

## PUBLIC UTILITIES COMMISSION

Office of Governmental Affairs  
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June 15, 2009

The Honorable Alex Padilla, Chair  
Senate Energy, Utilities & Communications Committee  
State Capitol, Room 4038  
Sacramento, CA 95814

**RE: SB 696 (Wright) – As Amended June 9, 2009 – Support**  
**Status: Senate EU&C Hearing – June 16, 2009**

Dear Senator Padilla:

On June 4, 2009, the California Public Utilities Commission (CPUC) voted unanimously to support SB 696 with amendments. As a result of the latest amendments removing the needs assessment provisions from the bill, the CPUC is now in support of the bill. Requiring the California Energy Commission (CEC) to do a needs assessment on power plants would be redundant with the CPUC's Long Term Procurement Plan (LTPP) process, which includes a need determination for new fossil fuel generation in the investor-owned utilities (IOUs) service territories.

This bill would provide a limited California Environmental Quality Act (CEQA) exemption for implementation of specific South Coast Air Quality Management District (SCAQMD) rules creating or providing air emission offsets from the SCAQMD's internal air emissions bank, which is split into two accounts, within the District's air basin.

The bill would address the "permit moratorium" as a result of the Los Angeles Superior Court decision, by allowing the issuance of over a thousand pending permits that rely on the SCAQMD's internal air emissions offset bank. Thus, the bill would help facilitate the replacement of older plants and the permitting of new, cleaner plants. In addition, the bill would enhance the Los Angeles basin's grid reliability by allowing SCAQMD to issue priority reserve credits to thermal power plants needed to meet current and future projected load needs during peak demand.

Please see the attached analysis for a more detailed explanation of the CPUC's position.

If you have any questions or wish to discuss this matter further, please do not hesitate to call me at (916) 327-7788.

Sincerely,

A handwritten signature in cursive script that reads "Michael Poë".

MICHAEL POE  
Legislative Liaison

Attachment

cc: The Honorable Senator Wright  
Members, Senate Energy, Utilities & Communications Committee  
Randy Chinn, Senate Energy, Utilities & Communications Committee  
Wade Teasdale, Senate Republican Caucus/Policy  
John Moffatt, Chief Deputy Legislative Secretary, Office of Governor Arnold Schwarzenegger