



California Energy and Environment Update
March 30, 2011

Legislature approves 33 percent renewable portfolio standard

On March 29 the state Assembly passed the renewable portfolio standard bill (S.B. 2X). The Senate had passed the measure in February. The bill now goes to Gov. Brown for his signature. Brown has expressed support for codifying the 33 percent renewable energy target by 2020 that the California Air Resources Board (CARB) adopted last year.

This bill is the fourth attempt to pass legislation with a 33 percent standard. Two previous versions were vetoed by then-Governor Schwarzenegger because he thought restrictions on imports of renewable electricity in the bill would lead to higher costs. This version contains no limits on renewable electricity from other states as long as the power is delivered in real time with a direct grid connection.

Lawsuit continues to delay implementation of AB 32

CARB and state Attorney General Kamala Harris (D) are in talks with environmental justice advocates who successfully sued over CARB's choice of a cap and trade system to implement A.B. 32. Several weeks ago, a San Francisco County Superior Court judge found that state regulators failed to properly consider alternatives to a cap and trade mechanism in the implementation of A.B. 32. Environmental plaintiffs prefer a carbon tax to a cap and trade system.

Since there are almost 70 other policies apart from cap and trade encompassed by A.B. 32, CARB also is expected to appeal, but since an appeal could take months, CARB staff hopes the judge will clarify the ruling so that it applies as narrowly as possible.

If the parties agree and the final decision is indeed narrower, CARB could continue holding workshops this spring and summer while the appeal is being heard. Still, even if the rulemaking is not fully halted, it is likely to slow significantly.

PG&E offers opt-out plan for smart meters

PG&E will now allow consumers to opt-out of smart meters in exchange for an upfront surcharge of \$135 to \$270 and a monthly surcharge of \$20 to compensate for manual maintenance and meter readings. This plan comes amidst public concern that the radio signals from smart meters pose a health risk.

Coalition that defeated AB-32 in November regroup in support of clean technology

Former Secretary of State George Shultz announced that he is starting a new campaign with San Francisco hedge fund manager Tom Steyer that is aimed at pushing state, regional, and local clean-energy policies, including implementation of California's climate change law. The new group, called Californians for Clean Energy and Jobs, will produce a daily newsletter and website (www.cabrightspot.com) highlighting clean technology projects. The group will also advocate for energy policy and legislation.

Ninth Circuit rejects NRDC challenge to EPA motor vehicle emissions budgets

On March 30, the Ninth Circuit Court of Appeals rejected a petition by the Natural Resources Defense Council to have the EPA reconsider a report on California's state implementation plan for smog and soot. The report established target emissions levels for transportation in the region. NRDC claimed the EPA failed to adequately limit air pollution in the heavily polluted Southern California Air Basin. The court said EPA acted reasonably in calculating target emissions levels.

Rep. Lois Capps seeks to halt license review for Diablo Canyon reactor

U.S. Rep. Lois Capps penned a letter to Nuclear Regulatory Commission Chairman Gregory Jaczko, asking him to delay the renewal application process for PG&E's Diablo Canyon nuclear power facility, citing the recent discovery of an offshore fault. Rep. Capps believes the fault should be studied in detail before the license renewal process moves forward.

Vegas to Victorville high speed completes environmental review

At an event in Las Vegas, Sen. Harry Reid and Department of Transportation Secretary Ray LaHood announced the completion of a federal environmental impact report for a proposed high speed rail line running between Victorville and Las Vegas. The \$6 billion, 185 mile DesertXpress line still needs to gain final approval from the federal government. DesertXpress has applied for a \$4.9 billion loan through the Railroad Rehabilitation & Improvement Financing program. The environment review recognizes that the project will damage some wildlife habitats but will also reduce overall oil usage.