



**California Energy and Environment Update**  
**December 7, 2010**

*This is a weekly series reporting on environment and energy related legislative, regulatory, and legal issues in California. It is intended as a supplement to ML Strategies' existing weekly Energy and Environment Weekly Update, which focuses on federal policy. If you should have any questions, please feel free to contact David Leiter ([dileiter@mlstrategies.com](mailto:dileiter@mlstrategies.com)) or Bryan Stockton ([bstockton@mlstrategies.com](mailto:bstockton@mlstrategies.com))*

**DWP scales back L.A. Mayor Villaraigosa's renewable energy goal**

While the nation's largest municipally owned utility, the Los Angeles Department of Water and Power (DWP), is on track this year to meet a key environmental goal, securing a fifth of its energy portfolio from renewable sources, the utility is quietly backing away from Mayor Antonio Villaraigosa's goal of generating 40 percent of power from renewable sources by 2020, the *Los Angeles Times* reports. The mayor set the ambitious target during his second-term inaugural address. First Deputy Mayor Austin Beutner has called the 40 percent target "arbitrary" and is looking to scale back the target to a 33% renewable energy target by 2020, putting the DWP in line with state regulations for investor owned utilities. The DWP has been criticized for its lack of consistency: Multimillion-dollar initiatives have been announced and abandoned, and the mayor is preparing to pick his sixth general manager in just over three years.

**Brown's renewable energy plan could increase utility rates**

Governor-elect Jerry Brown has promised to revive the state's economy by investing in green energy, but the California Public Utilities Commission estimates that his goal of generating one-third of electricity from renewable sources could cost about \$60 billion over the next decade. The PUC's analysis estimated that could result in rate increases of up to 14.5%. A spokesman for Brown suggested that the estimate may be too high because regulators did not take into account the governor's plan to reduce regulatory barriers for renewable energy. Brown's plan differs from that of out-going Gov. Schwarzenegger's in that Brown wants the majority of this new renewable power to come from sources in California.

**PG&E announces plan to offset emission by financing destruction of refrigerants**

Pacific Gas & Electric Co. announced a proposal to finance the destruction of ozone-depleting chemicals that contribute to global warming. PG&E plans to purchase and retire 160,000 metric tons of offsets from the Environmental Credit Corp. on behalf of utility customers enrolled in their ClimateSmart program. The chemicals will be harvested from refrigerators, freezers, air conditions and other appliances within the state. The nonprofit Climate Action Reserve will verify the offsets for the ozone-depleting substances.

### **EPA names Schwarzenegger Climate Change Champion**

EPA announced on Dec. 3 that Governor Arnold Schwarzenegger would be named “Climate Change Champion” for his leadership on combating climate change. Schwarzenegger will leave office in January, and is the first individual to be named climate champion by the EPA. In the ceremony for the award, EPA Region 9 Administrator Jared Blumenfeld singled out Schwarzenegger’s advocacy of initiatives like A.B. 32 and the Million Solar Roof Initiative.

### **Contract awarded for the largest school district solar power system**

The Mount Diablo Unified School District awarded a 30-year contract to SunPower for the largest school district solar power system in the United States. SunPower will design, install, and maintain the systems, which will be staggered across 51 schools in the district. The power system could potentially save \$192 million over the 30-year contract period. The power system will be financed through the Clean Renewable Energy Bonds (CREBs), available under the American Recovery and Reinvestment Act of 2009.

### **Environmental and public health advocates urge Brown to reverse soil fumigant approval**

Environmental and public health advocates are urging Governor-elect Jerry Brown to reverse a state approval granted to the controversial pesticide methyl iodide. The California Department of Pesticide Regulation (DPR) announced Dec. 1 that the soil fumigant methyl iodide would be approved for use next month. EPA granted national approval to methyl iodide in 2007, despite concerns from scientists at the National Academy of Sciences about health consequences. Democratic state legislators have joined in opposition, criticizing DPR’s approval and suggesting that Brown should work to reverse it. The formal sign-off of the pesticide will come from the state Office of Administrative Law, which is not expected to happen until later this month.

### **Undersea cable line completed in San Francisco, providing cleaner power**

Trans Bay Cable completed construction of a 53-mile, \$500 million power line which extends under the San Francisco Bay into the city. The power line extends from Pittsburg, California under the Bay Bridge and is capable of meeting 40 percent of San Francisco’s peak power demand. The line, owned by SteelRiver Infrastructure Partners, may help to lower energy costs, relieve congestion and improve reliability through the Bay Area.