How a new generation exerts power - Clubby approach fails, so businessmen form a PAC for clean air

Three well-known Dallas businessmen walked into TXU Corp. headquarters a few weeks ago, sat down with a top executive and asked him to scale back plans to build 11 coal-fired power plants.

Container Store chairman Garrett Boone, Consumer Club Inc. chief executive David Litman and real estate scion Trammell S. Crow said they worried about pollution from coal plants, especially carbon dioxide, which contributes to global warming.

"We're going to look like the most backward state in the union," Mr. Boone said. "People are looking to Texas as the bellwether in terms of whether we can go ahead with old conventional coal-fired plants or whether we should consider other opportunities."

The men said they weren't surprised that Mike McCall, chief executive of TXU Wholesale and the leader of company's coal strategy, stood firm.

He didn't agree to change the plans he'd been working on for months, the plans to balance meeting Texas' growing energy needs and cutting pollution, the plans he'd presented to investors, the plans that had been endorsed by Gov. Rick Perry.

Soon after, the three men decided to take their case public. Their story is a high-profile example of a shift in the way the Dallas elite come to consensus and exert influence.

"I think it's very unique," said Liener Temerlin, who has been a Dallas advertising executive for 50 years and has served on the boards of the Dallas Museum of Art and the Dallas Symphony Association, as well as the Southern Methodist University board of trustees. He endorsed the new clean air group because he's concerned about global warming.

"I was telling my wife the other day, I don't want my DNA offspring in years hence to say that we live in the Dallas desert," he said.

There was a time when the business leaders in Dallas mostly came from Dallas or had worked here for many decades, and knew each other quite well from volunteering on arts or education boards around town.

There was a time when those leaders discussed community concerns among themselves and came up with solutions privately.

Mr. Boone and Mr. Crow are Dallas natives, and Mr. Litman has been here 20 years. They work and socialize among the traditional business elite. Their first instinct was to attempt to influence TXU in the traditional way.

But things have changed in Dallas. The local utility company is no longer led by Dallas natives but by men from other cities and states with experience at international firms.

Chief executive John Wilder moved to Dallas a few years ago when he was hired - the first outsider to get the top job. Mr. McCall grew up in Kansas City and spent most of his TXU career at coal mines and plants in rural Texas.

"It's not a small, clubby town anymore. There are a lot of folks from a lot of different areas. And TXU is in kind of a box" with investors that makes it difficult to suddenly announce new plans, Mr. Litman said.

A call of concern

A few months ago, Mr. Litman, who created Hotels.com, called Mr. Boone, saying he was concerned about coal plants and wanted to do something. Both men have been involved in conservation and environmental causes. They invited Mr. Crow to lunch. Mr. Crow, who has been an environmentalist since 1967, is part of a family known for high-profile real estate deals, so he knows lots of prominent people in town.

"We kept going back and forth on what we should do. We met with all the people involved, everyone who had a stake in this," Mr. Litman said.

Their names opened doors.

They met with former Environmental Protection Agency administrator Gregg Cooke before he died in September. They met with Dallas Mayor Laura Miller, who formed a coalition of towns against coal plant pollution. They met with environmental groups and lawyers and
"We tried to go to graduate school for a few months," Mr. Boone said with a laugh.

They concluded that, rather than building so many coal plants, Texas should focus on conserving electricity and finding cleaner power generation technology. And they became very worried about the amount of carbon dioxide the new plants would poof into the atmosphere.

They decided to approach the issue as many generations of Dallas business leaders would have done: privately, face-to-face.

The men declined to join any of the groups that had already formed, groups trying to change the TXU plan by filing lawsuits, going on hunger strikes or working through the permitting process. They preferred to position themselves as business advocates.

The mayor, who had been pressuring TXU and publicly debating the coal issue, doubted their tactic would work.

"It's good, in an effort like this, that you have a lot of pressure brought to bear from different directions, and hitting different sensitivity points," Ms. Miller said. "They thought they could go talk to Mike McCall, and Mike McCall would change their plan. And I said, 'Whatever.'"

Mr. McCall, who's been in Dallas about 10 years, agreed to meet with the group.

"We've been very open to talk to anybody that wants to sit down and talk about it," Mr. McCall said.

During his meeting with the men, Mr. McCall told them that his coal plan balances three needs: more power to keep the grid reliable, lower power prices and improved air quality.

"I suggested to them, as we were meeting, that while lower power prices may not be high on their interest list, that, as we were attempting to balance all these complex issues, we have a lot of customers that that is a big issue for," he said.

He told the men some of their suggestions, like building natural gas plants rather than coal plants or using certain cleaner technology, would cause wholesale power prices to rise. He didn't agree to change his plans.

A few guys

"We knew it was a bit presumptuous - we're just a few guys," Mr. Boone said. "We're fighting an uphill battle because we're really asking them to rise to greatness."

After the meeting, the men formed a new strategy: Create a political action committee and talk to the media. Mr. Crow began soliciting big-name members for the group, now christened Texas Business for Clean Air.

He asked about 75 of his friends to endorse the group; about 20 agreed to do so right away. Within a week he'd raised $200,000.

Most people joined because they see pollution as a very personal issue, he said. "Their daughters have asthma. Their nieces have autism." Some legendary names in Texas business endorsed the PAC, including Edwin Cox, Hal Brierley, Tom Hicks, Stephen Butt and Bernard Rapoport.

Mr. McCall sounds annoyed when he talks about misperceptions of the pollution his plan would create.

"I don't think we've gotten enough credit about the offset program that we put forward," he said, referring to his plan to cut total regulated emissions 20 percent from current levels even after the new plants are built.

"It almost comes under the heading no good deed goes unpunished. We could have gone in and filed permits under law that didn't include those offsets," he said. "People pass over that as if it's a simple thing to do when actually it's quite difficult and expensive to accomplish."

And TXU has its own support group. Some business leaders in Texas point to the Electric Reliability Council of Texas' prediction that the power supply could become dangerously tight in just a few years if new plants aren't built.

"Electricity is to business what food and water are to humans," said Bill Hammond, president of the Texas Association of Business, which has formed Texas Business for Clean, Affordable, Reliable Energy to support the coal plants.

"We say: No juice, no jobs."

Further, he said, even though TXU's plan would boost emissions of carbon dioxide, the gas isn't like other types of pollutants.

Emissions of this greenhouse gas don't harm air quality near a plant and don't make air unhealthy to breathe. Instead, collective emissions of carbon dioxide from the whole world cause the entire Earth to warm up.
Cutting emissions in Texas wouldn't save Texas from global warming if other areas of the world keep pumping out greenhouse gases. It would only cost Texans money without directly benefiting the state, Mr. Hammond said.

Global worries

Members of Texas Business for Clean Air don't like the idea of Texas contributing to a global problem. They want their home state to help solve the problem. There may be short-term benefits from TXU's plans, but the members are worried about longer-term costs.

"The rest of us are going to pay for the damage done in health care and other ways," said Dick Bartlett, vice chairman of Mary Kay who joined the new group. "The ecological services that apparently are free, like clean air, are not free. And TXU would have spent our ecological services for their benefit, and we're left holding the bag."

"If we in Texas ... would develop an industry that specialized in controls of emissions, that would be, in and of itself, a powerful industry that would do nothing but grow," he said.

Texas Business for Clean Air plans to lobby the Legislature to slow the process of granting air permits for coal plants - a process that was fast-tracked last year by Gov. Rick Perry.

And the members hope to facilitate a compromise with TXU.

"We offered to be a middle ground between people who are fighting them on different points," Mr. Litman said. When the group met with Mr. McCall, he said, "we definitely got the feeling during that conversation that TXU asked for 11 plants but would be satisfied with less."

Mr. McCall wouldn't say if any concessions are even on the table. A central part of TXU's plan is to cut costs by building lots of coal plants at once, so changing the plan could cause the strategy to unravel.

"I don't think that's the appropriate way to think about it right now," he said.

E-mail esouder@dallasnews.com

Caption: PHOTO(S): (1. JIM MAHONEY/Staff Photographer) The Texas Business for Clean Air PAC is concerned about TXU's plans for more coal-fired power plants. TXU will also expand its Big Brown plant in Freestone County. 2. Garrett Boone. 3. David Litman. 4. Trammell Crow

Record: 1180592899
Copyright: Copyright 2006 The Dallas Morning News