



California Energy and Environment Update
December 14, 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) or Bryan Stockton (bstockton@mlstrategies.com)

Obama Administration redistributes \$624 million in high-speed rail grants to California

After incoming Republican governors in Wisconsin and Ohio announced their intention to halt high speed rail projects in their respective states, Transportation Secretary Ray LaHood officially killed the projects on December 9 and shifted more than \$1 billion in high-speed rail grants to eleven other states. California and Florida proved the big winners, with California receiving an additional \$624 million in federal funding that may be used to extend the first segment of the line in the Central Valley to Merced or Bakersfield. Earlier this month, the California High-Speed Rail Authority approved construction of an initial 65 miles of track between Borden and Corcoran.

New reports predict revenue from California's cap-and trade program

Prior to the California Air Resources Board vote on the final cap-and-trade rule for the state, the independent, nonpartisan organization Next10 released five academic research papers showing a negligible impact on California households and businesses from the cap and trade regime. The reports primarily analyze the effects of redistributing greenhouse gas permits to emitters mostly free of charge when the program goes into effect in January 2012. One report released by Resources for the Future projected that the value of allowances would range from \$2.5 billion to \$7.5 billion in 2012 and from \$7.3 billion to \$21.9 billion in 2020. Later research is planned to explore how best to leverage the returns to customers. The reports are available online at <http://www.next10.org/next10/publications/trading.html>.

Altamont turbines to be replaced as part of settlement to reduce bird fatalities

NextEra Energy Resources, operator of one of the country's oldest wind farms in Altamont Pass, has adopted a plan to reduce bird fatalities. Bowing to pressure from environmental groups concerned about disproportionately high bird fatalities at Altamont, the company will stop using or replace about 2,400 of its wind towers, many of which date from the 1980s, by 2015. The deal is a part of a settlement between California, NextEra, the Audubon Society and Californians for Renewable Energy. The new NextEra towers will be spread farther apart, though because they are taller and have larger rotors, they will still produce the same amount of energy.

Schwarzenegger laments permitting hurdles for clean energy

At the groundbreaking for a \$1.9 billion renewable energy transmission line in Southern California, outgoing Governor Arnold Schwarzenegger criticized the lengthy permit process for renewable energy projects. He urged environmentalists to support clean energy developments for their overall impacts on climate change, economic growth, employment, and energy security.

Schwarzenegger lamented the five years it took for project developers to secure permits for the line, which will help bring 1,000 MW of wind, solar and geothermal power to San Diego from projects in the Imperial Valley. "This [project] will carry enough clean energy to reduce greenhouse gas emissions by one million tons a year," Schwarzenegger said. "Environmentalists must think about the bigger goals."

San Francisco Mayor sets goal of 100 percent renewable generation by 2020

At the completion ceremony last week of the 5 MW Sunset Reservoir Solar Project, the largest municipal solar facility in the state, outgoing San Francisco Mayor Gavin Newsom announced a \$250,000 grant from the Sidney Frank Foundation that will be used to assess how renewable electricity generation can meet all of the city's peak power demand within a decade. If large hydropower from the Hetch Hetchy reservoir is included, San Francisco currently obtains about 20 percent of its 950-MW peak power demand from renewable resources. When pressed about the feasibility of the goal, the Mayor's Office highlighted the success of the city's recycling program, which has already reached a 77 percent diversion rate and surpassed expectations.

NASA and DOE agree to clean up Santa Susana site

NASA and the Department of Energy reached a settlement with California for cleaning up a contaminated federal property near Los Angeles. The Santa Susana Field Laboratory in Simi Valley was a test site for rocket engines and nuclear energy, and endured a partial nuclear meltdown and spills of trichloroethylene and perchlorate. NASA and DOE will cover a cleanup of 741 acres and intend to remove chemical and radioactive waste in soil by 2017.