

4.8 ENERGY AND MINERAL RESOURCES

| Would the proposal: | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact |
|---|--------------------------------|--|-------------------------------------|-------------------------------------|
| a) Conflict with adopted energy conservation plans? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b) Use non-renewable resources in a wasteful and inefficient manner? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c) Result in the loss of availability of a known mineral resource that would be of future value to the region and the residents of the State? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SETTING

Petroleum and natural gas supply most of the energy consumed in California. Petroleum (used primarily for transportation) provides about 50 percent of the State's energy needs, and natural gas provides about 29 percent (California Energy Commission, 1994). The remaining comes from a variety of energy resources, including coal, nuclear, geothermal, and hydropower.

Roughly 21 percent of California's total energy use is consumed as electricity. Geothermal, hydropower, nuclear and "other" account for 50 percent of the electricity generated, natural gas fuels 31 percent, and coal accounts for 19 percent of the generated power. (Petroleum accounts for less than 1 percent.) The major users of electricity are the following: commercial energy, 13 percent; industrial, 10 percent; and residential, 10 percent. Conversion (transforming the energy into electricity) and transmission loss accounts for 67 percent of the total electricity used in California (California Energy Commission, 1994).

The California Energy Commission has formulated and adopted a set of energy policies. These include policies to develop programs that meet energy and environmental quality needs; to promote competitive markets and energy efficiency technologies; to balance energy, economic, and environmental goals; to collaborate with the electricity and natural gas industries to redefine government's energy regulatory role; and to implement policies to achieve cost-effective building and appliance efficiency (California Energy Commission, 1994).

Specific plans, recommendations, and action steps include the following:

- Increased efficiency should supply most of California's new energy needs because it is usually the least expensive and most environmentally benign option.
- California should encourage the most cost-effective and efficient operation of its existing electricity generation, transmission and distribution systems to minimize the economic and environmental impacts of existing facilities on new construction.
- The full costs and benefits of environmental impacts should be included in the economic evaluation of all proposed energy activities to capture the full benefits of the marketplace (California Energy Commission, 1991).

CHECKLIST ISSUES

a) Conflict with Energy Conservation Plans

Divestiture does not conflict with the State's adopted energy conservation plans.

Assessment of environmental effects that may result from divestiture depend upon a definite set of assumptions, beginning with the basic premise that the stated goals of AB 1890 will be attained as intended. These include:

- Competition and performance-based rate making will produce a sustained reduction in the price of electricity.
- The system will be designed and operated with an emphasis on maintaining and improving reliability of service.
- General environmental standards will not be undermined.
- Programs for the maintenance of energy efficiency programs will be supported as prescribed in the CPUC's *Preferred Policy Decision* and Assembly Bill 1890.

Conclusion

Divestiture does not conflict with any adopted energy conservation plans. Therefore, this would be a less-than-significant impact.

b) Wasteful or Inefficient Use of Non-Renewable Resources

The new owners of the plants being divested will have incentives to run the plants at higher levels than they are operated at present. In addition, retirement of such plants may be deferred, as compared to current regulated conditions. In order to compete in the electrical generation market, it is expected that these plants will improve their overall efficiencies. Plants that cannot compete will not be operated as much.

Conclusion

The increased use of energy resources that could result from divestiture is likely to be less wasteful or inefficient. This impact is less than significant.

c) Loss of Availability of Known Mineral Resources

Divestiture is not expected to affect the availability of known mineral resources, because fuel demand would be met by existing in-state and out-of-state resources.

Conclusion

Because divestiture would not affect known mineral resources, no impact would occur.