

## RENEWABLE ENERGY ALERT

### **CALIFORNIA GOVERNOR SIGNS EXECUTIVE ORDER EXPANDING STATE'S RENEWABLE ENERGY GOALS AND EXPEDITING RENEWABLE ENERGY DEVELOPMENT**

On November 17, 2008, California Governor Arnold Schwarzenegger signed an executive order to expand the state's renewable energy targets and to facilitate renewable energy project and transmission approval in the state. California mandates its three large private investor-owned utilities to procure 20 percent of their power from renewable energy by 2010. California utilities are not on track to meet the state mandate, and state regulators principally attribute the delay to insufficient transmission infrastructure and complex project approval administration. The executive order follows the rejection of a renewable energy ballot initiative that contained substantial and potentially harmful revisions to California renewable energy law, including duplicative state-level review of new transmission facilities.

The executive order sets an aggressive target for the state's renewable portfolio standard (RPS) program, requiring all retail sellers of electricity, including municipal utilities, to provide to their customers 33 percent renewable power by 2020. Legislation is expected in the upcoming session to codify this target identified in the executive order into law and expand California RPS program eligibility to additional Western states. The executive order directly addresses renewable energy permitting delays by restructuring the permitting process to prioritize renewable energy development with a goal of reducing permit processing time in half.

### **EXECUTIVE ORDER STREAMLINES RENEWABLE ENERGY FACILITY PERMITTING**

California renewable energy facility permitting requires a patchwork of regulations and approval processes by multiple state and local agencies. The executive order streamlines this process by creating a single concurrent permit review at the state level and requires all state agencies to prioritize the review of renewable energy projects. To achieve this, the California Energy Commission (CEC) and Department of Fish and Game (DFG) entered into a Memorandum of Understanding (MOU) creating a Renewable Energy Action Team (REAT). The REAT will create a unit to jointly review renewable energy facility applications. It is expected that this process will reduce renewable energy permitting times by half.

In conjunction with the executive order, an additional MOU was entered into by the CEC, DFG, the U.S. Department of Fish and Wildlife Service and the U.S. Bureau of Land Management (BLM) to increase collaboration and reduce permitting times for renewable energy projects

located on federal lands. In California, BLM lands occupy approximately 15 percent of the state and have strong renewable energy potential.

#### **EXECUTIVE ORDER IDENTIFIES PRIORITY AREAS FOR FAST TRACKED PROJECT APPROVAL**

The executive order directs the REAT to enter into a stakeholder process to pinpoint and pre-approve renewable energy development sites in priority areas in California, including the Mojave and Colorado Desert Region, by June 1, 2012. The executive order also directs the REAT to publish a “Best Management Practices Manual” for developing desert renewable energy sites by December 31, 2009. As a result of these processes, projects in the pre-approved sites are expected to enjoy streamlined permitting and environmental review processes, including binding long-term endangered species permitting assurances. This process will remove project uncertainty and allow project development in identified areas to be fast tracked.

#### **EXECUTIVE ORDER INCREASES COORDINATION FOR EXPEDITED TRANSMISSION SITING**

The executive order also directs state agencies, stakeholders and the state transmission operator to issue a report identifying priority renewable energy zones and potential routes—balancing cost and environmental impact—by March 31, 2009. This process will work alongside the existing state Renewable Energy Transmission Initiative to provide increased technical support to expedite transmission project review. The order additionally calls for increased coordination of state agencies—including the participation of state agencies in the Western Renewable Energy Zone Initiative—with an aim to reduce transmission permitting times.

#### **EXECUTIVE ORDER EXPANDS RENEWABLE ENERGY TARGET**

The executive order establishes an RPS target requiring all retail electricity providers to serve 33 percent of their load with renewable energy by 2020. This increased RPS target would expand the current “20 percent by 2010” RPS goal by making the target applicable to all retail electric load in the state, including public power providers. The executive order directs state agencies to implement this target in all aspects of their proceedings, including siting, permitting and procurement for renewable energy plants and transmission lines. The governor is expected to introduce companion legislation in December codifying the 33 percent standard. The companion legislation is also expected to expand eligibility for California’s RPS program to other Western states and further reform the renewable energy market structure.

#### **CONTACT INFORMATION**

Sample-If you have any queries regarding the scope of the Directive or its practical consequences, please contact:

Richard Gittleman ..... 415.765.9569 ..... rgittleman@akingump.com..... San Francisco