

# Memorandum

**To:** ISO Board of Governors  
**From:** Karen Edson, Vice President of Policy and Client Services  
**Date:** December 7, 2010  
**Re:** **Briefing on the Status of State and Federal Legislative Matters**

---

*This memorandum does not require Board action.*

## STATE AFFAIRS

### Legislative Schedule

- December 6: 2011-2012 Regular Session convenes for Organizational Session. New members are sworn in.
- January 1: Statutes take effect
- January 3: Governor-Elect Brown is inaugurated

### November 2 Election Results

Democrats won all statewide offices. In the state legislature, nearly a third of all legislative seats were up for grabs. Democrats picked up two seats in the Assembly bringing their majority to 52-28. The partisan make-up of the Senate was not changed by the election. Proposition 23, which would have suspended AB 32 implementation until unemployment reached 5.5% or below for four consecutive quarters, failed by a hefty margin of 61-39%. Because of the passage of Proposition 25, beginning next year, the legislature only needs a simple majority to pass the budget. However, due to the success of Proposition 26, it will still take a two-thirds majority to approve certain state and local fees.

### Governor-Elect Brown's Energy Policy

Governor-Elect Brown campaigned heavily on his clean energy and green jobs platform. His plan for economic recovery centers largely on green job creation, which he developed an action plan for. The plan consists of the following eight key points:

- Building 12,000 MW of localized electricity generation;
- Building 8,000 MW of large-scale renewables and necessary transmission lines;
- Dealing with peak energy needs and developing energy storage;
- Developing a timeline to make new home and commercial buildings zero net energy;
- Making existing buildings more efficient;
- Adopting stronger appliance energy standards;
- Developing more cogeneration projects to increase combined heat and power production by 6,500 MW; and
- The appointment of a renewable energy Czar.

### **Special Budget Session**

On November 11, Governor Schwarzenegger announced a special session to begin December 6, which is also the date new legislators will be sworn in. The Legislative Analysts' Office reported in early November that the budget deficit stands at an estimated \$25.4 billion, \$6.1 billion of which is from the current year. That \$6.1 billion will be the focus of the special session.

## **FEDERAL AFFAIRS**

### **Lame Duck Session**

Members returned to Washington on November 15 for the lame duck session of the 111<sup>th</sup> Congress and freshman orientation for newly-elected members. The outgoing Democratic majority in the House and the narrowed Democratic majority in the Senate will decide on how long the lame duck session will last – potentially through December 31 – although departing members have to vacate their office by December 1 to make room for newly-elected members. It is still unclear at this point whether the lame duck session will include any significant legislative activity or simply extend the existing continuing resolution for a month or so beyond its December 3 expiration date. Senate Majority Leader Harry Reid (D-NV) has lowered expectations for major legislation due to the limited time available and anticipated procedural hurdles, but has expressed a hope that the Congress will be able to deal with expiring tax cuts and executive branch and judicial nominations in the time remaining. House Speaker Nancy Pelosi has said that the House will not act on legislative priorities, including energy issues, unless Reid assures her that the Senate can pass them.

### **Congressional Leadership**

Senate Republicans and Democrats met on November 16 and re-elected their leadership for the incoming Congress. Senator Reid will remain Majority Leader and Senator Mitch McConnell (R-KY) will stay on as minority leader. The current majority and minority whip positions, policy committee chairs, and conference chairs will also remain the same in the 112 Congress. In the House, Nancy Pelosi and John Boehner (R-OH) won the positions of minority leader and House Speaker, respectively, in a November 17 vote.

Three of California's Republican House members have been named to the 22-member GOP transition team assembled during recess by Congressman Greg Waldren (R-OR). The team includes David Dreier (R-26 District – San Dimas), Buck McKeon (R-25 District – Santa Clarita), and John Campbell (R-48 district – Newport Beach). The transition team's priorities thus far include a freeze on federal hiring, reductions in spending, increased use of domestic energy resources, and greater efficiency and transparency in congressional operations.

Members on both sides of the aisle are beginning to campaign in earnest for leadership of key committees in advance of nominations and caucus votes for the 112 Congress. Congressman Joe Barton (R-TX) has laid out an "energy agenda" for the House Energy and Commerce Committee, which he is seeking a waiver of term limits to chair. Barton's agenda includes upgrades to the transmission grid, "clean coal" technology development, expanded offshore drilling and support for continuation of the Yucca Mountain nuclear waste repository. Formal committee leadership decisions will not be made until after the Thanksgiving recess.