

DEBT CEILING AGREEMENT

By now you know that an agreement on the debt ceiling was reached. Passage through the House and Senate was challenging, and by no means was a slam-dunk.

The implications, at this point, are not clear. The agreement calls for an immediate \$1 trillion in spending cuts over the next 10 years, with a commission to be set up to find an additional \$1.5 - 1.8 trillion in cuts. Additionally, there is the promise of comprehensive tax reform (with the possible removal of subsidies along with a lowering of overall tax rates).

The cuts and subsidy removals will be taken from virtually all parts of government, but it's unclear how the areas we have focused on (energy efficiency, natural gas, smart energy, EPA, CFTC, etc.) will be impacted at this time. The details of the immediate \$1 trillion in cuts haven't been released, and the additional \$1.5-1.8 trillion in cuts are completely unspecified at this time. It's fair to assume that funding for efficiency initiatives, despite being what we believe to be sensible investments, will suffer. Our

supporters will continue to work with both sides in Congress to pass legislation that promotes efficiency, and efficiency funding mechanisms that cost the federal government nothing or provide reasonable paybacks. Similarly, we will support natural gas as a homegrown energy resource that we should use to reduce dependence on foreign energy sources, while reducing environmental impacts and creating domestic jobs.

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The Role of Legislation in Clean Energy

California has become an example of what happens when well-intentioned mandates create pressure on energy contractors to provide clean energy without first ascertaining that adequate funds can be raised by developers.

When some developers are unable to raise the money, they have two options: either sell the development rights or abandon the enterprise altogether. The former slows down the momentum of making clean energy mainstream while the latter puts an untimely halt to it, despite legislation that's designed to foster the

growth of clean energy. As a matter of fact, not all contracts signed by the utilities before 2010 have become reality. This scenario of setbacks is understandable, seeing that any alternative technology needs to face the challenges that nascent industries must overcome with trial and error.

2020 is 9 years away. The latest mandate in California requires that 33% of energy be obtained from clean technology (namely wind, geothermal, and solar energy) by that time. Such a mandate is eagerly welcomed by advocates of renewable-energy because they see it as an effective means to enhance

clean energy business and it undoubtedly fuels the race for utilities to buy more renewable energy.

As a means of fostering change, mandates, however, become ineffective compared to the policy widely adopted in Europe that requires utilities to buy renewable electricity at premium rates. In Europe, feed-in tariff guarantees a return for project developers. In American, however, utilities buy power from the lowest bidders, which potentially causes project developers to make lowball offers in order to win the bid that they then cannot deliver.

It appears that the clean energy industry in the U.S. as a whole is not yet able to keep pace with the expectations set by mandates. Even though more than half of the states have adopted renewable-energy mandates, it is yet unclear that enough people are aware of clean energy options, and even less clear if those who are aware of their options would choose clean energy over traditional forms of energy derived from coal and fossil fuels.

Read more:
<http://technorati.com/lifestyle/green/article/the-role-of-legislation-in-clean/#ixzz1T7qrxald>

California Cap-and-Trade Update: 15-day regulations on mandatory reporting package released

Although the implementation of cap and trade has been delayed in California until 2012, there are plenty of things going on in anticipation of such. Early this week, CARB issued its proposed cap and trade rules in what is known in CARB-ese as a 15-day package for the cap-and-trade mandatory reporting regulations: that means parties have 15 calendar days to submit comments about what they like and don't like – except a time extension was granted such that the revised due date is August 11, thus making it a 17-day package. A “similar” 15-day package for mandatory GHG emissions reporting was issued on the same day with, of course, the original deadline of August 9.

The “15-day” package can be found at: <http://www.arb.ca.gov/regact/2010/capandtrade10/capandtrade10.htm>.

Debt Deal Puts States Back in Clean Energy Driver's Seat

The recent debt ceiling deal announced this week means two things for clean energy. One, forget Washington as a source of significant new funding and programs for a long time. Two, look once again to the states to keep momentum on clean energy alive.

The first point is fairly indisputable. Virtually every energy commentator has lamented how future, severe cuts to energy and environmental programs are an inevitable result of this new deal. Billions of dollars will come out of most clean energy and environmental programs for the next ten years, probably permanently below last year's continuing resolution budget levels. DOE and Interior and EPA will see big hits to their programs.

Unrealistic dreams of a new carbon tax are finally being put to rest. The cuts could well come to various renewable incentive and tax credit programs.

The second point of returning to the states is the only realistic answer. As Washington conducts a slash and burn campaign to gut clean energy and environmental programs, the states are acting more responsibly. Just as they did under some rough times in Washington from 2000 to 2008, the states once again are stepping up their clean energy game.

To read this article in its entirety please go to:
http://www.huffingtonpost.com/lewis-milford/debt-ceiling-deal-puts-states-back_b_916401.html

In The Know...

✓ **Tuesday, August 16, 2011 Informational/Oversight Hearings**

SENATE ENERGY, UTILITIES AND COMMUNICATIONS

PADILLA, Chair

LOCATION: Room 3191

9:30 a.m.

INFORMATIONAL HEARING

SUBJECT: California Public Utilities Commission.

ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS

WIECKOWSKI, Chair

LOCATION: State Capitol, Room 126

1:30 p.m.

SUBJECT: Green Chemistry Oversight Hearing

✓ All load serving entities, including ESPs and Utilities were required to file, Monday, August 1, 2011 the 2011 RPS Compliance Reports for meeting the state's RPS goals for 2006-2010 (R. 11-05-005).