electricity costs are about \$225 a month, less than the \$300 he was paying for gas alone.

"It's kind of really worked out great," he said.

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