

# **Energy Law and Policy**

Fall 2009

Thursday 6:00 p.m. to 8:50 p.m.

Room Warren 2B

## **Course Instructors**

Carrie Downey  
Law Offices of Carrie Anne Downey  
(619) 522-2040 (office)  
cadowney@cadowneylaw.com

Glen Sullivan  
Sempra Energy (*retired*)  
(619) 223-8333  
[glensullivan@cox.net](mailto:glensullivan@cox.net)

## **Course Description**

Energy is the lifeblood of the modern economy. Its production, conversion, and consumption affect nearly every aspect of our lives. Recognizing the increasing importance of energy and its role in global climate change, this course introduces students to the legal, regulatory, and environmental concepts relevant to the changing electricity and natural gas industries in the U.S. The course examines the historical and legal origins of energy regulation and ratemaking and provides an introduction to the natural gas and electrical industries, including basic terms and concepts, regulatory trends and emerging issues. The course will explore the rise of competition in both industries and will cover California's energy crisis of 2000-2001 and its aftermath, and trends in renewable and distributed electricity generation. Students also will examine the rapidly evolving regulation of greenhouse gas emissions in California and the United States.

## **Attendance Policy**

Class attendance is mandatory. More than one unexcused absence during the semester is grounds for reduction of the final grade.

## **Course Requirements**

Read materials prior to each class

Student in-class presentation (10% of final grade)

In-class closed-book final exam (90% of final grade)

In addition, we reserve the right to award "push points" for outstanding performance and significant class participation, and "pull points" for minimal class participation and/or excessive absences from class.

## **Course Texts and Packet**

The course will use *Energy Law in a Nutshell*, and an Energy Law and Policy course packet of selected class discussion and primary reference materials.

## **Student Presentations**

Teams of approximately 5 students will research and present a summary of a selected energy law or policy issue or case study relevant to the class discussion. Teams must select one of the topics/dates listed below by September 10<sup>th</sup>. Each team will have 30 minutes to present their material and take questions. Teams should focus on the relevant legal and policy aspects of their topic. As mentioned above, this presentation will account for 10% of the grade.

Direct Access Outside of California	(Oct. 8)
Developments in Electric Rate Design	(Oct. 15)
Federal Involvement in Transmission (Siting under EPACT 2005 & 2009 Stimulus Funding)	(Oct. 22)
Renewable Energy Credits v. Carbon Credits	(Nov. 5)
Carbon Offsets	(Nov. 12)

## **Course Syllabus**

The following provides a brief summary of the topics covered in each class and the instructor for the class. Several industry-expert guest speakers will also be presenting during the course of the semester.

### **Aug 27: Course Introduction/Energy Issues Overview** (Downey/Sullivan)

Topics: Instructor and student introductions, scope and organization of the course, overview of the energy business, current trends and issues in energy law and policy.

Reading:

- Bosselman p 1-5, 13-22 Energy Law Origins

### **Sept 3: Origins of Regulation** (Sullivan/Downey)

Topics: Historical origins of regulation, landmark American cases, legal concepts of regulation, regulatory objectives, and limitations on regulation. Also, the role of regulators and the regulatory process.

Reading:

- Bosselman, p. 25-44, 60-63 (*Be prepared to discuss cases*)
- Nutshell p. 75-114

### **Sept 10: Introduction to Natural Gas and Evolution of Regulation** (Sullivan)

Topics: General overview of the natural gas industry, including, units of measurement, industry structure, current regulatory framework, key cases. The transition from command and control to competition in the natural gas industry.

Reading:

- Nutshell p. 189-222
- Bosselman p. 569-584; p. 597-620

### **Sept 17: Introduction to Electricity and Evolution of Regulation** (Sullivan)

Topics: Basic terminology, stakeholders and structure of the electricity industry, units of measurement, technology basics, current sources and alternative, historical development of the electric utility, current regulatory structure. Discussion of attempts to increase competition in the electric industry. Preview of efforts to reduce greenhouse gas emissions.

Reading:

- Nutshell p. 256-285
- Bosselman p. 735-772
- Understanding the Electric Industry (Chapter 2), Alternating Currents
- Major Federal Legislation and Supreme Court Decisions
- 2007 EIA Annual Electricity Report

### **Sept 24: Introduction to Ratemaking** (Sullivan)

Topics: Principles of rate regulation, rate base, rate of return, performance-based ratemaking, decoupling, and rate design.

Reading:

- Nutshell p. 120 -143
- Bosselman p .78-101

**Oct 1: California's Energy Crisis Part I: The Origins** **(Downey/Sullivan)**

Topics: Deregulation in the natural gas and other industries, review of California's restructuring plan (AB 1890), summary of and analysis of factors contributing to California's energy crisis of 2000-2001.

Reading:

- Text of AB 1890
- EIA Analysis of AB 1890
- Nutshell p. 285 - 296
- California's Energy Crisis, Paul Joskow, Oxford Review of Economic Policy, Vol. 17, No.3

**Oct 8: California's Energy Crisis Part II: The Response and Legacy** **(Downey/Sullivan)**

Topics: Review of how regulators and legislators responded to the energy crisis, including AB 1X, CA Department of Water Resources contracting process and FERC actions.

Reading:

- Text of AB 1X
- Suspension of Direct Access D.02-03-055
- Morgan Stanley v. Snohomish (US Supreme Ct, 6/2008)

Student Presentation: Direct Access outside of California

**Oct 15: Current California Regulatory Efforts** **(Downey/Sullivan)**

Topics: Review of key current regulatory topics, including, the loading order, energy efficiency, demand response, distributed generation, and smart grid.

Reading:

- Energy Action Plan (Oct. 9)
- Energy Action Plan II, p. 1-15
- Energy Action Plan Update 2008

Student Presentation: Developments in Electric Rate Design

**Oct 22: Renewable Energy** **(Downey)**

Topics: Review of renewable energy policies and regulation, including the Renewable Portfolio Standard, role of transmission, permitting processes, and incentives.

Reading:

- SB 1078 p1-4
- CPUC RPS Order Implementing 1078, p.1-2, 28-30
- CPUC RPS home page
- CPUC RPS Quarterly report
- RETI
- EPACT 2005 Fact Sheet
- CPUC CSI Interim Order.06 – 01 – 024 p1-29, 39-44, Dissent 1-3

**Guest Speaker :** Wayne Sakarias, Sempra Energy

**Oct 29: Electricity Contracts****(Downey/Sullivan)**

Topics: Basics of gas supply contracts and electricity contracts.

Reading:

- Mobile-Sierra
- Managing Energy Risks, p33-35

Student Presentation: Federal Involvement in Transmission (Siting under EPACT 2005 & 2009 Stimulus Bill Funding)

**Nov 5: Climate Change Part I: The Regulatory Response****(Downey)**

Topics: California's regulatory actions to reduce greenhouse gas emissions, including AB 32, SB 1368, legal issues related to AB 32, CA Air Resources Board AB 32 Scoping Plan, and related regulation.

Reading:

- AB 32
- CARB Climate Change Draft Scoping Plan, Exec. Summary, p2-16
- CPUC Final Opinion on Greenhouse Gas Regulatory Strategies R.06-04-009

Student Presentation: RECs v. Carbon Credits

**Nov 12: Climate Change Part II: Federal and Regional Efforts****(Downey)**

Topics: Planning in the era of climate change legislation California Attorney General lawsuits against local governments, and intervention in regional planning.

Reading:

- Letter to SANDAG from Attorney General Brown
- SANDAG Regional Energy Strategy 2008 Update
- SANDAG Climate Action Plan (will be distributed when available)
- Western Climate Initiative

Student Presentation: Carbon Offsets

**Nov 19: What's Next: The Obama Administration's proposals & the Smart Grid****(Downey/Sullivan)**

Federal Cap and Trade, carbon offsets and the next international GHG goal.

Reading:

- American Recovery & Reinvestment Act of 2009 (aka Stimulus Bill) excerpts
- American Clean Energy and Security Act of 2009 (aka Waxman Markey Climate Bill)
- Energy Policy Initiatives Center Smart Grid Final Report, Executive Summary

Student Presentation: Smart Grid

**November 26 –****NO CLASS due to Thanksgiving Holiday****Dec 3: Course Wrap Up****(Downey/Sullivan)**

Topics: Final discussion of energy topics, course evaluation, and overview of exam.