

California Gov. Brown signs ambitious renewable energy mandate into law

April 14 2011, By Dana Hull

California's clean-tech economy took center stage Tuesday at SunPower's solar manufacturing facility in Milpitas as Gov. Jerry Brown signed into law an ambitious mandate that requires the state's utilities to get 33 percent of their electricity from renewable sources such as geothermal, wind and solar by 2020.

The move, which gives California the most aggressive clean-energy requirement in the nation, is expected to create clean-tech jobs up and down the state as utilities race to secure contracts with renewable [energy power](#) producers.

"Instead of taking oil from thousands of miles away we're taking the sun," said Brown before the signing ceremony. "This is about California leading the country, and America potentially leading the world."

U.S. [Energy Secretary](#) Steven Chu also brought good news to California Tuesday, announcing at the heavily attended event that the Department of Energy has awarded SunPower and NRG Solar a \$1.2 billion conditional loan guarantee for the California Valley Solar Ranch, a 250-megawatt power plant to be built in San Luis Obispo County. The [solar plant](#) is expected to create 350 jobs and generate enough power for 60,000 homes.

"The efficiencies created by the California Valley Solar Ranch project will help lower the cost of solar power and encourage more utility-scale solar deployment," said Chu. "The project will also create hundreds of

jobs and will generate clean, [renewable power](#) to fulfill increased [energy demand](#)."

San Jose-based SunPower designs and manufactures [solar cells](#) and solar panels for residential, commercial and utility clients. The company has more than 5,100 employees worldwide, including about 4,300 in the Philippines, where SunPower has two factories.

But with California's solar market rapidly expanding, SunPower is eager to manufacture closer to home, and recently opened its first domestic solar manufacturing facility in Milpitas. The Milpitas factory is operated in partnership with Flextronics, an electronics manufacturing services provider, and is expected to create 100 jobs.

California's three largest utilities were already required to procure 20 percent of their power from [renewable sources](#) by 2010. The law signed Tuesday expands that mandate to 33 percent by 2020 and extends to all utilities in the state.

"This is going to electrify California's economy and reduce air pollution and global warming," said Jim Metropulos of the Sierra Club.

But the California Manufacturers & Technology Association warned that the new mandate could potentially drive up the cost of electricity for California businesses.

"A 33 percent mandate is going to increase energy costs for industrial users," said CMTA spokesman Gino DiCaro. "It's a competitive disadvantage for manufacturing in California."

Pacific Gas and Electric, which has generally supported the concept of a 33 percent mandate, also has concerns about the details of the law, which requires the vast majority of electricity be produced in-state and limits

the ability of utilities to trade RECs, or Renewable Energy Credits. PG&E also warns that large-scale renewable projects are often delayed by the need for multiple permits, which can drive up costs.

"Our ability to meet this target depends on the success of third-party developers who are building new renewable power plants," said Aaron Johnson, PG&E's director of renewable energy policy and strategy. "We're looking for the best projects, and we think we can do everything to meet the goals, but hitting the target remains to be seen. There are a lot of permitting issues and financing challenges."

Biomass, geothermal, solar, wind, wave and tidal power and small hydroelectric dams all count toward meeting the law, known in energy and policy circles as the "Renewable Portfolio Standard," and utilities can use a combination of renewable power sources to meet the 33 percent target.

Currently, most utilities heavily rely on hydropower, biomass and geothermal. But solar and wind are expected to make up the vast majority of new contracts in the coming decade.

"Solar is the fastest growing part of our renewable portfolio, because the cost has come down drastically in the last two years," said Marc Ulrich, vice president for renewable and alternative power for Southern California Edison.

The renewables law also contains provisions designed to protect consumers from rising and often volatile fossil fuel prices and requires state regulators with the California Public Utilities Commission to approve any renewable energy contracts.

"We'll make sure that ratepayers are protected," said CPUC Commissioner Mike Florio, who was a consumer advocate with TURN,

the Utility Reform Network, for three decades before being appointed to the CPUC by Gov. Brown. "Part of our charge in implementing the bill is establishing cost control measures."

Tuesday also marked a huge victory for state Sen. Joe Simitian, D-Palo Alto, who has pushed for the 33 percent standard for four years.

"We want the commitment to renewable energy to be real, but we also want the flexibility to make it work," said Simitian. "If we send a clear signal to the market, the market will respond - with investment, tax revenue and jobs."

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