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September 7, 2010

## MEMORANDUM

**TO:** Power Committee

**FROM:** Jeff King and Sandra Hirotsu

**SUBJECT:** Follow up on California Senate Bill 722

Last committee meeting, staff briefed members on Senate Bill 722 which would have codified a 33 percent Renewable Portfolio Standard (RPS) in California and extend RPS requirements to publically-owned utilities.

SB 722 failed to make it out of the California Legislature before the August 31, 2010 end of the legislative session. The only way any renewable energy legislation could be considered before the next session is if it is taken up in a new bill introduced during a special legislative session dealing with renewable energy or some similar issue -- an unlikely prospect.

With SB 722 effectively dead, attention now turns to the California Air Resources Board (CARB) which on September 23, 2010 is holding a public hearing to consider adoption by regulation of the 33 percent renewable energy target for 2020. Governor Schwarzenegger had previously directed the CARB adopt such a regulation by July 31, 2010 but then requested the CARB postpone adoption pending the outcome of SB 722.

In the meantime, on August 25, 2010, the California Public Utility Commission (CPUC) issued a proposed decision 1) modifying its March 2010 decision authorizing the use of Tradable Renewable Energy Credits (TRECs) for compliance with the CA RPS; and 2) lifting the moratorium on CPUC approval of TREC contracts. The CPUC is accepting public comment on the proposed decision through September 14 with any reply comments due no later than September 20. After the close of public comment, the CPUC presumably will either revise the proposed decision or will schedule it, as currently drafted, for a vote.

In preparation for discussion, staff is preparing a paper discussing some of the key provisions and implications for the Northwest of CARB's proposed regulation adopting the 33 percent RPS and the CPUC's August 25 proposed decision. The paper will be forwarded to committee members next week.