

# Energy Action Plan

## Greenhouse Gas Policy Activities / Update

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Joint Meeting  
May 22, 2007



# Interagency Coordination on Climate Change

- **Unprecedented** level of coordination among CalEPA, ARB, CPUC, CEC, and ISO on AB32 and Governor's GHG Executive Order
  - **Bi-weekly conference calls** among all four state agencies, as part of "electricity subcommittee" of the Climate Action Team
  - Met yesterday afternoon as staff team for **half-day brainstorming** on ultimate design of electricity sector regulations

# Key Climate Change Activities

- As a reminder, **five major areas** of activity:
  - **ARB:** AB32 overall implementation, including scoping plan design
  - **CalEPA:** Climate Action Team coordination and Executive Order implementation
  - **CPUC:** SB 1368 (Emissions Performance Standard (EPS)) implementation for load-serving entities
  - **CEC:** SB 1368 (EPS) implementation for local publicly-owned utilities
  - **Joint CPUC/CEC proceeding:** AB32 recommendations for electric and natural gas sectors

# Air Resources Board Activities

- ARB ultimately responsible for **AB32**
- ARB required to adopt **mandatory reporting requirements** for large emitters by January 1, 2008
- ARB also required to complete **1990 baseline** assessment this year
- Created **Environmental Justice** and **Economic and Technology Advancement Advisory Committees** to advise ARB on design issues
- ARB continues to have frequent workshops on design issues
- Near-term focus on “**early action measures**” as required by AB32 (regulatory measures in advance of 2012 AB32 implementation date)

# California EPA Activities

- Responsible for **convening Climate Action Team**
  - Current focus on “early action measures” of agencies other than ARB, including CPUC and CEC
- **Climate Action Team** now has 9 **subcommittees** including:
  - Energy, Smart Growth, Water-Energy Nexus, Landfill gas, Agriculture
- Coordination of **five-state MOU on climate change**, including:
  - Arizona, New Mexico, Oregon, and Washington (BC and Utah to join)
- **Market Advisory Committee** of international experts appointed by CalEPA
  - Advisory to ARB for AB32 purposes
  - Preliminary report expected next week on market design for California
  - Public meeting in June with final recommendations by June 30, 2007
  - Recommendations likely to have impact on electricity sector issues; thus, report will go out for parties’ comment in CPUC/CEC joint proceeding



# SB 1368

## (Emissions Performance Standard)

- Designed to encourage **long-term investment in clean resources** to serve CA baseload needs
- Commitments (buy or build) of 5 years or longer must have **emissions rates under 1100 pounds** of CO<sub>2</sub> per megawatt hour

# SB 1368 Status

- CPUC Emissions Performance Standard regulation adopted January 25, 2007 for investor-owned utilities
  - SB 1368 fully implemented by CPUC
  
- CEC EPS regulation for local publicly owned utilities (POUs) up for consideration at the May 23 business meeting
  - Standard consistent with that adopted by CPUC
  - Review process appropriate for POUs

# Joint CPUC/CEC GHG Proceeding

- Formal collaborative proceeding designed to provide recommendations to ARB on the implementation of AB32 in the electricity and natural gas sectors
- **CPUC Scoping memo** issued February 2
- **CEC Order Instituting Informational Proceeding** adopted February 28

# Joint Proceeding Recent Activities

- **Reporting and tracking workshops** held April 12 and 13
  - This technical issue is key to making a load-based cap work for California's electricity sector
- April 19: **Symposium on linking** load-based and source-based systems
- April 20: **Symposium on flexible compliance options** for electricity sector
- Events were very well attended and webcast (and archived)

# CPUC Activities

- Issued RFP in March for consultants to model GHG regulatory options for electricity market
  - Five qualified proposals received April 19
  - Evaluation team includes CPUC, CEC and ARB representatives
  - Interviews conducted last week
  - ARB intends to contribute funds to help coordinate with their macroeconomic modeling work
  - Notice of proposed award to be issued this week

# CEC Activities

- **Scenarios project** for the IEPR is designed to:
  - develop a greater understanding of some of the options believed to be needed to achieve major reductions in green house gases (GHG) for the electricity sector,
  - Understand at least some of the consequences of these options, and
  - Permit some degree of tradeoff comparisons
- Better understand implications of major penetrations of preferred resources and set the stage for possible policy review in 2007 IEPR
- Prepare for collaborative assessments with CPUC and ARB to evaluate GHG reduction initiatives

# IEPR Scenario Project

- Each scenario:
  - Explores levels of energy efficiency, demand response, solar PV, and/or renewable generation;
  - Satisfies a simplified version of California's resource adequacy requirements; and
  - Includes necessary transmission.
- Some scenarios have California and WECC-wide variants.

# Additional Activities

- **Coordination on all fronts**
  - CPUC GHG staff presented at **energy efficiency proceeding workshop** May 4, to ensure coordination among related proceedings
  - Staffing all **Climate Action Team subcommittees**
  - **Meeting informally** with many parties
  - Specific outreach to **publicly-owned utilities** (meeting scheduled in Southern California for mid-June)

# Joint Proceeding Upcoming Activities

- **OIR modification** to include **natural gas sector** on CPUC agenda for May 24, 2007
  - Prehearing conference (PHC) will follow OIR modification
  - Staff straw proposal to suggest approaches to natural gas sector in advance of PHC
- Joint staff straw proposal for **reporting and tracking options**
  - Follow up to reporting and tracking workshops
  - To be issued for parties' comments around late June
- Compilation of available **emission reduction measures**
  - To be issued for party input and augmentation, likely early July
- Soliciting **comments on Market Advisory Committee report recommendations** in July