

## Memorandum

**To:** ISO Board of Governors  
**From:** Mary McDonald, Director of State Affairs  
Terri Moreland, Director of Federal Affairs  
**Date:** February 21, 2007  
**Re:** *Status of State and Federal Legislative Matters*

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*This memorandum does not require Board action.*

### State Affairs:

#### Legislative Hearings

**Assembly Committee on Utilities & Commerce Committee - Energy Agency Oversight** - March 5, 2007 – Participants: California Public Utilities Commission, California Energy Commission, Electricity Oversight Board.

**Assembly Committee on Utilities & Commerce Committee - Summer Assessment** – March 19, 2007 – The ISO will participate in this hearing.

#### Overview of Legislation

**AB 6 (Houston) Greenhouse gases: market-based compliance mechanisms.** This bill would require the California Air Resources Board to adopt market-based compliance mechanisms on emissions to ensure compliance with greenhouse gas regulations.

**AB 94 (Levine) Renewable energy.** This measure would revise intent language so that the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 33% of the total electricity sold to retail customers in California per year by December 31, 2020. This bill contains other related provisions and other existing laws.

**AB 109 (Nunez) California Global Warming Solutions Act of 2006: annual report.** This measure requires the California Air Resources Board to annually report to the Legislature on the status of implementing the provision of the California Global Warming Act of 2006.

**AB 114 (Blakeslee) Public resources: carbon dioxide containment program.** This bill would require the Energy Commission to develop, on or before January 1, 2010, a program to facilitate and encourage the implementation of cost effective containment, scrubbing, and capture technologies to decrease carbon dioxide emission from industrial processes.

**AB 242 (Blakeslee) Energy policy: emissions of greenhouse gases: reduction.** This bill reaffirms the Legislatures goal to reduce greenhouse gas emissions to the 1990 level by 2020. Further, it indicates that it is the policy of the state to encourage voluntary actions to achieve near term reductions and entities voluntarily implementing reductions be given credit for early actions. Finally, the purchase of offsets for emission of greenhouse gases would be made available as a result of this measure.

**AB 292 (Blakeslee) California Emergency Services Act: Nuclear Planning Assessment Special Account.** This bill would extend the operative date for the Nuclear Planning Assessment Special Account to July 1, 2019, and the repeal date to January 1, 2020.

**SB 312 (Kehoe) Public Utilities Commission: access to filings.** This bill would require the California Public Utilities Commission to make the documents, filings, testimony, rulings, and decisions in all open proceedings accessible on its Internet Web site.

#### **Legislative Calendar – 2007-2008 Session**

Feb. 23	Last day for bills to be introduced.
March 29	Spring Recess begins upon adjournment.
April 9	Legislature reconvenes from Spring Recess.
June 8	Last day to pass bills out of house of origin.
June 15	Budget bill must be passed by midnight.
July 20	Summer Recess begins upon adjournment, provided Budget Bill has been passed.
August 20	Legislature reconvenes from Summer Recess.
Sept. 14	Last day for any bill to be passed and interim recess begins upon adjournment.

#### **Federal Affairs**

Global warming and renewable energy continue to top the energy and environment agenda for the 110<sup>th</sup> Congress, with a flurry of legislative proposals and hearings in both chambers devoted to these topics.

### **Senate Action:**

In the Senate, Environment and Public Works Committee chair Barbara Boxer held a unique hearing on January 30 featuring a full day of comments by fellow Senators on the issue of climate change. On February 13, the Committee also heard testimony from the U.S. Climate Change Partnership, a coalition of business and environmental groups whose report, "A Call for Action," lays out a blueprint for a mandatory, market-driven control on greenhouse gas emissions. Senator Boxer intends to hold additional hearings with testimony from national policy leaders and experts, including California Assembly Speaker Fabian Nunez, Governor Arnold Schwarzenegger and former Vice-President Al Gore. The Senate Energy and Natural Resources Committee, chaired by Jeff Bingaman (D-NM), has also been active, holding a February 13 hearing on the economic impacts of increasing amounts of greenhouse gases in the atmosphere.

### **House Action:**

In the House, Members voted on January 18 in favor of H.R. 6, legislation that would shift some \$14 billion in royalties and tax incentives from the oil and gas industries to alternative and renewable energy projects. The measure was the last of six initiatives on Speaker Pelosi's "first 100 hours" must-pass agenda. Numerous additional bills have been introduced to create federal Renewable Portfolio Standards, extend tax credits for renewable electricity production and residential energy efficiency, and extend tax incentives for solar, fuel cell, and geothermal energy production.

Speaker Pelosi also announced in mid-January that she intends to establish a Select Committee on Energy Independence and Global Warming that will hold a series of field hearings around the country on the issue. The House is expected to pass a resolution approving the Select Committee in March. Speaker Pelosi has also ordered the chairmen whose committees have jurisdiction over some part of the issue (including Energy and Commerce, Science and Technology, Transportation and Infrastructure, and Natural Resources) to produce legislation by June of 2007, so that a floor vote can take place prior to the July 4 congressional recess.

House-side hearings of note have included a session on February 8 before the House Science and Technology Committee examining the 2007 scientific report of the United Nations' Intergovernmental Panel on Climate Change. Congressman Henry Waxman's Government Reform and Oversight Committee began hearings on January 30 exploring the Bush Administration's activities with regard to scientific evidence of warming. The House Committee on Energy and Commerce will begin a series of global warming hearings on February 28. The Commerce and Science panels have also announced a joint hearing on March 31 featuring former Vice-President Gore.

### **Greenhouse Gas Bills:**

A number of significant legislative proposals mandating caps on greenhouse gas emissions are currently under congressional consideration, and additional proposals are expected. Current proposals include a discussion draft being circulated by Chairman Bingaman, as well as the following:

**S. 280** – Sponsors: Senators Joe Lieberman (D-CT), John McCain (R-AZ), and others, including Senators Hillary Clinton and Barack Obama. Reduces emissions to 65% below 2004 levels by 2050.

**S. 309** – Sponsors: Senators Bernie Sanders (I-VT), Barbara Boxer, and others. Reduces emissions to 83% below 2004 levels by 2050.

**S. 317** – Sponsors: Senators Dianne Feinstein and Tom Carper (D-DE). Reduces emissions to 41% below 2004 levels by 2050; focuses reductions on power plants only.

**S. 485** – Sponsors: Senators John Kerry (D-MA) and Olympia Snowe (R-ME). Reduces emissions to 65% below 2004 levels by 2050.

**H.R. 620** – Sponsors: Congressman John Olver (D-MA) and Wayne Gilchrest (R-MD). Considered a companion to the Lieberman-McCain bill.