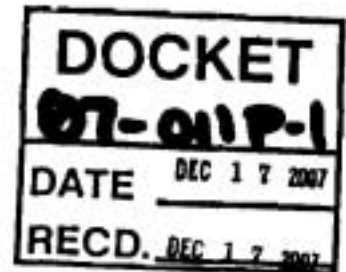


**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

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)

**ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION  
OF THE STATE OF CALIFORNIA**



In the Matter of

AB 32 Implementation: Greenhouse Gases.

Docket 07-OIIP-01

**SACRAMENTO MUNICIPAL UTILITY DISTRICT'S REPLY COMMENTS ON TYPE  
AND POINT OF REGULATION ISSUES FOR THE ELECTRIC SECTOR**

Jane E. Luckhardt  
Downey Brand LLP  
555 Capitol Mall, Tenth Floor  
Sacramento, CA 95814  
Tel: (916) 444-1000  
Fax: (916) 444-2100  
Email: [jluckhardt@downeybrand.com](mailto:jluckhardt@downeybrand.com)

*Attorneys for the  
Sacramento Municipal Utility District*

December 17, 2007

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT'S REPLY COMMENTS ON TYPE AND POINT OF REGULATION ISSUES FOR THE ELECTRIC SECTOR**

In accordance with the California Energy Commission's (CEC) regulations and the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC) the Sacramento Municipal Utility District (SMUD) provides the following brief reply comments on the Administrative Law Judges' Ruling Requesting Comments on Type and Point of Regulation Issues ("Ruling"). These reply comments are being provided to both the CEC and the CPUC.

SMUD's commitment and investment in low carbon and renewable resources is commendable. SMUD's publicly elected Board has time and again ensured that SMUD remain a low carbon utility. SMUD does not need additional state supervision to continue its commitments in this regard. In addition and without repeating its initial response to question 12 filed on December 3rd regarding regulation of publicly owned utilities,<sup>1</sup> SMUD wishes to point out that its recommended method of allocating allowances starting with a historic allocation and ending at benchmark removes the need to provide specific command and control levels of energy efficiency, renewable generation, etcetera for any load serving entity (LSE). By moving to a benchmark system all entities will be facing a strong incentive to reduce the amount of carbon in their generation. Each entity will see the direct cost of high carbon resources and will find the most cost effective way for that LSE to reduce carbon. As we have stated in many earlier filings, each LSE is in a slightly different situation. A one size fits all target would fail the requirement in AB 32 to find the most cost effective carbon reduction solutions. (Cal. Health and Safety Code Section 38561[a].)

---

<sup>1</sup> *Sacramento Municipal Utility District's Comments on Type and Point of Regulation Issues for the electric Sector, R. 06-04-009 & Docket No. 07-PIIO-01, pp. 8-9, Dec. 3, 2007.*

SMUD supports the legal argument made in response to comments of other parties on this issue by the California Municipal Utilities Association.

Dated: December 17, 2007

Respectfully submitted,

/s/

---

Jane E. Luckhardt  
Downey Brand LLP  
555 Capitol Mall, Tenth Floor  
Sacramento, CA 95814  
Tel: (916) 444-1000  
Fax: (916) 444-2100  
Email: [jluckhardt@downeybrand.com](mailto:jluckhardt@downeybrand.com)

*Attorneys for the  
Sacramento Municipal Utility District*

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the attached:

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT'S REPLY COMMENTS ON TYPE AND POINT OF REGULATION ISSUES FOR THE ELECTRIC SECTOR**

on all known parties to R. 06-04-009 and CEC Docket No. 07-OIIP-01 by transmitting an e-mail message with the document attached to each party named in the official service list. I served a copy of the document on those without e-mail addresses by mailing the document by first-class mail addressed as follows:

See attached service list

Executed this 17th day of December, 2007, at Sacramento, California.

/s/

Colleen Bullock

Service List R. 06-04-009, updated December 13, 2007

docket@energy.state.ca.us; Richard.raushenbush@lw.com; robb.kapla@lw.com;  
cadams@covantaenergy.com; steven.schleimer@barclayscapital.com;  
steven.huhman@morganstanley.com; rick\_noger@praxair.com;  
keith.mccrea@sablauw.com; ajkatz@mwe.com; ckrupka@mwe.com;  
kyle\_boudreaux@fpl.com; cswoollums@midamerican.com;  
Cynthia.A.Fonner@constellation.com; kevin.boudreaux@calpine.com;  
trdill@westernhubs.com; ej\_wright@oxy.com; pseby@mckennalong.com;  
todil@mckennalong.com; steve.koerner@elpaso.com; jenine.schenk@apses.com;  
jbw@slwplc.com; kelly.barr@srpnet.com; rrtaylor@srpnet.com;  
smichel@westernresources.org; roger.montgomery@swgas.com;  
Lorraine.Paskett@ladwp.com; ron.deaton@ladwp.com; snewsom@semprautilities.com;  
dhuard@manatt.com; curtis.kebler@gs.com; dehling@klng.com;  
gregory.koiser@constellation.com; npedersen@hanmor.com;  
mmazur@3phasesRenewables.com; vitality.lee@aes.com; tiffany.rau@bp.com;  
klatt@energyattorney.com; rhelgeson@scppa.org; douglass@energyattorney.com;  
passed@adelphia.net; bwallerstein@aqmd.gov; akbar.jazayeri@sce.com;  
annette.gilliam@sce.com; cathy.karlstad@sce.com; Laura.Genao@sce.com;  
rkmoore@gswater.com; dwood8@cox.net; atrial@sempra.com;  
apak@sempraglobal.com; dhecht@sempratrading.com; daking@sempra.com;  
svongdeuane@semprasolutions.com; troberts@sempra.com;  
liddell@energyattorney.com; marcie.milner@shell.com;  
rwinthrop@pilotpowergroup.com; tdarton@pilotpowergroup.com;  
lschavrien@semprautilities.com; GloriaB@anzaelectric.org;  
llund@commerceenergy.com; thunt@cecmil.org; jeanne.sole@sfgov.org;  
john.hughes@sce.com; llorenz@semprautilities.com; marcel@turn.org;  
nsuetake@turn.org; dil@cpuc.ca.gov; fja@cpuc.ca.gov; ahang@nrdc.org; rsa@a-  
klaw.com; ek@a-klaw.com; kgrenfell@nrdc.org; mpa@a-klaw.com; als@a-klaw.com;  
bill.chen@constellation.com; bkc7@pge.com; epoole@adplaw.com;  
agrimaldi@mckennalong.com; bcragg@goodinmacbride.com; jsqueri@gmsr.com;  
jarmstrong@goodinmacbride.com; kbowen@winston.com; lcottle@winston.com;  
sbeatty@cwclaw.com; vprabhakaran@goodinmacbride.com; jkarp@winston.com;  
jeffgray@dwt.com; cjlw5@pge.com; samyers@att.net; lars@resource-solutions.org;  
alho@pge.com; aweller@sel.com; jchamberlin@strategicenergy.com;  
beth@beth411.com; kerry.hattevik@mirant.com; kowalewska@calpine.com;  
wbooth@booth-law.com; hoerner@redefiningprogress.org; janill.richards@doj.ca.gov;  
cchen@ucsusa.org; gmmorris@emf.net; tomb@crossborderenergy.com;  
kjinovation@earthlink.net; bmcc@mccarthyllaw.com; sberlin@mccarthyllaw.com;  
Mike@alpinenaturalgas.com; joyw@mid.org; UHelman@caiso.com;  
jjensen@kirkwood.com; mary.lynch@constellation.com; lrdevanna-  
rr@cleanenergysystems.com; abb@eslawfirm.com; mclaughlin@braunlegal.com;  
glw@eslawfirm.com; Luckhardt, Jane; jd@eslawfirm.com;  
vwelch@environmentaldefense.org; www@eslawfirm.com; westgas@aol.com;  
scohn@smud.org; atrowbridge@daycartermurphy.com; dansvec@hdo.net;

notice@psrec.coop; deb@a-klaw.com; cynthia.schultz@pacificcorp.com;  
 kyle.l.davis@pacificcorp.com; ryan.flynn@pacificcorp.com; carter@ieta.org;  
 jason.dubchak@niskags.com; bjones@mjbbradley.com;  
 kcolburn@symbioticstrategies.com; rapcowart@aol.com; Kathryn.Wig@nrgenergy.com;  
 sasteriadis@apx.com; george.hopley@barcap.com; ez@pointcarbon.com;  
 burtraw@rff.org; vb@pointcarbon.com; andrew.bradford@constellation.com;  
 gbarch@knowledgeinenergy.com; ralph.dennis@constellation.com;  
 smindel@knowledgeinenergy.com; brabe@umich.edu; bpotts@foley.com;  
 james.keating@bp.com; jimross@r-c-s-inc.com; tcarlson@reliant.com;  
 ghinners@reliant.com; zaiontj@bp.com; julie.martin@bp.com; fiji.george@elpaso.com;  
 echiang@elementmarkets.com; fsterm@summitblue.com; nenbar@energy-insights.com;  
 nlenssen@energy-insights.com; bbaker@summitblue.com;  
 william.tomlinson@elpaso.com; kjsimonsen@ems-ca.com; Sandra.ely@state.nm.us;  
 bmcquown@reliant.com; dbrooks@nevp.com; anita.hart@swgas.com;  
 randy.sable@swgas.com; bill.schrand@swgas.com; jj.prucnal@swgas.com;  
 sandra.carolina@swgas.com; ckmitchell@sbcglobal.net; chilen@sppc.com;  
 emello@sppc.com; tdillard@sierrapacific.com; dsoyars@sppc.com;  
 jgreco@caithnessenergy.com; leilani.johnson@ladwp.com; randy.howard@ladwp.com;  
 Robert.Rozanski@ladwp.com; robert.pettinato@ladwp.com;  
 HYao@SempraUtilities.com; rprince@semprautilities.com; rkeen@manatt.com;  
 nwhang@manatt.com; pjazayeri@stroock.com; derek@climateregistry.org;  
 david@nemtzow.com; harveyederpspc.org@hotmail.com; sendo@ci.pasadena.ca.us;  
 slins@ci.glendale.ca.us; THAMILTON5@CHARTER.NET; bjeider@ci.burbank.ca.us;  
 rmorillo@ci.burbank.ca.us; aimee.barnes@ecosecurities.com; case.admin@sce.com;  
 Jairam.gopal@sce.com; tim.hemig@nrgenergy.com; bjl@bry.com;  
 aldyn.hoekstra@paceglobal.com; ygross@sempraglobal.com; jlaun@apogee.net;  
 kmkiener@fox.net; scottanders@sandiego.edu; jkloberdanz@semprautilities.com;  
 andrew.mcallister@energycenter.org; jack.burke@energycenter.org;  
 jennifer.porter@energycenter.org; sephra.ninow@energycenter.org;  
 dneihaus@semprautilities.com; jleslie@luce.com; ofoote@hkcf-law.com;  
 ekgrubaug@iid.com; pepper@cleanpowermarkets.com; gsmith@adamsbroadwell.com;  
 mdjoseph@adamsbroadwell.com; Diane\_Fellman@fpl.com; hayley@turn.org;  
 mflorio@turn.org; Dan.adler@calcef.org; mhyams@sfwater.org; tburke@sfwater.org;  
 norman.furuta@navy.mil; amber@ethree.com; annabelle.malins@fco.gov.uk;  
 dwang@nrdc.org; filings@a-klaw.com; nes@a-klaw.com; obystrom@cera.com;  
 sdhilton@stoel.com; scarter@nrdc.org; abonds@thelen.com; cbaskette@enernoc.com;  
 colin.petheram@att.com; jwmctarnaghan@duanemorris.com; kfox@wsgr.com;  
 kkhoja@thelenreid.com; pvalien@thelen.com; ray.welch@navigantconsulting.com;  
 spauker@wsgr.com; rreinhard@mofco.com; cem@newsdata.com;  
 hgohub@mixonpeabody.com; jscancarelli@flk.com; jwiedman@goodinmacbride.com;  
 mmattas@nossaman.com; jen@cnt.org; lisa\_weinzimer@platts.com; steven@moss.net;  
 sellis@fypower.org; amo@recurrentenergy.com; BRBC@pge.com; ELL5@pge.com;  
 gxl2@pge.com; jxa2@pge.com; JDF1@PGE.COM; RHHJ@pge.com; sscb@pge.com;  
 sv56@pge.com; S1L7@pge.com; vjw3@pge.com; karla.dailey@cityofpaloalto.org;  
 farokh.albuyeh@oati.net; dtibbs@aes4u.com; jhahn@covantaenergy.com;  
 andy.vanhorn@vhcenergy.com; Joe.paul@dynegy.com; info@calseia.org;

gblue@enxco.com; sbeserra@sbcglobal.net; monica.schwebs@bingham.com;  
 phanschen@mofco.com; josephhenri@hotmail.com; pthompson@summitblue.com;  
 dietrichlaw2@earthlink.net; Betty.Seto@kema.com; JerryL@abag.ca.gov;  
 jody\_london\_consulting@earthlink.net; steve@schiller.com; mrw@mrwassoc.com;  
 rschmidt@bartlewells.com; adamb@greenlining.org; stevek@kromer.com;  
 clyde.murley@comcast.net; brenda.lemay@horizonwind.com;  
 carla.peterman@gmail.com; elvine@lbl.gov; rhwiser@lbl.gov; C\_Marnay@lbl.gov;  
 philm@scdenergy.com; rita@ritanortonconsulting.com;  
 cpechman@powereconomics.com; emahlon@ecoact.org; richards@mid.org;  
 rogerv@mid.org; tomk@mid.org; fwmonier@tid.org; brbarkovich@earthlink.net;  
 johnredding@earthlink.net; clark.bernier@rlw.com; rmccann@umich.edu;  
 cmkehrein@ens-ca.com; e-recipient@caiso.com; grosenblum@caiso.com;  
 mgillette@enernoc.com; rsmutny-jones@caiso.com; saeed.farrokhpay@ferc.gov;  
 david@branchcomb.com; kenneth.swain@navigantconsulting.com;  
 kdusel@navigantconsulting.com; gpickering@navigantconsulting.com;  
 lpark@navigantconsulting.com; davidreynolds@ncpa.com;  
 scott.tomashefsky@ncpa.com; ewolfe@resero.com; Audra.Hartmann@Dynergy.com;  
 Bob.lucas@calobby.com; curt.barry@iwpnews.com; danskopec@gmail.com;  
 dseperas@calpine.com; dave@ppallc.com; dkk@eslawfirm.com;  
 wynne@braunlegal.com; kgough@calpine.com; kellie.smith@sen.ca.gov;  
 kdw@woodruff-expert-services.com; mwaugh@arb.ca.gov; pbarthol@energy.state.ca.us;  
 pstoner@lgc.org; rachel@ceert.org; bernardo@braunlegal.com;  
 steven@lipmanconsulting.com; steven@iepa.com; wtasat@arb.ca.gov;  
 etiedemann@kmtg.com; ltenhope@energy.state.ca.us; bushinskyj@pewclimate.org;  
 lmh@eslawfirm.com; obartho@smud.org; bbeebe@smud.org; bpurewal@water.ca.gov;  
 dmacmull@water.ca.gov; kmills@cfbf.com; karen@klindh.com;  
 ehadley@reupower.com; Anne-Marie.Madison@TransAlta.com; sas@a-klaw.com;  
 egw@a-klaw.com; akelly@climatetrust.org; alan.comnes@nrgenergy.com;  
 kyle.silon@ecosecurities.com; californiadockets@pacificorp.com;  
 Philip.H.Carver@state.or.us; samuel.r.sadler@state.or.us; lisa.c.schwartz@state.or.us;  
 cbreidenich@yahoo.com; dws@r-c-s-inc.com; jesus.arredondo@nrgenergy.com;  
 charlie.blair@delta-ee.com; Tom.Elgie@powerex.com; clarence.binninger@doj.ca.gov;  
 david.zonana@doj.ca.gov; agc@cpuc.ca.gov; aeg@cpuc.ca.gov; blm@cpuc.ca.gov;  
 cfl@cpuc.ca.gov; cft@cpuc.ca.gov; tam@cpuc.ca.gov; dsh@cpuc.ca.gov;  
 edm@cpuc.ca.gov; eks@cpuc.ca.gov; cpe@cpuc.ca.gov; hym@cpuc.ca.gov;  
 hs1@cpuc.ca.gov; jm3@cpuc.ca.gov; jnm@cpuc.ca.gov; jbf@cpuc.ca.gov;  
 jk1@cpuc.ca.gov; jst@cpuc.ca.gov; jtp@cpuc.ca.gov; jol@cpuc.ca.gov;  
 jci@cpuc.ca.gov; jf2@cpuc.ca.gov; krd@cpuc.ca.gov; lrm@cpuc.ca.gov;  
 ltt@cpuc.ca.gov; mjd@cpuc.ca.gov; ner@cpuc.ca.gov; pw1@cpuc.ca.gov;  
 psp@cpuc.ca.gov; pzs@cpuc.ca.gov; rmm@cpuc.ca.gov; ram@cpuc.ca.gov;  
 smk@cpuc.ca.gov; sgm@cpuc.ca.gov; svn@cpuc.ca.gov; scr@cpuc.ca.gov;  
 tcx@cpuc.ca.gov; ken.alex@doj.ca.gov; ken.alex@doj.ca.gov; bdicapo@caiso.com;  
 jsanders@caiso.com; jgill@caiso.com; ppettingill@caiso.com; mascheibl@arb.ca.gov;  
 jdoll@arb.ca.gov; pburmich@arb.ca.gov; bblevins@energy.state.ca.us;  
 dmetz@energy.state.ca.us; deborah.alon@doj.ca.gov; dks@cpuc.ca.gov;  
 kgiffin@energy.state.ca.us; ldecarlo@energy.state.ca.us; mpryor@energy.state.ca.us;

mgarcia@arb.ca.gov; pduvair@energy.state.ca.us; wsm@cpuc.ca.gov;  
ntronaas@energy.state.ca.us; hurlock@water.ca.gov; hcronin@water.ca.gov;  
rmiller@energy.state.ca.us

MATTHEW MOST  
EDISON MISSION MARKETING & TRADING, INC  
160 FEDERAL STREET  
BOSTON, MA 02110-1776

THOMAS MCCABE  
EDISON MISSION ENERGY  
18101 VON KARMAN AVE., SUITE 1700  
IRVINE, CA 92612

KAREN EDSON  
151 BLUE RAVINE ROAD  
FOLSOM, CA 95630

MARY MCDONALD  
DIRECTOR OF STATE AFFAIRS  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CAISO  
151 BLUE RAVINE ROAD  
FOLSOM, CA 95630

**CPUC Assigned Commissioner and ALJs**

Michael R. Peevey, Assigned Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Charlotte F. TerKeurst, ALJ  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Jonathan Lakritz, ALJ  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102



**CEC**

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 07-OHP-01  
1516 Ninth Street  
Sacramento, CA 95814-5512