



**Pacific Gas and  
Electric Company**

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December 4, 2006

**HAND DELIVERY**

California Energy Commission  
Docket Unit  
Attn: Docket No. 06-OIR-1  
1516 Ninth Street MS-4  
Sacramento, CA 95814-5512

**DOCKET**  
**06-OIR-1**

DATE Dec 4 2006

RECD. Dec 4 2006


Re: Docket No. 06-OIR-1 Greenhouse Gases Emission Performance Workshop

Dear Docket Clerk:

Enclosed please find Comments of Pacific Gas and Electric Company being submitted in the above referenced docket.

The Comments have also been submitted in electronic format to the Docket Office this date.

Yours very truly,

  
LES GULIASI

CHRISTOPHER J. WARNER

CJW:mw

Enclosures

**Docket No. 06-OIR-1**  
**Greenhouse Gases Emission Performance Workshop**  
**California Energy Commission**

**Comments of Pacific Gas and Electric Company**  
**December 4, 2006**

Pacific Gas and Electric Company (PG&E) provides the following comments on the California Energy Commission's implementation of a greenhouse gas emissions performance standard (EPS) applicable to local publicly-owned utilities pursuant to recently enacted Senate Bill (SB) 1368.

By way of background, PG&E is an investor-owned electric utility that will be subject to the EPS promulgated by the California Public Utilities Commission (CPUC) pursuant to SB 1368. PG&E supports an EPS, and has participated extensively in the technical and regulatory proceedings at the CPUC which have considered the design and implementation of an EPS.

PG&E also has reviewed the Energy Commission staff "white paper" issued as part of the Energy Commission's preparation for implementation of an EPS, and believes that the "white paper" does a good job at identifying key design and implementation issues associated with an EPS, and referencing the various options and design details already considered by CPUC staff and interested parties in the CPUC EPS proceeding.

In particular, PG&E strongly recommends that the Energy Commission not "reinvent the wheel" in considering the design details for the EPS applicable to publicly-owned utilities. SB 1368 mandates that any EPS adopted by the Energy Commission and applicable to publicly-owned utilities must be "consistent" with the EPS adopted and applied to all load-serving entities by the CPUC. (Public Utilities Code section 8341(e)(1)). "Consistency" applies to all key implementing details of the EPS, both

substantive and procedural, and therefore the Energy Commission and CPUC must be sure to reconcile any differences in their respective EPS regulations so that different utilities are not subject to inconsistent regulatory requirements merely because either the CPUC or Energy Commission is the implementing agency.

For the most part, the Energy Commissions staff “white paper” recognizes the need for consistency, and appropriately incorporates the record and implementing details from the CPUC’s EPS proceeding, particularly the CPUC Final Staff Workshop Report. However, in one key respect, the Energy Commission staff “white paper” appears to assume that the Energy Commission EPS can depart significantly from the CPUC EPS applied to investor-owned utilities. The Energy Commission staff “white paper” interprets the CPUC Final Staff Workshop Report as supporting “self-certification” of EPS compliance by load-serving entities other than investor-owned utilities, and suggests that a similar process of “self-certification” should apply to publicly owned utilities. (*Implementation of SB 1368 Greenhouse Gas Emissions Performance Standard*, Staff Issues Identification Paper, California Energy Commission, November, 2006, pp. 20- 24).

PG&E does not believe that the CPUC Final Staff Workshop Report supports significantly different processes for compliance certification by non-investor-owned utilities vs. investor-owned utilities, nor should such differences be considered for compliance certification by publicly owned utilities.<sup>1/</sup> The State’s municipal and other publicly-owned utilities represent over one-third of the electricity deliveries in the State and therefore by definition represent a significant portion of GHG emissions by the electric sector. Thus, enforcement and compliance policies for an EPS for publicly

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1/ See “Final Workshop Report,” Docket R.06-04-009, California Public Utilities Commission, October 2, 2006, p. 41.

owned utilities should not be materially different from the policies applicable to investor-owned utilities. In order to demonstrate EPS compliance under the “gateway” standard proposed in the CPUC proceeding, PG&E agrees that different procedural filings may be used, but the substantive content and required showings must be consistent for both investor-owned and non-investor-owned utilities alike. This should apply to compliance by publicly owned utilities as well.

In summary, PG&E supports the Energy Commission’s effort to promulgate its EPS on an expedited schedule consistent with the similar schedule employed by the CPUC. PG&E also recommends that the Energy Commission be substantively and procedurally consistent in all respects with the CPUC’s EPS, including in the requirements for demonstration and documentation of compliance. PG&E looks forward to providing further comments as the Energy Commission moves forward with its EPS rulemaking in this docket.