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September 29, 2010

## MEMORANDUM

**TO:** Power Committee

**FROM:** Jeff King and Sandra Hirotsu

**SUBJECT:** Update on California Renewable Energy Policy

In a continuing effort to keep members up to date on California's renewable energy policy, staff will discuss the most recent activities of the California Air Resources Board (CARB) and the California Public Utilities Commission (CPUC).

On September 23, 2010, the CARB unanimously adopted a regulation establishing a 33 percent Renewable Electricity Standard (RES) for California. The 33 percent standard will be phased-in over an eight year period beginning in 2012 based on the following compliance intervals:

- 2012 through 2014: 20% of renewable retail sales
- 2015 through 2017: 24%
- 2018 through 2019: 28%
- 2020 and annually thereafter: 33%

With one exception for the state's smallest electricity providers, the regulation applies to investor owned utilities (IOUs) as well as publically owned utilities (POUs).

The CARB regulation allows utilities unlimited use of tradable renewable energy credits (TRECs) to meet the RES and allows for banking and trading of renewable energy credits with some restrictions.

Meanwhile, on October 4, the public comment period on the CPUC's proposed decision of August 25, 2010 will close. The proposed decision would allow California investor-owned utilities to meet 40 percent of their 20% Renewables Portfolio Standard (RPS) obligation by purchasing TRECs. Staff will discuss any additional CPUC actions, as well as any related California renewable energy policy activity, at the committee meeting.