

## Efforts Begin to Stop California Cap and Trade

Opponents of California’s proposed cap-and-trade system have begun a campaign to halt it. They need 433,971 signatures by 24 June to get their initiative on the ballot for elections in November, when Californians go to the polls to elect a new governor and members of Congress.

If a majority of voters support

the initiative, California’s AB 32 law, which mandates the state cut its emissions to 1990 levels by 2020, would be put on hold until the state’s unemployment rate falls below 5.5 per cent, which is currently over 12 per cent.

As it stands, California’s emissions trading system is set to begin on January 1, 2012, with the state’s 600

largest stationary sources covered, in addition to electricity imports. The cap would cover 85 per cent of California’s greenhouse gas emissions.

The primary backer of the initiative to delay the program is California Republican Assemblyman Dan Logue.

### Inside this issue:

Efforts Begin to Stop CA Cap & Trade	1
ACR Issues: Net Energy Metering	1
Energy Group Sue CA over Fuel Standard	2
In The Know...	2

## RULING ISSUED: NET ENERGY METERING

Commissioner Peevey issued an Assigned Commissioners Ruling (ACR) that notes that AB 920 requires the Commission to establish a Net Surplus Compensation Program to compensate net energy metering (NEM) customers for electricity produced in excess of on-site load at the end of each 12-month period. Although we do not anticipate changes in the near future, advocates for CACES are actively discussing these issues with policy makers and will provide updates about potential impacts on your business.

The ACR directs the IOUs to file applications no later

than March 1, proposing a Net Surplus Compensation rate, as well as other program implementation details pursuant to AB 920, as set forth in the ruling. The ACR provides the following background information: Under Public Utilities Code Section 2827, each electric utility is required to offer NEM tariffs to certain customer generators who own and operate distributed generation systems. Under these tariffs and prior to the passage of AB 920, customer generators with excess generation in any given month receive a bill credit at the full retail rate of electricity. Customer generators can use the bill credits any time during a 12 month period, known as

the “true-up period.” However, at the end of the 12-month true-up period, any remaining bill credits are forfeited to the utility. AB 920, signed into law by the governor on October 11, 2009, requires the Commission to establish a program to compensate NEM customers for electricity produced in excess of on-site load at the end of the 12-month true-up period. Specifically, the law directs the Commission to adopt a Net Surplus Compensation valuation to compensate a net surplus customer-generator for surplus kilowatt-hours over 12 months. The law requires all electric utilities to notify customers that they have the

option to be compensated for net surplus generation. Customers may opt to receive either a payment for net surplus generation or to roll a credit for that generation over into the next 12-month true-up period. The ACR also notes that AB 920 requires the electric utilities to notify their customer-generators by January 31 of this year that they are eligible to receive net surplus electricity compensation.

## Energy Groups sue California Over fuel standard

Oil interests have filed a legal challenge against California over its low carbon fuel standard.

The National Petrochemical and Refiners Association (NPRA) and three other plaintiffs filed a suit yesterday against the California Air Resources Board (CARB) for the state's implementation of its low carbon fuel standard. NPRA claims the standard, which requires a 10 per cent carbon intensity reduction in the state's transportation fuels by 2020, imposes "unconstitutional burdens on

interstate commerce". It also claims it will have little impact on greenhouse gases nationwide and will harm energy security by discouraging the use of domestic oil and ethanol. CARB adopted the fuel standard last month.

The Consumer Energy Alliance, another plaintiff in the suit, said the standard will lead to higher fuel costs for consumers, a drop in the availability of those fuels, and more dependence on foreign oil.

It "stands in direct contravention of key consumer

Protection and safeguards enshrined in the US constitution," said the Alliance in a release.

CARB's Chairman Mary Nichols hit back at the plaintiffs' legal challenge. "Their actions are shameful. This is a critical tool to help us break our dependence on fossil fuels," she said.

Two other plaintiffs in the suit are the American Trucking Association and the Center for North American Energy Security

*"Their actions are shameful. This is a critical tool to help us break our dependence on fossil fuels." ~ Chairman Mary Nichols of CARB*

## In The Know...

- ✓ Assemblyman Martin Garrick (R-Carlsbad) will replace Sam Blakeslee as Assembly Republican Leader.
- ✓ Nancy Ryan, Ph.D., 49, of Berkeley, has been appointed to the California Public Utilities Commission (PUC). Since 2009, she has served as deputy executive director for policy for the PUC, where she previously held the position of chief of staff and chief energy advisor to President Michael R. Peevey from 2006 to 2009. Prior to that, Ryan was a senior economist and California deputy regional director for the Environmental Defense Fund from 2001 to 2005, deputy director for Ecosystems Program in 2005 and visiting assistant professor for the Goldman School of Public Policy at the University of California, Berkeley from 1996 to 2007. She was an independent energy consultant for conservation groups, public agencies and electric utilities from 1997 to 2001. Ryan worked for Quantum Consulting as a project manager from 1993 to 1996 and economic analyst from 1987 to 1989. Prior to that, she was an assistant professor in the Faculty of Commerce and Business Administration at the University of British Columbia from 1991 to 1993.
- ✓ The California Public Utilities Commission has issued a proposed decision in R.05-12-013 which concludes that California's Resource Adequacy Program must be changed to meet the long-term reliability objective of facilitating new investment. The proposed decision would require all load serving entities to meet a multi-year forward capacity obligation using a bilateral market, which would impose a significant burden on electric service providers, and could limit opportunities for customers to choose their electric suppliers. CACES has joined a broad coalition of customers, electric service providers, generators and utilities to advocate that if a multi-year forward capacity commitment is adopted to assure reliability that it will be essential to modify the proposed decision to replace the proposed bilateral market with a centralized capacity market to reduce the burden on electric service providers. This change is critical to assure that customers will have the opportunity to choose electric service as envisioned by SB 695. CACES is optimistic that the proposed decision will be revised to incorporate a centralized capacity market.