

Opinion: For Bay Area to compete on clean energy, state legislation is needed

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In this month's election, Silicon Valley entrepreneurs successfully defended our state's clean economy from Proposition 23, the oil-backed attempt to suspend California's landmark Global Warming Solutions Act. However, this is no time to rest on our laurels. The Bay Area faces another challenge from the south.

While this area remains California's epicenter of clean technology development, Los Angeles is poised to surge ahead when it comes to widespread development of decentralized renewable power projects that put these technologies to use.

Decentralized generation relies on many small and midsized renewable power projects spread throughout the community rather than a few large-scale power plants. This can create new revenue streams for commercial real estate owners, multiply creation of local jobs, increase private investment, reduce utility bills and accelerate the transition to clean energy.

California's statewide solar incentive programs discourage larger decentralized generation projects by only benefiting homeowners and businesses that plan to use all or almost all of the power they produce. Due to this missed opportunity, California will fail to meet its 20 percent renewable electricity goal this year.

The Los Angeles Business Council is spearheading the push for a decentralized solar program that allows commercial property owners to independently generate rooftop solar energy to be fed into the grid and sold to the local utility. It has rallied support from a diverse group of business organizations, trade associations and community groups.

This will position Los Angeles as a cleantech leader and create more than 11,000 local green jobs, according to UCLA's Luskin Center for Innovation.

Why aren't Bay Area business leaders outside of the solar community pushing for the adoption of similar policies here?

One reason could be that most of the Bay Area buys electricity from a private utility company, and the state does not allow local governments to regulate electricity purchases by investor-owned utility companies. Los Angeles, on the other hand, has the option to create a local solar program because it has a public utility that can be regulated at the local level.

Another explanation could be that many Bay Area business leaders are unaware that decentralized generation is now cost-effective. The cost of installing solar panels declined by more than 25 percent in 2009 alone.

UCLA concluded that Los Angeles' solar program would be less expensive than purchasing renewable energy from central stations or building natural gas plants.

The best way for the Bay Area to stay in the race to build decentralized clean energy projects is to push for statewide legislation. Business associations and companies need to rally support in Sacramento for legislation requiring utilities to enter into standard, long-term contracts to purchase decentralized energy at specified prices.

According to a report by UC Berkeley comparing a decentralized generation proposal to the state's current plan to meet its renewable energy goals, decentralized generation will create three times the number of jobs, increase direct state revenues by more than \$2 billion and stimulate up to \$50 billion in additional private investment.

To keep the leading edge in clean energy, the Bay Area business community must lead the charge for legislation to encourage widespread decentralized generation of clean energy. Otherwise, Los Angeles will move forward without us.

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