**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement the Commission's Procurement Incentive Framework and to Examine the Integration of Greenhouse Gas Emissions Standards into Procurement Policies.	Rulemaking 06-04-009 (Filed April 13, 2006)

**JOINT COMMENTS OF
THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC) AND UNION OF CONCERNED SCIENTISTS (UCS)
ON JOINT STAFF GHG REPORTING PROPOSAL**

July 2, 2007

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I. Introduction and Summary

The Natural Resources Defense Council (NRDC) and Union of Concerned Scientists (UCS) respectfully submit these comments in accordance with the "Administrative Law Judges' Ruling Regarding Comments on Staff Reporting Proposal" (ALJ Ruling), dated June 12, 2007, and in accordance with Rules 1.9 and 1.10 of the California Public Utilities Commission's (CPUC) Rules of Practice and Procedure. We also concurrently submit these comments to the California Energy Commission (CEC) in Docket 07-OIIP-01, the CEC's sister proceeding to this CPUC proceeding.

NRDC is a non-profit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that a healthy California economy needs. In this proceeding, we focus on representing our more than 124,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption. UCS is a leading science-based non-profit working for a healthy environment and a safer world. Its Clean Energy Program examines the benefits and costs of the country's energy use and promotes energy solutions that are sustainable both environmentally and economically.

NRDC and UCS commend the two Commissions for their leadership in addressing global warming and reducing greenhouse gas (GHG) emissions through their decisions and actions over the past several years. The ALJ Ruling presented as

Attachment A the "Joint California Public Utilities Commission and California Energy Commission Staff Proposal for an Electricity Retail Provider GHG Reporting Protocol" (staff proposal) in preparation for the two Commissions to issue joint recommendations to the California Air Resources Board (CARB) in September 2007. NRDC/UCS appreciate the joint Commission staff's hard work in developing a well-researched proposal for a near-term reporting protocol for retail providers. We first present some overarching comments, then comment on the list of issues posed by the ALJ Ruling, and finally offer additional comments organized using the same outline used in the staff proposal, as requested by the ALJ ruling. Our comments are summarized as follows:

- The staff proposal should expand upon the need to develop a more robust future reporting system, such as a regional tracking system, and provide suggestions for how such a system should be developed.
- The Protocol should establish conservative emission estimates to ensure reductions in actual emissions.
- Any emissions factors, whether done on an ex ante or ex post basis, should be updated annually.
- Because ex ante default emissions factors may fail to ensure sufficient accuracy or provide proper incentives, the protocol should assign ex post emissions factors for unspecified sources. If a greater degree of market certainty is desired, the protocol could incorporate a hybrid ex ante/ex post approach for reporting of emissions from unspecified sources.
- Staff's proposed marginal analysis methodology for estimating default emission factors for unspecified imports will require modification in a multi-state reporting context, and NRDC/UCS urge staff to work more closely with all neighboring states to adopt mutually agreeable reporting and tracking methods.
- The proposal should standardize labeling metrics used for GHG emissions, rates and factors.
- The Commissions should pay particular attention to two criteria for assessing reporting options: criteria 2.3.5, "Minimization of Unintended Consequences," and criteria 2.3.6, "Setting Appropriate Policy Signals."
- Reporting requirements under the "first seller" approach would undoubtedly need to differ from the staff proposal for reporting under a load-based cap, but details of the first seller approach must first be better described.
- The Commissions should include recommendations for how the Department of Water Resources should be treated as part of their overall electricity sector reporting recommendations to CARB.
- Further exploration of how much energy the CAISO Integrated Forward Market may account for in the future, especially the percent of fossil-fueled

power, would be useful to understand the implications of assigning emissions factors and determining what they should be.

- Enforcement, along with third-party verification, of reporting requirements is vital to ensure credibility of the system.

II. Overarching Comments

A. The staff proposal should expand upon the need to develop a more robust future reporting system, such as a regional tracking system, and provide suggestions for how such a system should be developed.

In its current form, the staff proposal's recommendations are limited to the type and amount of reporting information presently available. While the staff proposal identifies some of the significant knowledge gaps requiring further study, it does not provide a clear vision of how reporting and tracking might or should work in the future. The staff proposal simply acknowledges that future tracking can be refined, and notes that a comprehensive generation information system similar to the NEPOOL and PJM systems could be developed for the Western Electricity Coordinating Council (WECC) (p. 3). NRDC/UCS strongly recommend that these sections of the staff proposal be expanded.

Just as the two days of the April 12-13, 2007 workshop on reporting and tracking were divided into "current and near-term reporting options" and "regional tracking systems or other options for future reporting," the joint Commissions' reporting recommendations to CARB should also provide a reporting proposal for both the near-term and a roadmap to develop an improved future system. The staff proposal will more effectively inform CARB's decision-making process if it broadens its current focus on near-term reporting to include more discussion and analysis of the future reporting options which may be necessary for a well-functioning system for tracking and reporting electric sector emissions.

Although CARB is required by AB 32 to adopt mandatory reporting protocols by January 1, 2008, enforcement of GHG emissions limit on certain sectors under AB 32 will not begin until January 1, 2012. While it will be helpful to gain experience with

GHG emissions reporting using near-term reporting options that depend upon existing sources of information, California should also use the interim period to begin developing a tracking system to overcome the deficiencies that exist in currently available information. In the four-plus years that remain until the AB 32 GHG emissions limits are enforced, it would be wise to think forward to a tracking and reporting system that will prove robust and viable throughout the AB 32 timeline that extends to 2020. This future refined reporting and tracking system should be developed and implemented at least a year prior to the 2012 enforcement start date, to allow time to work out any kinks before the GHG emissions limit takes full effect.

NRDC/UCS urge the two Commissions to include a more detailed recommendation for future reporting and tracking. Although it is probably not possible for a full proposal to be developed before the joint CPUC/CEC near-term reporting recommendations are submitted to CARB, the two Commissions should provide a clear vision of, and initiate a process to develop, a reporting and tracking system that will resolve many of the gaps identified in the staff proposal. At minimum, the staff proposal should provide preliminary procedural recommendations for the design and implementation of a tracking system for the six western states participating in the Western Regional Climate Action Initiative (WRCAI). This is important both to develop a more accurate reporting system and to provide a clear understanding for the entities that will be responsible for reporting of how the requirements will be updated over time.

B. The Protocol should establish conservative emission estimates to ensure reductions in actual emissions.

NRDC/UCS strongly agree with criterion 2.3.6 of the protocol: "Where estimation is needed, care should be taken that the Protocol provides incentives that tend to reduce overall GHG emissions." The design of the protocol should recognize that some retail providers could rely on emissions estimates as "cover" for purchases whose actual emissions exceed the assigned estimates. To lessen the incentive for retail providers to engage in such practices, the protocol should incorporate conservative assumptions for calculating emissions estimates, particularly when the source of the emissions is less known or documented. The long-term integrity of a potential statewide greenhouse gas emissions market demands that every sector's reporting protocol encourage more, rather than less, specific reporting of GHG emissions.

C. Any emissions factors, whether done on an ex ante or ex post basis, should be updated annually.

To enable sufficient accuracy, emissions estimates should at the very least be frequently updated, whether done on an ex ante or ex post basis. The staff proposal contemplates periodic updates of default emission factors, "possibly every three years." (section 7.2.1, p. 29) NRDC/UCS recommend that these factors be updated annually, to account for potentially significant inter-annual changes such as new plant additions or retirements and hydro variability. More frequent updates will ensure that retail providers see the consequences of the investments they make. Infrequent updating could encourage gaming, for example, it would be possible for a retail provider to sell their conventional coal assets but still import them from the import mix and get assigned a lower emissions factor. Annual updating of default emission factors could possibly be done in conjunction with the CEC's annual publication of the Net System Power Report.

D. Because ex ante default emissions factors may fail to ensure sufficient accuracy or provide proper incentives, the protocol should assign ex post emissions factors for unspecified sources. If a greater degree of market certainty is desired, the protocol could incorporate a hybrid ex ante/ex post approach for reporting of emissions from unspecified sources.

Staff proposes that default emission factors be calculated on an ex ante basis, to provide market certainty, and solicits feedback on the trade-off between the certainty of ex ante reporting and the greater accuracy of ex post reporting. (section 5.7, pp.22-23) NRDC/UCS submit that, in certain instances, ex ante emission factors may fail to satisfy some of the key Protocol criteria, including accuracy and setting appropriate policy signals. Though it may be true that ex ante emission factor "overestimates in one year compensate for underestimates in another" (5.5, p. 21) over a multi-year period, a higher level of precision is desirable and may be required for the proper functioning of a greenhouse gas emissions market where large sums of money are potentially at stake. In addition, it is desirable for the reporting system to provide prompt "feedback" to retail providers so that they immediately see the consequences of the investments they make.

The draft staff recommendation values the certainty that ex ante estimates can provide. However, if emissions factors are assigned ex post on an annual basis, retail providers will know the emissions factor determined ex post for the previous year and can use that emissions factor for planning purposes, since the emissions factor in the following year is unlikely to substantially deviate from that of the prior year in most circumstances. In addition, the use of ex post emissions factors will incentivize entities to err on the safe side, which is consistent with criterion 2.3.6.

The disadvantages of ex ante reporting are particularly evident in the context of the CAISO Integrated Forward Market (IFM), which will be served by a mix of resources that is currently unknown and could fluctuate substantially due to volatile natural gas prices. Assigning default emission factors to IFM purchases through an ex ante process imputes artificial certainty to the highly uncertain emissions characteristics of these spot market purchases. Furthermore, because retail providers are likely to rely on IFM purchases to supply only 10-20 percent of their load,[1] retail providers' exposure to "market uncertainty" due to spot market purchases could be rather limited. Therefore, the staff proposal should adopt ex post reporting for spot market purchases, based on analysis of the specific resources serving the CAISO IFM.

The use of ex post reporting may require some lag time between the adoption of "trued up" default emissions factors and the end of an emissions compliance period. This would provide entities with the flexibility to obtain any allowances they require for compliance (or sell any excess allowances). State-provided quarterly estimates of ex post default emissions factors and the use of flexible compliance mechanisms may also allow retail providers to better manage their emissions compliance responsibility.

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[1] R.06-04-009 and D. 07-OIIP-01, ALJ Ruling Attachment A, "Joint California Public Utilities Commission and California Energy Commission Staff Proposal for an Electricity Retail Provider GHG Reporting Protocol," p. 2.

If the use of annually updated ex post emission factors fails to satisfy the two Commissions' desire to provide more market certainty for retail providers, NRDC/UCS suggest a possible hybrid process that would establish, ex ante, a range of emission factors for each region, which would bound the specific emissions factor that would be determined ex post on an annual basis. Under this proposal, the state could establish emission factor ranges for each region based on a confidence interval or the annual high or low calculated emissions factors from a historic five-year interval. For instance, the ex ante range of emission factors for Southwest unspecified generation for 2008 could be 950 to 1,200 lbs CO2e/MWh (these numbers are provided purely for illustrative purposes), rather than the 1,075 lbs/MWh proposed by staff. If subsequent analysis determines that the ex post 2008 emissions factor falls within the pre-determined range, that ex post figure will simply be used for reporting of the applicable purchases. If the ex post emissions factor falls outside of the range, retail providers will report their emissions using the maximum or minimum emissions factor of the range, depending on whether the ex post factor is above or below the end points of the range. The ex ante range would then be updated for the following year. This hybrid approach for reporting unspecified emissions provides greater accuracy through ex post analysis of actual market operations, but retains a significant market certainty for retail providers by bounding the degree to which the default emissions factors may fluctuate. As mentioned previously, NRDC/UCS recommend that ex post emissions factors be used for unspecified sources, but present this hybrid approach as a potential compromise between the competing interests of accuracy and market certainty.

E. Staff's proposed marginal analysis methodology for estimating default emission factors for unspecified imports will require modification in a multi-state reporting context, and NRDC/UCS urge staff to work more closely with all neighboring states to adopt mutually agreeable reporting and tracking methods.

Staff's proposed default emission factors for Southwest unspecified purchases are estimated using a marginal resource analysis. Staff's proposed default emission factors for Northwest unspecified purchases are estimated using a hybrid approach that includes marginal resource analysis. While these estimation methodologies may represent the best practice given the information currently available, future changes in policy and market conditions will likely require a significantly different approach. In particular, the creation of the Western Regional Climate Action Initiative (WRCAI), which includes several of California's neighboring states, provides new incentives for retail providers in the west to make reporting claims (through formal tracking systems) on their cleaner generating resources. One can envision disputes between retail providers in different states over different reporting methods. In fact, the concerns of other states over inconsistent methodologies for reporting emissions from unspecified Northwest purchases were raised at the April 12 and 13 workshops.

NRDC/UCS have concerns about the long-term viability of relying on marginal resource analysis for estimating the emission factors of unspecified purchases, particularly in the context of an eventual transition from a California-specific reporting protocol to a multi-state protocol. Staff should continue to work with Washington and Oregon to ensure that reporting and tracking is done consistently in all three states, and should adjust the method for estimating emissions from Northwest unspecified purchases as appropriate. Although staff indicates that Arizona and New Mexico have so far not identified any problems with staff's proposed methodology for tracking Southwest unspecified imports (5.3.3, p.20), retail providers in those states are almost certain to support an inconsistent methodology if they are required to begin formally reporting the emissions associated with their load. Considering the likelihood that retail providers in other states will make claims on the emissions from their resources that are inconsistent with the claims contemplated in the staff proposal, it is possible that a residual emissions analysis approach which subtracts out claimed resources from unspecified imports would prove more tractable than the marginal and hybrid approaches that staff proposes. NRDC/UCS urge staff to work more closely with other states, including California's southwestern neighbors, to adopt mutually agreeable reporting and tracking methods that will facilitate expandability in the multi-state system envisioned in WRCAI.

F. The proposal should standardize labeling metrics used for GHG emissions, rates and factors.

The staff proposal uses varying metrics and descriptors for GHG emissions, rates, and factors: lbs CO2 /MWh, lbs CO2 /kWh, lbs CO2e /MWh, or sometimes no labeling metric at all. For consistency and clarity, NRDC/UCS recommend that the labeling metrics for all GHG emission rates and factors be standardized throughout the proposal. In particular, the proposal should clarify whether the staff-recommended emissions factors are CO2-only emissions or CO2-equivalent (CO2e) GHG emissions. Since AB 32 defines greenhouse gases as including "all of the following gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride," the metrics used in the proposal should include CO2e of all these greenhouse gases regulated by AB 32.[2]

III. Comments on Issues Raised in ALJ Ruling

A. Whether the criteria for assessing reporting protocols identified in Section 2.3 of the report are appropriate, and whether the Staff proposal adequately complies with what you view as appropriate criteria

NRDC/UCS generally agree with the seven criteria offered by the staff proposal in section 2.3. However, we do not believe that these criteria should be equally weighted when evaluating different reporting options. In order to achieve AB 32's primary requirement of GHG emissions reductions, we urge the Commissions to pay particular attention to criterion 2.3.5, "Minimization of Unintended Consequences" and criterion 2.3.6, "Setting Appropriate Policy Signals." It is essential that the reporting protocols avoid perverse incentives, and ensure that the retail providers get the correct signals to reduce greenhouse gas emissions. Ex post true-up of default emissions values is highly consistent with these criteria, because it enables retail providers to see the consequences of the long-term financial commitments that they make, which will determine the overall

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[2] Health and Safety Code Division 25.5, Part 1, Chapter 3, Section 38505(g).

success of California in reaching its 2020 GHG emissions target. The concerns of NRDC/UCS about how the staff proposal may not meet these criteria are noted elsewhere in these comments.

B. Whether the intent should be to design a reporting protocol that could be adopted directly by other states in the region and, if so, whether modifications to the Staff proposal would be needed for this purpose

The reporting and tracking protocol that California adopts should be mutually agreeable to the other states in the region, and we urge staff to coordinate closely with staff in neighboring states. See our comments in Section II.E above.

C. How the proposed reporting requirements including, in particular, the use of estimates, could affect the integrity of greenhouse gas (GHG) emission allowances and whether the requirements may have implications on the ability to trade GHG emission allowances with other regimes

Estimates of GHG emissions used for reporting inherently lack accuracy, and lack of accuracy will certainly affect the integrity of GHG emissions allowances. See our comments in section II.B. Environmental integrity and the accuracy of reporting and tracking systems are critical for the ability to link with other jurisdictions.

D. In addition to any technical, policy, or other concerns, whether the Staff proposal raises any legal issues

NRDC/UCS have identified technical and policy concerns in other sections of these comments. At this time, NRDC/UCS have not evaluated the staff proposal for any legal issues.

E. Whether modifications to the Staff proposal would be needed to support implementation of the recommendations in the Market Advisory Committee's draft report, in particular, the "first seller" structure.

Modifications to the staff proposal would certainly be necessarily to support implementation of the Market Advisory Committee's (MAC) recommendation for a "first seller" approach to capping emissions in the electric sector. The MAC issued its final report of recommendations, including its recommendation for the first seller approach, to CARB on June 29, 2007. NRDC/UCS have not had yet had the opportunity to review in detail the final MAC report, and therefore offer these comments on the first seller approach based on the draft report.

The first seller approach is an intriguing concept, and NRDC/UCS appreciate the MAC report's initial analysis of how the state might make the "first sellers" of electricity into California's power market the point of regulation. However, the draft MAC report left many questions unanswered that must be addressed before the state determines whether a "load-based" approach or a first seller approach to the point of regulation will best meet California's goals.[3] Among these key questions are how the first seller approach would actually work in practice, and who exactly the first sellers in California would be. NRDC/UCS are encouraged by the announcement at the June 22, 2007 workshop in this proceeding that the Commissions plan to convene a workshop on August 21, 2007 to address the many questions that parties have about the first seller approach. NRDC/UCS hope that this workshop will be open to all parties, and will examine the pros and cons of both the load-based and first seller approaches in order to inform the Commissions' joint recommendations to CARB for the structure of the electric sector cap.

As noted in the ALJ ruling, the Commissions plan to issue a proposed decision on reporting requirements in mid-August 2007, which will likely come before the August 21 planned workshop on the first-seller approach. However, the technical, regulatory, and legal implications of the first seller approach must be more carefully analyzed and vetted

[3] These concerns were presented in NRDC's June 11, 2007 letter to the MAC on its draft report (p. 3-4), which can be downloaded at www.climatechange.ca.gov/events/2007-06-12_mac_meeting/public_comments/.

before possible reporting options under this approach can be explored. Because it appears that advocates of the first-seller approach propose to rely on E-Tags for identifying the first seller into the state, further exploration of E-Tags would be beneficial to inform the viability of the first seller approach, and would also serve to inform the development of a future tracking system under the load-based approach.

IV. Additional Comments Organized Using the Same Outline Used in the Staff Proposal

As requested by the ALJ Ruling, NRDC/UCS provide additional comments that follow the organization of the staff proposal. Some of these points complement or overlap the comments already stated above, while others provide additional comment.

Executive Summary

- Consistent with the recommendations that NRDC/UCS provide above, the executive summary should also provide a clear vision of an improved future tracking system that California should be working towards, and recommendations for how such a system should be developed. For instance, the word "can" in the sentence on p. vi, "future tracking *can* be refined to collect additional information" (emphasis added), should be changed to "should," to reflect that future tracking *should* be refined as other states increase their level of participation in WRCAI and as additional information becomes available.

1.3 In-state Unspecified Purchases

- The staff proposal quotes the MAC report on estimates of how much of total energy consumption will be handled by the CAISO IFM. Further exploration of how much energy the IFM may account for, especially what percent of fossil-fueled power, would be useful (also mentioned in Section 4.2.3).

1.4 Lack of a Comprehensive "Source to Sink' Reporting System

- The mention (p. 3) of a possible Western Electricity Coordinating Council (WECC)-wide tracking system should be further expanded with more recommendations or suggestions on how it would work, what it would take to get it up and running, and whether California and the western states should be working toward it.

2.1.1 Retail Provider

- In the definition of "retail provider," the Department of Water Resources (DWR) is not included. DWR is a large consumer of electricity in California, and contracts directly with marketers, generators, and retail providers to meet a portion of its load. Because it is likely that some DWR purchases will not be captured under large stationary source reporting or retail provider reporting as currently described, NRDC/UCS recommend that the Commissions examine how DWR should be treated as part of its overall electricity sector recommendation to CARB.

3.1 Regional Averages for Imports

- Page 8 mentions the 2005 net system power report. This could be updated with the more recent 2006 net system power report.

4.1.4 Facility-Specific Contracts

- NRDC/UCS generally agree with these recommendations to avoid contract shuffling with existing facilities.

4.2.3 CAISO Markets

- The staff proposal quotes the MAC report on estimates of how much of total energy consumption will be handled by the CAISO IFM. Further exploration of how much energy the IFM may account for, especially what percent of fossil-fueled power, would be useful. (Also mentioned in Section 1.3)

5.2.2 Control Area (Balancing Authority)

- The staff proposal begins a discussion of NERC E-Tags and acknowledges that they "provide a potential starting point for developing a larger system." (p. 16) E-Tags are a possible starting point for improvements to the current tracking capabilities. NRDC/UCS recommend the proposal describe a plan to pursue this larger tracking system.

5.2.4 Default Only

- The staff proposal recommends against using high default rates for unspecified purchases. NRDC/UCS understand that high default rates would need to be phased in over time to allow retail providers time to adjust to the rules and to avoid the problems with accuracy the staff report notes, but we recommend further analysis of the value of high default values to avoid perverse incentives and to meet criterion 2.3.5.

5.3.3 Marginal Emissions Factors for Residual Unspecified Power

- Representatives from Oregon and Washington, including Phil Carver from Oregon at the April 12 workshop, have significant disagreements with the assumptions about the Northwest resource split in the CEC staff report, "Revised Methodology to Estimate the Generation Resource Mix of California's Electricity Imports." The CEC staff report's methodology assumes the Northwest retains its coal resources for local load and exports any excess hydro to California, whereas others claim the Northwest first uses its hydro, and exports any excess coal to California. The competing claims over the emissions attributes of Northwest resources emphasize the importance of coordinating with other states to develop reporting and tracking methodologies that are consistent across the region.

5.3.4 Unspecified Purchases within California

- The staff proposal's assumption that the real-time market's resource mix is comprised of only hydropower and fast-ramping natural gas units presumes that the real-time market is only used as a balancing market. In order for the real-time market to truly serve as a balancing market, retail providers must be restricted as to how much they can rely on it. Our understanding is that the 5 percent restriction on retail providers' reliance on the real-time market will be applied on a forward basis. Clear rules and monitoring of the real-time market will be necessary to make sure retail providers are not deliberately over-relying on it in real time.

- In this section, as well as others, the staff proposal recommends using a 1000 lbs CO_2/MWh emission rate for natural gas plants. As the emission rates given on pages 24-25 show, 1000 lbs CO_2/MWh is closer to the low point of the range of emissions for all natural gas plants. NRDC/UCS recommend that the default rate for natural gas plants to be used in calculating emissions factors should be the least efficient natural gas plant (1640 lbs CO_2/MWh, according to the numbers provided by the staff proposal), to avoid perverse incentives. Otherwise, the use of ex post emission factors seems more appropriate.

5.6 Evaluation of Data Sources

- The staff proposal states that "staff has not explored the regulatory feasibility of using E-Tags." (p. 22) NRDC/UCS recommend that the proposal describe a plan to further explore E-Tags as well as a regional tracking system that might be able to use the structure in place with WREGIS.

5.7 Recommendation on Unspecified Sources

- As described earlier in these comments, NRDC/UCS recommend that the staff-recommended emission factors be continually updated ex post, so that it would be difficult to hide high-emitting resources in an unspecified pool.

7.2.1 State Calculated Ex Ante Annual Regional Default Factors

- NRDC/UCS remain particularly concerned with the use of ex ante values if they are only updated every three years. A three-year update cycle would produce a significant lag in the system and would fail to reflect any inter-annual variation in actual emissions due to changing market conditions. Whether they are determined ex ante or ex post, default emission factors should be updated annually to ensure greater accuracy and to improve the integrity of any emissions allowances that are used to account for unspecified resource purchases.

8. Submission Process

- Along with third-party verification of reporting, enforcement is also vital to ensure credibility of the tracking system. NRDC/UCS recommend the addition of a subsection on enforcement for reporting.

9. Techniques for Addressing the Potential for Contract Shuffling and Leakage

- Again, NRDC/UCS recommend that the mention of a multi-state generation information system on page 35 be supplemented with additional discussion of the improved tracking system the state should be working towards in the future.

V. Conclusion

NRDC/UCS commend the joint staff for their hard work in developing the draft reporting proposal, and urge the Commissions to adopt the recommended modifications described herein. NRDC/UCS look forward to continuing to work with the Commissions and other parties to refine and further develop the electricity sector reporting proposal.

Dated: July 2, 2007

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **"Joint Comments of the Natural Resources Defense Council (NRDC and Union of Concerned Scientists (UCS) on the Joint Staff GHG Reporting Proposal" in the matter of R.06-04-009** to all known parties of record in this proceeding by delivering a copy via email or by mailing a copy properly addressed with first class postage prepaid.

Executed on July 2, 2007 at San Francisco, California.

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