

***California Energy and Environment Update***  
**February 2, 2011**

**Gov. Brown's State of the State focuses on budget; details on energy and environment are slow to emerge**

Gov. Jerry Brown revealed no new energy or environmental policy proposals in his 14-minute State of the State address to a joint session of the Legislature on Monday. While he expressed his intention "to make California again a leader in job creation, renewable energy and state of the art efficiency," he largely focused on the need to resolve the dire budgetary situation.

As the governor lays out his first-term initiatives, observers will be closely watching his environmental and energy agenda. Many expect that Brown will be a more aggressive environmentalist than his predecessor. Some speculate that Brown will push forward with a 2008 law imposing tougher curbs on toxic chemicals in consumer products. Gov. Schwarzenegger froze implementation of that law in December after facing pushback from business interests. So far Brown has kept mum on the subject.

Environmentalists are excited about Brown's appointments of lawyer Michael Florio from the Utility Reform Network and Professor Catherine Sandoval from Santa Clara University Law School to the California Public Utilities Commission (CPUC). Both are considered to be advocates of consumers. Contrary to previous rumors that Brown was planning to appoint former California Energy Commissioner John Geesman to the CPUC, it now seems that Commissioner Michael Peevey, who was appointed by former Gov. Gray Davis, will continue as CPUC president.

At their first CPUC hearing, both Florio and Sandoval said that while they did not have extensive conversations with the governor about his ideas for the Commission, his agenda was clear to them. "He didn't really have to remind me what he's all about; he's concerned about renewable energy, water, [and] telecommunications," Florio said.

**Sen. Barrasso introduces bill that would restrict EPA and states from regulating greenhouse gases**

Wyoming Republican Senator John Barrasso introduced a bill this week in Washington that would prohibit federal agencies from regulating greenhouse gas emissions for their effects on climate change. The bill only allows regulation if "necessary to protect the public health from imminent and substantial harm caused by direct human exposure to the greenhouse gas." The proposed legislation also would prevent states like California from seeking any waiver to promulgate emissions-control standards for vehicles.

In addition to stripping authority under the Clean Air Act, Barrasso would bar the EPA and other agencies from using any other environmental laws -- including the National Environmental Policy Act and the Endangered Species Act -- to regulate carbon emissions.

Language in the bill limits states' ability to regulate carbon, but it is not clear whether it would strike down regional compacts like the Regional Greenhouse Gas Initiative, a GHG cap-and-trade program involving ten Northeastern states.

### **Solar maker Solyndra struggling**

Fremont-based solar manufacturer Solyndra is struggling to stay afloat amid competition from less expensive solar cells. Solyndra received a \$535 million loan guarantee from the Department of Energy in March 2009 to produce its innovative copper indium gallium selenide thin film cylindrical solar modules, which cost about \$3 per watt to make. Heavily subsidized Chinese manufacturers, by comparison, are producing solar technologies in the \$1.10-to-\$1.20-per-watt range. Solyndra canceled its plans for an IPO last year, citing "adverse market conditions," and the company replaced its founder with a new CEO last summer. The new CEO shuttered Solyndra's older factory and moved all production to its new Fremont factory. The shift disrupted the company's plans to add 1,000 jobs.

### **Businesses discuss implementation of state's RPS**

Last week at the fourth annual VedeXchange, cleantech business leaders discussed the difficulties the industry will face as they move to implement the state's Renewable Portfolio Standard (RPS). California's RPS was created in 2002 and accelerated under an executive order by former Gov. Arnold Schwarzenegger. Under the standard state utilities will need to obtain one-third of their power from renewable energy by 2020.

The four day event highlighted the technical and regulatory challenges remaining, such as managing the variability electricity produced by renewable energy sources and ensuring compliance with Federal Energy Regulatory Commission (FERC) and CPUC regulations.

### **Brown appoints director of Department of Toxic Substance Control**

Gov. Jerry Brown appointed Maziar Movassaghi as Director of the State Department of Toxic Substances Control. Movassaghi, who was Brown's assistant when he was Mayor of Oakland, has been acting as the department's director since March 2009.

### **Air Force to gasify waste for energy**

Edwards Air Force base in Southern California will be the first customer for IST Energy's "Green Energy Machine" (GEM). Rather than burning waste, the GEM utilizes a gasifier to convert waste into electricity and heat.