If California's governor sticks to the plan he announced last week, California's leadership role in promoting domestic renewable energy development is in doubt. As Cara Horowitz reported in a recent post, the governor announced his intention to veto recently-passed legislation that would have set a target of 33% renewable power by 2020. Instead of signing the bills, he issued an Executive Order directing the state's Air Resources Board to create and direct such a mandate. In combination with the legislature's failure to pass AB 560 (explained below), this approach is likely to reduce the odds of California meeting the 33% goal, increase the demand for long-distance transmission lines, stifle the state's distributed solar energy industry, threaten stream flows in British Columbia, and compromise California's fish and wildlife.

Let's take these on one at a time. California law sets a clear requirement that its regulated utilities achieve 20% renewable power by 2010. SB 14 and AB 64 would have increased the requirement to 33% by 2020. Vetoing those bills would leave the statutory standard at 20%. It is questionable as to whether the governor can contradict existing law through an Executive Order. In addition, what the governor creates through one Executive Order, he could destroy with another. Thus, the renewable energy industry may lack the assurance it would need to increase investment in the state.

One apparent rationale for the veto is to lift any potential restrictions on using out-of-state renewables to meet California's targets. To the extent this results in more use of out-of-state energy, it will place additional strain on long-distance transmission lines and induce more construction. This might make a reality of Pacific Gas and Electric Company's desired 1,000 mile transmission line to British Columbia to tap into new run-of-the-river hydroelectric projects (see today's San Francisco Chronicle). This could divert flows on free stretches of Canadian rivers, and add 1,000 miles of new transmission siting complications. While placing more demand on the transmission grid, a veto of the two bills eliminates modest potential improvements to transmission siting procedures that the new legislation would have offered.

While the governor increases the emphasis on out-of-state renewables, the legislature's failure to pass AB 560, and thereby expand the amount of supply that can come from net-metered projects, creates the potential for a slowdown in local, distributed solar and wind projects. Net metering allows customers to place renewable power back into the grid and net out charges for power taken off of the grid. This has been a significant incentive for rooftop solar, and other installations

close to the source of demand. However, state law limits that amount of delivered power that can come from net-metered customers to 2.5% of the overall demand. The legislature failed to enact a lifting of this barrier, as distributed installations start to approach the 2.5% cap. This could put a chilling effect on rooftop solar and other distributed technologies.

As for fish and wildlife, the Chronicle points out that the renewables legislation would have required that certain large renewable power projects receive approval from the California Department of Fish and Game. While this would have introduced a new procedural hurdle, it would have increased the likelihood that new projects would be constructed in environmentally sensitive ways.

There are counter-arguments that apply across the board. Increasing access to out-of-state projects can help meet ambitious renewables standards. Allowing more of the supply to come from out of state could decrease local environmental impacts. An agency could potentially implement an Executive Order more quickly than a new law. The California Air Resource Board's mandate under climate change legislation may be broad enough to justify it direct role in implementing a 33% standard. However, it is quite likely that the governor's approach will increase uncertainty and slow things down.

All, however, is not lost. The governor has yet to veto the bills, and the legislation may meet in special session — to reconsider the net metering bill, and perhaps to negotiate a revised 33% standard. The good news, of course, is that the debate over how to implement one of the most ambitious renewable energy standards in the country seems louder than the debate over whether or not to do it.