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The Golden State Commits to Going Green – Why Contractors Will be in High Demand to Build the State’s Infrastructure

On September 10, 2018 California’s Governor took an ambitious stance on environmental policy and signed Senate Bill 100 (“SB100”). The bill accelerates several Renewables Portfolio Standards (“RPS”) deadlines previously established by former Governor Arnold Schwarzenegger. The bill’s most notable effect—it requires that 100 percent of California’s electricity come from renewable and zero-carbon sources by 2045. California is the second state in the nation to pass such legislation; Hawaii passed a similar bill in 2015.

The passage of this bill could not be timelier as wildfires, drought, and record high temperatures continue to make national headlines. California, as it often does, has taken a contrarian position as the federal government attempts to reinvigorate the coal mining industry in America. Coal and other fossil fuels used to produce energy increase air pollution and deplete necessary ozone. California has been experimenting and utilizing renewable energy technology since as early as 1997. According to the California Energy Commission, by the end of 2017 California generated approximately 32 percent of its energy from renewable sources.

Although California was an early adopter of renewable energy technology, it is still reliant on fossil fuels today. In 2017 it generated or imported approximately 26.8 percent of its energy from coal, oil, or other unspecified sources¹. This is partly due to the need for improved energy technology and a greater transmission network. Energy from solar and wind can be unreliable and production output varies greatly throughout the day. On windy days or sunny afternoons (in Southern California this is almost always) production levels can be so high that the grid becomes overloaded, resulting in power outages. To counter this glut and ensure reliable service, utility companies will often reduce solar or wind production and instead rely on fossil fuel plants for energy.

In fact, California has so much solar and wind energy at times that it pays neighboring states to take it². In order to fully utilize the renewable energy that California can produce—and will be required by 2045—it must invest in developing technology to store energy reserves and build a network of transmission lines across the state. The bill anticipates that new and modified transmission facilities will likely be necessary to achieve the goals³. Some utility companies are already projecting the increased need for substations and transmission lines. Pacific Gas & Electric Company (“PG&E”) and NextEra Energy Transmission West, LLC submitted an application (currently under review) for permits to construct a 230 kV/ 70 kV substation and 230 kV transmission lines in Paso Robles. It is expected that more projects like this will be planned in the coming months.

¹ For a detailed breakdown of total energy production by resource type, please see the California Energy Commission almanac, California Electrical Energy Generation Total Production, available at: http://www.energy.ca.gov/almanac/electricity_data/electricity_generation.html

² Penn, *California Invested Heavily in Solar Power. Now There’s So Much That Other States are Sometimes Paid to Take It*. L.A. Times (June 22, 2017)

³ SB100; Public Utilities Code § 399.11 (d)



CLIENT ALERT

California's goals are indeed ambitious, but they are achievable through development of technology and construction on new and existing transmission lines and substations. As the largest economy in the United States, California hopes to set the precedent for other states to follow.

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