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CALIFORNIA GOVERNOR SIGNS RENEWABLE PORTFOLIO STANDARDS BILL

April 2011

On April 12, 2011, California Governor Jerry Brown signed into law a bill entitled S.B. 2X, which modifies California's Renewable Portfolio Standard (RPS) program to require that public and private utilities in California receive at least 33 percent of their electricity from renewable sources by the year 2020. Importantly, the new law eliminates the requirement that renewable energy must be produced in the state of California in order to be eligible for the RPS program.

The recently-enacted bill amends several sections of California's Public Utilities Code and other statutes related to the State's RPS program. It increases the required percentage of energy generated from eligible renewable energy resources per year in stages, moving from 20% of total electricity sold to retail customers in California by December 31, 2013, to 25% by December 31, 2016, and finally to 33% by December 31, 2020, and thereafter. It also revises the RPS program to require that municipal utilities, as well as investor-owned utilities, meet the renewable standards. Further, the new law permits electric utilities to construct their own renewable energy generation facilities, which can account for up to 8.25% of the utility's RPS requirement.

One important aspect of the new law is that it does not require renewable energy to be generated within the state of California in order to be eligible for the RPS program. Now, eligible renewable energy may be generated in any other state, or in Mexico or Canada, provided that the energy can supply end-use customers within California.

The revised statute also provides that if the California Public Utilities Commission (PUC) determines that an electric corporation cannot meet the demands of the RPS requirement without exceeding the limits of a PUC-set budget, the electric corporation



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will be exempted from meeting the standard to the extent that its costs rise above the price limit. The law also requires that the PUC and other California balancing authorities work together to develop methods of interconnecting renewable generation facilities by the most efficient and cost-effective means possible. Finally, the law requires that the PUC provide annual reports to the California legislature regarding the progress made by California utilities in meeting the RPS requirement.

For more information on the content of this alert, please feel free to contact [Richard Lorenzo](#), [Arthur Adelberg](#), [Jay Matson](#), or any other member of our [Energy Practice Group](#).

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