



What Will Renewable Energy Really Cost?

That is the question customers are asking as their utility rates go up to pay for the cumulative cost of the aspirations of politicians and regulators. But until now the answer to that question was hard to get, at least in California where under state law and utility regulations the costs of utility procurement of renewable energy contracts was kept confidential. Governor Jerry Brown has signed SB 836 sponsored by Los Angeles County Senator Alex Padilla requiring that the California Public Utility Commission produce a report to the

Legislature each year starting in February 2012 that tells the politicians and customers what impact on rates the aggregate costs of renewable energy will cause.

California Renewable Portfolio Standards

California started requiring in 2002 that utilities buy 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2017. In 2006, the Legislature increased the RPS target to cover all retail sellers

requiring the same 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2010. Then in 2011, the California Legislature approved a bill embedding in law the 33 percent RPS goal by December 31, 2020 set by an Executive Order to Gov. Schwarzenegger since such orders expire with the term of the Governor issuing them. So that is the current law.

To read this article in its entirety go to: <http://oilprice.com/Alternative-Energy/Renewable-Energy/What-Will-Renewable-Energy-Really-Cost.html>

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CPUC APPROVES RPS PROCUREMENT QUANTITIES DECISION

In a good step forward, on December 1, the CPUC unanimously approved the decision that addresses Procurement Quantity Requirements for the Renewables Portfolio Standard (RPS). This proposed decision is the first of several decisions that the CPUC will make to implement the RPS legislation - Senate Bill ("SB") 2 (1X), which was signed into law on April 10, 2011. This Decision establishes regulations that will govern the quantities of RPS eligible procurement that retail sellers must procure in each of the compliance periods: 2011-2013; 2014-2016; and 2017-2020. Upon vote, Commissioner

Ferron presented the proposed decision and said he looks forward to creating additional market "certainty" so California can build the 20,000 MW of new renewables it needs. The other Commissioners made complimentary comments about the PD.

We are pleased with the Commission's expedited treatment of this particular proposed decision. We support comments in this proceeding. We supported the proposed decision's determination of the procurement quantity requirements as it allows the maximum amount of flexibility within the compliance periods

set forth in the legislation. We additionally urged the Commission to build quickly on this decision by issuing additional rulings as soon as possible to resolve the status of (i) RPS volumes that were banked as of December 31, 2010, and (ii) RPS volumes that were earmarked for future delivery as of December 31, 2010. With respect to Reporting and Verification and related compliance materials, we recommend that the Commission have Energy Division use an informal workshop for stakeholder review of proposed template revisions, similar to the approach we are familiar with that the Commission uses for Resource Adequacy template updating.

"CPUC unanimously approved the decision that addresses Procurement Quantity Requirements for the RPS."

CPUC Approves Exit Fee Reductions ESP Financial Security Requirements and favorable retail competition rule

On December 1, we received a win across the board with the CPUC's unanimous vote to approve the Direct Access Reform Proposed Decision. Encouraging too, is the statement made at the vote in reference to this Decision: *"The Commission has previously recognized the benefits of the continuation of DA and has sought to avoid measures making DA uneconomic."* This has been a long awaited decision by Direct Energy Business and our customers due to the positive economic impact it will have for our California customers. We have been working for over a year on favorable resolution on the issues addressed in this proceeding and we are extremely satisfied with the final outcome.

An Open Letter to the People of California

Below is a portion of the letter Governor Edmund G. Brown Jr. issued on December 5, 2011 to the people of California:

When I became Governor again—28 years after my last term ended in 1983—California was facing a \$26.6 billion budget deficit. It was the result of years of failing to match spending with tax revenues as budget gimmicks instead of honest budgeting became the norm. In January, I proposed a budget that combined deep cuts with a temporary extension of some existing taxes. It was a balanced approach that would have finally closed our budget gap.

I asked the legislature to enact this plan and to allow you, the people of California, to vote on it. I believed that you had the right to weigh in on this important choice: should we decently fund our schools or lower our taxes? I don't know how you would have voted, but we will never know. The Republicans refused to provide the four votes needed to put this measure on the ballot.

Forced to act alone, Democrats went ahead and enacted massive cuts and the first honest, on-time budget in a decade. But without the tax extensions, it was simply not possible to eliminate the state's structural deficit.

The good news is that our financial condition is much better than a year ago. We cut the ongoing budget deficit by more than half, reduced the state's workforce by about 5,500 positions and cut unnecessary expenses like cell phones and state cars. We actually cut state expenses by over \$10 billion. Spending is now at levels not seen since the seventies. Our state's credit rating has moved from "negative" to "stable," laying the foundation for job creation and a stronger economic recovery.

Unfortunately, the deep cuts we made came at a huge cost. Schools have been hurt and state funding for our universities has been reduced by 25%. Support for the elderly and the disabled has fallen to where it was in 1983. Our courts suffered debilitating reductions.

The stark truth is that without new tax revenues, we will have no other choice but to make deeper and more damaging cuts to schools, universities, public safety and our courts.

That is why I am filing today an initiative with the Attorney General's office that would generate nearly \$7 billion in dedicated funding to protect education and public safety. I am going directly to the voters because I don't want to get bogged down in partisan gridlock as happened this year. The stakes are too high.

My proposal is straightforward and fair. It proposes a temporary tax increase on the wealthy, a modest and temporary increase in the sales tax, and guarantees that the new revenues be spent **only** on education. Visit the link below for details.

To read this letter in its entirety go to: http://www.jerrybrown.org/sites/default/files/GovernorsLetter12_5_11-1.pdf