

# Memorandum

**To:** ISO Board of Governors  
**From:** Karen Edson, Vice President, Policy and Client Services  
**Date:** March 17, 2010  
**Re:** **Briefing on the Status of State and Federal Legislative Matters**

---

*This memorandum does not require Board action.*

## STATE AFFAIRS

### *Legislative Schedule*

Apr. 23 – Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house.

May 28 – Last day for **fiscal committees** to hear and report to the floor bills introduced in their house.

Jun. 4 – **Last day to pass bills** out of the house of origin

### *Legislation Update*

Following the bill introduction deadline of February 19, the California Independent System Operator Corporation is currently tracking over 50 pieces of state legislation. The following measures were recently introduced and have been tagged as high priority bills:

- AB 1954 (Skinner): provides rate recovery assurance to utilities for transmission investments necessary to achieve the renewables portfolio standard goals.
- AB 2037 (V.M. Perez): prohibits utilities from signing contracts with new generation facilities that could contribute to violations of air quality standards.
- AB 2231 (V.M. Perez): codifies the Renewable Energy Action Team and requires adoption and implementation of the Desert Renewable Energy Conservation Plan.
- AB 2514 (Skinner): requires utilities to procure energy storage systems sufficient to serve 2.25% of their peak demand by 2014 and 5% by 2020.

- AB 2561 (Villines): creates the Department of Energy, reconstitutes the Energy Commission as the Energy Board within DOE, and resurrects the Electricity Oversight Board as the Office of Energy Market Oversight within DOE.
- AB 2662 (Hagman): prohibits utilities from building larger transmission towers in an easement intended for smaller towers when the easement is in a residential area.
- SB 388 (Calderon): allows Southern California Edison Mission powerplant to be permitted despite the lawsuit freezing the South Coast Air Quality Management District emission credits.
- SB 722 (Steinberg): will be amended to advance the Renewables Portfolio Standard program to require 33% of California's retail sales to come from renewables by 2020.
- SB 837 (Florez): requires the Public Utilities Commission to ensure that utilities that deploy Smart Grid technology, including smart meters, meet their intended goals.
- SBX8 34 (Padilla): creates programs to expedite the siting of solar powerplants located in the Mojave or Colorado Desert seeking American Recovery & Reinvestment Act of 2009 funding.

### *Legislature Update*

Assemblyman John Pérez, D-Los Angeles, took over as Speaker of the Assembly on March 1. This change follows the ascension of Martin Garrick, R-Solana Beach, as the new Leader of the Assembly Republicans. Garrick's reign as Assembly Minority Leader began back in late January. We anticipate that Speaker Perez will announce legislative committee assignments shortly.

### ***Proposition 16: New Two-Thirds Vote Requirement for Local Public Electricity Providers.***

As required by law, the Senate Energy, Utilities and Communications Committee and the Assembly Utilities and Commerce Committee held a joint informational hearing on Proposition 16. The initiative, which is sponsored by Pacific Gas and Electric, requires a two-thirds vote before community choice aggregation program could provide electricity to new customers. Ed Bedwell, Senior Director of State and Local Government Affairs for PG&E; Marc Burgat, Vice President of Government Relations with the California Chamber of Commerce and Scott Wetch with Coalition of California Utility Employees spoke in support of the measure. The panel that spoke in opposition included: John Geesman, former member of the CEC; Paul Hauser, Director of Redding Electric Utility; Michael Boccadoro, Executive Director of the Agricultural Energy Consumers Association and District 5 Supervisor Ross Mirkarimi of the City and County of San Francisco's Board of Supervisors. Mark Toney with TURN also spoke in opposition to the initiative.

## **FEDERAL AFFAIRS**

### *Legislation*

**Energy and Climate:** With several key leadership priorities unfinished and the 2010 elections looming, the fate of energy and climate legislation remains unclear. According to Senate

staff, Senate Majority Leader Harry Reid (D-NV) has advised Senator John Kerry (D-MA) -- who is working with Senators Joe Lieberman (I-CT) and Lindsay Graham (R-SC) on a comprehensive, bipartisan energy and climate package -- that the group must move forward quickly if a bill is to reach the floor this year. It is difficult in the best of circumstances to write a bill outside of the normal committee process, but Senator Kerry is reportedly targeting to produce a draft bill before the Easter recess. Meanwhile, Senator Graham is floating a "Clean Energy Standard" alternative to a renewable standard that would include clean coal with carbon sequestration and new nuclear plants as qualifying resources to meet a 25% goal by 2025 and 50% by 2050. A "cap-and-dividend" alternative to cap-and-trade, contained in legislation introduced by Senators Maria Cantwell (D-WA) and Susan Collins (R-ME) is also gaining some attention. The Cantwell-Collins bill would regulate greenhouse gases at the point of production, rather than the point of use; fuel producers would bid on "carbon shares". All allowances would be auctioned, with 75% of revenues rebated to consumers and 25% directed to clean energy research and development.

If Congress fails to act on greenhouse gas emission controls, the Administration plans to pursue greenhouse gas regulation under the "public endangerment" provisions of the Clean Air Act. Environmental Protection Agency Administrator Lisa Jackson has laid out a timetable for agency action, under which no stationary source of emissions would have to obtain greenhouse gas permits this year and permitting of small sources would be delayed until 2016. Congressional pushback has taken the form of a bipartisan resolution introduced by Senator Lisa Murkowski (R-AK) that would prohibit EPA from moving forward with greenhouse gas regulations. House Agriculture Committee Chairman Collin Peterson (D-MN) has introduced a resolution similar to Murkowski's proposal in the House. Even if such resolutions were to pass, President Obama would presumably veto them. Senator Jay Rockefeller (D-WV) is reportedly preparing legislation that would delay EPA's ability to promulgate regulations for two years, giving Congress time to legislate in advance of any agency action.

**Tax Extenders:** Senate Majority Leader Harry Reid's office is circulating a draft "second jobs bill" that would extend some of the tax provisions that were deleted from the \$15 billion jobs bill passed by the Senate in February. The draft includes a single-year tax credit extension for electricity produced at open-loop biomass facilities and several other extenders favored by farm states. It also includes a one-year tax credit extension for new energy-efficient homes.