

## Second Cap and Trade Auction Needs Big Bucks

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In a private and somewhat secret event on Tuesday, Gov. Jerry Brown's proposed state budget inched a little more towards balance... or further towards a multi-million dollar hole created by what's turned out to be relatively low demand for greenhouse gas pollution credits.

It was the second of three initial auctions of carbon dioxide credits, and the first since November's offering came up significantly short in revenues available to the state.

Net proceeds won't be revealed

by the California Air Resources Board until Friday. The first auction brought in \$55.8 million, less than a third of the \$200 million expected in the governor's budget through the end of June.

For his part, Brown has dismissed concerns about the weak interest from utilities and other companies in buying credits that they could ease their mandate to reduce greenhouse gas (GHG) emissions under the state's 2006 climate change law.

"Look, the point of cap and

trade is not to make money," said the governor when asked recently about the weak cash report from November's auction. "It's to reduce greenhouse gases, and protect our climate and our environment going forward." Even so, Brown's January 10 budget assumes a fair amount of money from the proceeds of the first three auctions of carbon credits, money that would offset existing state expenses and thus help balance the budget.

To read this article in its entirety go to:  
<http://www.news10.net/capitol/article/231163/525/Second-cap-and-trade-auction-needs-big-bucks>

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## California Analyst Rejects Gov. Jerry Brown's Clean Energy Plan

The nonpartisan Legislative Analyst's Office has so many complaints with Gov. Jerry Brown's plan for spending new clean energy money that it produced a separate 12-page pamphlet today to detail the problems.

Thanks to voter-approved **Proposition 39**, the state has \$450 million to \$550 million annually to spend on energy efficiency projects over the next five years. Brown proposed in his budget to devote all of that money to retrofitting K-12 schools and community colleges. The initiative did not specify that funds go toward education. The money comes from a \$1 billion annual tax increase that affects out-of-state

corporations doing business in California. The analyst's office found "many serious concerns" with Brown's plan from both a legal and economic perspective.

Legally, the analyst's office says the governor's plan invites manipulation of the state constitutional guarantee by counting the funds toward school operating budgets. The analyst's office says that approach marks "a serious departure" from how it interprets the state constitution, a view that the office says it "developed over many years with guidance from Legislative Counsel." Additionally, the analyst's office says it departs from what voters were told last year.

Brown's Department of Finance disagrees. It says that because the money is paid by corporations into the state general fund, schools have a claim on it.

"In our view it is not a gray area," Finance spokesman H.D. Palmer said. Economically, the analyst's office suggests that devoting all money to school projects may not be the best use of money. It notes that other public buildings are bigger energy hogs, such as hospitals that operate 24 hours a day, seven days a week.

The LAO also points out that Brown's plan provides money for schools on a per-student basis.

Though that may be politically palatable, upgrading buildings in areas of extreme climate (desert areas in the spring and summer or Truckee in the winter) would get more energy efficiency for the buck.

Read more here:  
<http://blogs.sacbee.com/capitol/alert/latest/2013/02/california-analyst-rejects-gov-jerry-brown-clean-energy-plan.html#storylink=cpy>

## GOVERNOR BROWN ANNOUNCES APPOINTMENTS

SACRAMENTO - Governor Edmund G. Brown Jr. announced the following appointments.

David Russell Hochschild, 41, of Berkeley, has been appointed to the California Energy Commission. Hochschild was vice president of external relations at Solaria Corporation from 2007 to 2012. He served as a San Francisco public utilities commissioner from 2007 to 2008. Hochschild was executive director at PV Now from 2006 to 2007, co-founder and director of policy at the Vote Solar Initiative from 2002 to 2006, special assistant to San Francisco Mayor Willie Brown from 1999 to 2001 and program director at The President's Award, Port Alfred, South Africa from 1996 to 1997. Hochschild earned a Master of Public Policy degree from Harvard University. This position requires Senate confirmation and the compensation is \$128,109. Hochschild is a Democrat.

Janea Ashanti Scott, 39, of Arlington, Virginia, has been appointed to the California Energy Commission. Scott has been deputy counselor for renewable energy and special assistant to the counselor at the U.S. Department of the Interior, Office of the Secretary since 2009. She served in multiple positions at the Environmental Defense Fund from 2000 to 2009, including senior attorney and staff attorney. Scott was an AmeriCorps member working on the San Francisco Urban Service Project from 1996 until 1997. She earned a Juris Doctorate degree from the University of Colorado Law School and a Master of Science degree in earth systems from Stanford University. This position requires Senate confirmation and the compensation is \$128,109. Scott is a Democrat.

Keith Boylan, 43, of Winters, has been appointed deputy secretary of veteran services at the California Department of Veterans Affairs. Boylan has been government relations liaison at the California Association of Veteran Service Agencies since 2012 and government relations and community education manager at the Institute for Veteran Policy since 2008. He was owner and operator of Boylan Window Fashions from 2004 to 2008 and gulf war program coordinator at Swords to Plowshares from 1998 to 2003. Boylan was a tactical fire specialist in the U.S. Army from 1989 to 1992. He is a member of the American Legion and of the Veterans of Foreign Wars. This position does not require Senate confirmation and the compensation is \$119,616. Boylan is a Democrat.

Melanie Perron, 32, of Sacramento, has been appointed assistant deputy director of legislation at the California Department of Transportation. Perron has been legislative manager at the California Department of Conservation since 2010. She was legislative coordinator at the California Department of General Services from 2008 to 2010 and a legislative assistant at the Office of Governor Arnold Schwarzenegger from 2007 to 2008. She was an executive assistant and scheduler at the Office of Assemblymember Rick Keene from 2004 to 2006. This position does not require Senate confirmation and the compensation is \$85,008. Perron is a Republican.

Anthony Sertich, 35, of Sacramento, has been appointed financing risk manager at the California Housing Finance Agency. Sertich has held multiple positions at the California Housing Finance Agency since 2004, including financing officer, financing specialist and financing associate. He was an actuarial analyst at Watson Wyatt Worldwide from 1999 to 2003. This position does not require Senate confirmation and the compensation is \$99,996. Sertich is registered decline-to-state.

### CPUC ISSUES FERC ENERGY CRISIS INITIAL DECISION

On February 19, the CPUC made a supportive declaration stating support for the FERC ALJ initial decision issued last Friday. It was a sweeping "initial decision" finding more than a dozen electricity wholesalers guilty of market manipulation in the summer of 2000, when California suffered the highest electricity prices in history. If the Administrative Law Judge's decision is adopted by FERC, the sellers will face a collective refund obligation in excess of a billion dollars. The Press Release is attached and link to initial FERC decision is as follows: [http://elibrary.ferc.gov/idmws/file\\_list.asp?accession\\_num=20130215-3025](http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20130215-3025).

The refunds, if and when they occur, should go to the entities that paid the high prices in the CA spot markets. They should get dispersed by the CAISO or whatever is left of the PowerExchange. The refunds should go to the scheduling coordinators, but as we are all aware a lot of the SCs from 2000 are no longer in business. Some of you are likely more versed in this proceeding but given the CPUC Press Releases and multiple media alerts I've already seen on this today I want to be sure you're aware. It will be a while before anyone sees any of the money. It's just an Initial Decision and procedurally comments, reply and FERC vote still need to take place.