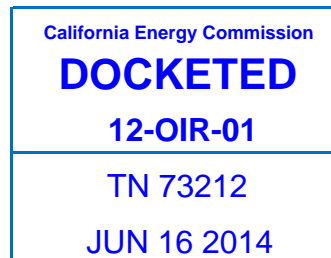




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June 16, 2014

VIA E-MAIL DOCKET@ENERGY.CA.GOV

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 12-OIR-1
1516 Ninth Street
Sacramento, CA 95814-5512

Re: 2012 Rulemaking Proceedings on Emission Performance Standard Regulations: Comments of Pacific Gas and Electric Company on Proposed Modification of Regulations Establishing a Greenhouse Gases Emission Performance Standard For Baseload Generation of Local Publicly Owned Electric Utilities

Pursuant to the Notice of Proposed Action¹, Pacific Gas and Electric Company (“PG&E”) provides comments on the California Energy Commission’s (“CEC”) *Modification of Regulations Establishing a Greenhouse Gases Emission Performance Standard for Baseload Generation of Local Publicly Owned Electric Utilities*. In these comments, PG&E expresses support for the CEC’s decision to *not* lower the current greenhouse gas (“GHG”) emissions performance standard (“EPS”) for publicly owned utilities (“POU”), as explained below.

In response to a petition by the Natural Resources Defense Council (“NRDC”) and Sierra Club (“Petitioners”), on December 14, 2011, the CEC opened an Order Instituting Rulemaking (“OIR”) to consider modifications to its regulations establishing a GHG EPS. Among other things, the OIR considered the Petitioners’ recommendation that the CEC lower the EPS for POUs, which is currently set at 1,100 pounds of carbon dioxide per megawatt-hour (lbs CO₂/MWh). While PG&E is not a POU, Senate Bill (“SB”) 1368² (Perata, Chapter 598, Statutes of 2006) requires that the CEC and the California Public Utilities Commission (“CPUC”) consult

¹ California Energy Commission. (April, 2014). Notice of Proposed Action: Modification of Regulations Establishing a Greenhouse Gases Emission Performance Standard for Baseload Generation of Local Publicly Owned Electric Utilities. Retrieved from http://www.energy.ca.gov/emission_standards/2012_rulemaking/notices/2014-04-24_nopa.pdf

² SB 1368 limits long-term investments in baseload generation by the state's utilities to power plants that meet an emissions performance standard (EPS) jointly established by the California Energy Commission and the California Public Utilities Commission.

with each other in setting the EPS for publicly-owned and privately-owned providers of electricity service, respectively.

In line with PG&E's comments during the proceeding³, the Lead Commissioner's Final Conclusions⁴ correctly noted that a lower EPS would potentially affect system reliability, by impeding utilities' ability to procure power plants with fast start capabilities, essential for integrating renewable resources. Additionally, the EPS, originally intended to drive divestiture of high-GHG emitting baseload resources, is largely succeeding. Moreover, other strategies and clean energy policies can more cost effectively achieve additional GHG reductions, without threatening system reliability. In light of these concerns, PG&E was pleased to see and supports the CEC's decision to *not* lower the current EPS for POUs.

PG&E appreciates the opportunity to provide input on this important topic. Should you have any questions or need additional information, please do not hesitate to contact me directly.

Sincerely,

/s/

Matthew Plummer

³ Winn, Valerie J. (September, 2012). 2012 Rulemaking to Consider Modification of Regulations Establishing a Greenhouse Gases Emission Performance Standard For Baseload Generation of Local Publicly Owned Electric Utilities – Comments of Pacific Gas and Electric Company. Retrieved from http://www.energy.ca.gov/emission_standards/2012rulemaking/documents/public_comments/Pacific_Gas_and_Electric_Company_Comments_2012-09-28_TN-67377.pdf

⁴ Weisenmiller, Robert. (March, 2014). Final Conclusions: Rulemaking to Consider Modification of Regulations Establishing A Greenhouse Gas Emission Performance Standard for Baseload Generation of Local Publicly Owned Electric Utilities. Retrieved from http://www.energy.ca.gov/emission_standards/2012rulemaking/documents/2014-03-19_SB_1368_Final_Conclusions_TN-72796.pdf