

Considerations for Achieving a 33% Renewable Portfolio Standard for California

**CARB Workshop
October 30, 2009**

**Arthur O'Donnell
Executive Director
Center for Resource Solutions**

CA IOUs off target in meeting the current 20% RPS goals by 12/31/10

California's three large IOUs collectively served 13% of their 2008 retail electricity sales with renewable power.

- PG&E- 11.9%
- SCE - 15.5%
- SDG&E- 6.1%

Legislation for accelerated RPS would have reset the 20% milestone to Dec. 31, 2013, and 33% by Dec. 31, 2020.

Source: CPUC, SB 14

Compliance is Possible - Faster and Less Expensively with Unbundled RECs

- Current CPUC policy does not allow for use of tradable RECs from outside California.
- SB 14 would have allowed up to 25% of RPS energy commitment to be met with RECs, with no restrictions on deliverability (30% if IOUs also take ownership of RPS resources).
- This reasonable compromise allows for less expensive means of meeting RPS while more in-state resources are developed.
- RECs can be purchased cost competitively from throughout the Western region.

Tradable RECs Contribute to GHG reduction and AB 32 Implementation

- RECs embody all environmental attributes of renewable energy, including zero-emissions from generation source and avoided emissions from fossil-fueled sources (CPUC D08-08-028, Aug. 2008).
- California utilities purchasing RECs may claim ownership of the associated GHG reductions, no matter where they are sourced.
- In the end, the overall reduction of GHG is what matters to avoid climate change.

RECs Break Down Markets Barriers

- RECs do not need to be scheduled on transmission.
- RECs may be banked and retired at different times than the underlying electron, improving deliverability.
- RECs may be bundled with non-associated electricity to “firm and shape” deliveries and improve reliability.
- RECS may be paired with electricity purchased with “contracts for differences” to stabilize prices.

CONTACT

Arthur O'Donnell
Executive Director
Center for Resource Solutions
415-561-2101
arthur@resource-solutions.org