CACES

California Alliance for Competitive Energy Solutions

December 2010
Volume 1, Issue 8

Renewable power is heating up fast in California

California's electric utilities have spent the last four years scrambling to meet an aggressive goal set by the state - get 20 percent of their power from renewable sources by the end of 2010. They won't make it. But they won't miss by much. And the process of trying to reach that goal has helped make California the center of renewable power development in the United States, although the cost to consumers remains to be seen.

With less than a month to go, state regulators expect the utilities to get, on average, 18 percent of the electricity they sell this year from wind farms, solar power plants and geothermal plants tapping the Earth's underground heat. Next year, if all goes as planned, they should hit 21 percent. The state law that established the 20 percent goal, known as the "renewable portfolio standard," allows late compliance. Any utility that falls short of 20 percent at the end of this year must overshoot that goal by an equal amount next year. The companies have, in fact, three years to meet or beat the goal. "The program was a little slow to get started, but it really has momentum now," said Julie Fitch, director of the energy division of the California Public Utilities Commission. "There is a tremendous amount of activity. ... We're seeing a lot of projects, in fact a lot more projects than the utilities need."

Please see SFGate.com *for entire article.*

Inside this issue:

RPS	1
Cap-and Trade	1
Senator Simitian's Proposal	2
In the Know	2

Here Comes Cap and Trade, California Style

In November, Californians chose to move forward with, not derail, the state's sweeping climate change law when they defeated Proposition 23, which would have suspended it. A key milestone in the implementation of that law took place this past week, when officials adopt regulations for a cornerstone emissions trading – or cap and trade – program.

With the economy in the tank and what some call a jobless recovery, there's much at stake in the ultimate design of an emissions trading program that could generate billions in revenue annually and create jobs or it could just make things worse.

"How California designs its emissions trading program is a multibillion dollar question," said Noel Perry, the founder of Next 10, a nonpartisan organization based in San Francisco, in a press release.

Next 10 today released a series of five studies that analyze the impact of a cap-and-trade program on the state's economy and lay out the impacts of various design schemes. The state's climate change law, AB 32 calls for reductions in greenhouse gases that cause global warming. Starting in 2012, the state will impose a cap on emissions and gradually lower the limit. The emissions reductions will be required of the state's largest polluters, including power plants, cement kilns, and oil refineries.

To read this article in its entirety please see: *The Bay Citizen- 12/10/10.*

"How California designs its emissions trading program is a multibillion dollar question."
~ Noel Perry

Take three for 33 by 2020

Senator Joe Simitian again introduces rules requiring 33 perecent of utilities' renewable sources.

State Sen. Joe Simitian is again introducing rules that require 33 percent of utilities' energy mix to come from renewable sources, such as wind and solar, by 2020.

Simitian's proposal was once vetoed by Gov. Arnold Schwarzenegger in 2009. A similar measure died on the Senate floor earlier this year. The governor objected to provisions that would limit the amount of renewable energy utilities could purchase from out of state.

Schwarzenegger did, however, issue an executive order requiring the higher energy standards, without the restrictions on out-of-state generation. But executive orders don't have the permanence of state statute—his successor could have nixed it—and the governor's order left a lot of uncertainty about whether utilities would actually have to go ahead with the new requirements. State law already requires large investor-owned utilities such as PG&E and San Diego Gas and Electric to meet renewable-energy target of 20 percent by the end of this year. No one expects this to happen, though, and the state has given the IOUs a three-year extension to meet the green-energy goals.

However, thanks to a surge of new renewable-energy contracts, the big utilities are expected to catch up to the renewable-energy requirements sometime next year.

To read this article in its entirety please see: *Local Stories Sec of Sacramento News & Review 12/16/10.*

In The Know...

- √ **EPA Impacts on Power Plants:** The EPA has a number of tools which they are using to impact power plants greenhouse gas (GHG) emissions. Some of these tools are direct – use of the Clean Air Act (CAA) to include GHGs in plant permitting. Others are indirect – use of the Clean Water Act or the Toxic Substances Control Act to force changes to plant operations, addressing water or toxic emissions concerns directly while indirectly impacting GHG emissions. Both approaches are under attack, largely by the right, who feel that the EPA is overstepping the boundaries of what it has been legislatively authorized to do. Over 90 lawsuits have been filed asking the courts to stop the EPA from acting on GHG emissions, and we believe that some of these will be successful in limiting EPA activity in the near term

- √ Senators Simitian, Kehoe, and Steinberg introduced Senate Bill 23.

- √ John A. Perez, Assembly Speaker, announces Leadership, Committee assignments. For detail go to: http://blogs.sacbee.com/capitolalertlatest/2010/12/perez-announces-dem-leadership.html

- √ On December 16 California Public Utility Commission, after more than a year of consideration, unanimously approved their version of a feed-in tariff called RAM, the Renewable Auction Mechanism. To read the CPUC decision go to: http://docs.cpuc.ca.gov/PUBLISHED/AGENDA_DECISION/127465.htm