



AB 2187 PASSED BY STATE LEGISLATURE

AReM has been successful in getting AB 2187 passed by the State Legislature which removes the retroactive application of SBX1 2, the RPS bill passed last year. As a reminder, this bill deals with the "grandfathering" of energy service providers' renewable contracts for purposes of the Renewable Portfolio Standard and allows all contracts signed on or before January 13, 2011 to qualify as a "bucket 1" resource thus allowing the maximum benefit. This modest bill that received bipartisan support will bring equity to energy service providers who have worked diligently and successfully to comply with the RPS standards.

AB 2187 is "clean-up" to SBX1 2 (Simitian) from the 2011 legislative session. We have maintained that the language in AB 2187 should have been included in the original bill. SBX1 2 grandfathered all electrical corporation contracts that were entered into before the new 33% RPS rules (SBX1 2) were enacted but did not grandfather any of the RPS contracts entered into by energy service providers who also serve the retail market. Energy service providers were effectively left out of the "grandfathering provisions" even though ESPs were some of the few entities to comply with the 2010 20% RPS standard. This was not only an oversight but a legal vulnerability of the new law.

Inside this issue:

AB2187	1
Letter to the Governor	1
Legislative Victory	2
Facts about AB 32	2

Letter to The Governor - AB2187

Dear Governor Brown:

The Alliance for Retail Energy Markets ("AReM") respectfully urges you to sign AB 2187 (Bradford) relating to the "grandfathering" of energy service providers' renewable contracts for purposes of the Renewable Portfolio Standard. This modest bill that received bipartisan support will bring equity to energy service providers who have worked diligently and successfully to comply with the RPS standards.

AB 2187 is "clean-up" to SBX1 2 (Simitian) from the 2011 legislative session. We believe that the language in AB 2187 should have been included in the original bill.

SBX1 2 grandfathered all electrical corporation contracts that were entered into before the new 33% RPS rules (SBX1 2) were enacted but did not grandfather any of the RPS contracts entered into by energy service providers who also serve the retail market. Energy service providers were effectively left out of the "grandfathering provisions" even though ESPs were some of the few entities to comply with the 2010 20% RPS standard. This was not only an oversight but a legal vulnerability of the new law.

The members of the AReM look forward to working with the Public Utilities Commission and all the various energy stakeholders to comply with all of the new 33% RPS standards. We believe that we can serve California's retail energy market in a way that protects the environment and gives our customers the ability to manage their own energy portfolio.

For the reasons stated above, we urge your signature of AB 2187 (Bradford).

LEGISLATIVE VICTORY FOR CALIFORNIA MANUFACTURERS

Cap-and-Trade Revenue Bills (watered down and provided sunshine on costly auction)

AB 1532, SB 535, SB 1572, AB 1186

CMTA strongly opposed, but was unsuccessful in stopping all the bills that appropriate cap-and-trade auction revenue. AB 1532 was joined with SB 535 and sent to the Governor. The former sets up a Greenhouse Reduction Fund and investment plan process for cap-and-trade auction revenue and the latter allocates 25 percent of investment plan funds to the benefit of “disadvantaged communities”. Both bills must be signed by the Governor to become law.

SB 1572 (Pavley) would have directed the use of monies collected in the early year of the program to specified purposes. It failed passage.

AB 1186 (Skinner) creates a fund for energy efficiency in schools but without a funding source. It successfully passed.

CMTA argued that the state’s manufacturers can’t afford increased costs and that withholding allowances to create revenue is a violation of AB 32 and other state law. Minimizing leakage and maximizing cost-effectiveness are primary goals in AB 32, not raising billions of dollars from regulated industries.

Facts About Assembly Bill 32

California Global Warming Solutions Act

Assembly Bill 32 (AB 32) establishes a first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, cost-effective reductions of greenhouse gases (GHG). AB 32 makes the Air Resources Board (ARB) responsible for monitoring and reducing GHG emissions and continues the existing Climate Action Team (CAT) to coordinate statewide efforts. Requires ARB to:

- Establish a statewide GHG emissions cap for 2020, based on 1990 emissions by January 1, 2008.
- Adopt mandatory reporting rules for significant sources of greenhouse gases by January 1, 2008.
- Adopt a plan by January 1, 2009 indicating how emission reductions will be achieved from significant GHG sources via regulations, market mechanisms and other actions.
- Adopt regulations by January 1, 2011 to achieve the maximum technologically feasible and cost-effective reductions in GHGs, including provisions for using both market mechanisms and alternative compliance mechanisms.
- Convene an Environmental Justice Advisory Committee and an Economic and Technology Advancement Advisory Committee to advise ARB.
- Ensure public notice and opportunity for comment for all ARB actions.
- Prior to imposing any mandates or authorizing market mechanisms, requires ARB to evaluate several factors, including but not limited to: impacts on California’s economy, the environment, and public health; equity between regulated entities; electricity reliability, conformance with other environmental laws, and to ensure that the rules do not disproportionately impact low-income communities.
- Adopt a list of discrete, early action measures by July 1, 2007 that can be implemented before January 1, 2010 and adopt such measures.

For More Information:

Visit the California Air Resources Board’s Climate Change Program website at: <http://www.arb.ca.gov/climatechange>.