

# Chapman Client Alert

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Current Issues Relevant to Our Clients

## California to Achieve Carbon Neutrality

Earlier this month, Governor Jerry Brown of California signed into law a bill that sets some of the strongest clean energy standards in the world. Senate Bill 100, also known as *The 100 Percent Clean Energy Act of 2018*, requires that one hundred percent of all retail sales of electricity in California come from clean energy sources by 2045. In addition to meeting the overall 2045 target, SB 100 requires that electric utilities generate 50% of their power from renewable sources by 2026 and 60% by 2030. These requirements ramp up targets previously established under the State's renewable portfolio standard, which was first established in 2002. The 2002 standard set a target of 20% renewable energy by 2017. That target was strengthened in 2008 (to 33% by 2020) and again in 2015 (to 50% by 2030). Notably, the last 40% reduction required by SB 100 need not come solely from renewable energy sources. Rather, the bill allows reductions to come from any zero-carbon sources, including nuclear plants and those utilizing carbon capture and sequestration.

On the same day, Governor Brown signed an executive order directing the State – not just the energy sector – to achieve carbon neutrality by 2045 and net negative emissions thereafter. According to Governor Brown's office, California's electricity sector represents only about 16% of the State's greenhouse gas emissions. Thus, to achieve the mandates set forth in the executive order, major sectors of California's economy would need to de-carbonize as well. The transportation sector, which represents over 40% of California's greenhouse gas emissions, is most notably impacted by the executive order. Agriculture, manufacturing, building and other industries are expected to be impacted as well. The fate of, and the specifics of implementing, Governor Brown's executive order will be left up to his successor who will be chosen in the upcoming November elections.

The means by which California will achieve carbon neutrality remain to be seen. Both SB 100 and Governor Brown's executive order allow for flexibility and innovation. California is the second state in the nation, after Hawaii, to commit to one hundred percent clean energy. California, however, is expected to set the example for clean energy as it is the nation's largest state and the world's fifth largest economy. California's actions to combat climate change are in stark contrast to recent efforts at the federal level to roll back fuel economy standards and the Clean Power Plan established under the Obama Administration.

### For More Information

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