



Utility Energy Forum

Legislative Overview

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California Legislature

- What past legislation brought us to where we are regarding climate change?
 - Do all of the pieces fit together to create balanced energy policy?
- What is the current atmosphere in the Legislature regarding climate change initiatives?
- Where are we headed with energy policy and climate change in the future?



Where We've Been

- AB 1890 (1996) changed the energy world in California forever
 - The Public Goods Fund requirement was established to ensure that at least a minimum percentage of funding is expended on EE, renewables and other qualified programs in a deregulated market
 - Then just as the markets created by AB 1890 collapsed, the legislature created Renewable Portfolio Standards (RPS) program
 - Open access was suspended but the PGC and RPS both remain



RPS Legislation

- SB 1078 (2002) Created the Renewable Portfolio Standards Program in CA
 - Required 20% renewable resources by 2017
 - Defined “eligible renewable resource”
 - SB 107 (2006) Moved the state target to 20% renewables by 2010
 - Additionally created the Renewable Energy Credits Program (implementation still pending)
 - Must be in-state resources to qualify as “eligible” renewable
 - SB 411 (Pending) would add an additional target of 33% renewables by 2020
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Energy Efficiency Legislation

- SB 1037 (2005) Codified in statute that all cost effective and feasible energy efficiency must be first in the loading order

- AB 2021 (2006) Requires utilities to identify all potential cost effective and feasible energy efficiency and establish ten-year targets



Climate Change Legislation

- SB 1368 (2006) Prohibits any utility from entering into a long-term contract for baseload generation unless it meets certain criteria established by the CEC
 - High carbon resources, such as coal, are off the table
- AB 32 (2006) California to reach 1990 greenhouse gas emission levels by 2020
 - CA Air Resources Board charged with setting the limits and establishing compliance and enforcement mechanisms



Where We Are Currently

- AB 32 changed the way the we look other energy programs
 - EE and RPS become necessary “tools” to reach AB 32 goals
 - The Legislature is beginning to acknowledge that a more over-arching, rather than specific, approach is necessary to reach AB 32 goals
 - The question that is being asked by some Legislators is; does past legislation conflict or interfere with AB 32 goals or the general reliability of electric service in California?
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Current Legislation

- Energy legislation focused on expanding or enhancing exiting programs, such as:
 - RPS
 - Solar
 - feed-in-tariffs
 - net-metering
 - distributed generation
 - EE and Water
 - The Legislature has not attempted to create any new energy programs this year
 - With gas prices and the downturn of the economy in the forefront of the news electricity rates could become a big legislative issue any day
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Where Are We Headed?

- Too many questions still left unanswered to determine where we are headed
 - California Air Resources Board AB 32
- Timelines:
- June 2007 Early Action Items released
 - 2009 Scoping Plan must be approved
 - 2010 Early Action Items implemented and enforceable
 - 2011 GHG limits and reduction measures adopted to be enforceable by 2012



Where is the Legislature Headed?

- It is an election year for half of the Senators and all Assemblypersons
 - Leadership is changing in both houses
 - Many of the legislative committees will see a change in their chair and membership
 - New members bring new legislative priorities
 - Term limits has resulted in increased reliance on regulatory agencies
 - Renewables and additional transmission to deliver those resources will remain priority issues
 - The PUC has spurred renewed discussions about reopening direct access, however there are many hurdles to overcome
 - CARB implementation of AB 32 may spur clean-up legislation
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Going Forward

- Utilities are, and will continue to procure renewable resources aggressively in order to meet AB 32 goals
 - Cost effective and feasible energy efficiency must be first in the loading order and will be a valuable tool in reaching AB 32 goals
 - Mandated RPS levels or EE levels could hinder efforts to meet the State's GHG goals
 - The State's ageing and congested transmission system will have to be addressed
 - New baseload generation will have to be brought on-line to firm the additional intermittent resources being added to CA resource mix
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