



**Update to the
Senate Energy, Utilities and Communications Committee
and
Assembly Utilities and Commerce Committee**



Michael R. Peevey, President
California Public Utilities Commission
March 15, 2010





Presentation Overview

- **ABOUT THE CPUC**
- **THE ENERGY INDUSTRY**
 - Trends in Electric Rates
 - Support for Low Income Residents
 - Energy Efficiency and Advanced Meter Programs
 - Smart Grid and Electric Vehicles Proceedings
- **THE COMMUNICATIONS INDUSTRY**
- **THE WATER INDUSTRY**
- **CUSTOMER CARE AND PROTECTION**
- **CPUC ADMINISTRATIVE INITIATIVES**
- **APPENDIX:** Additional Information

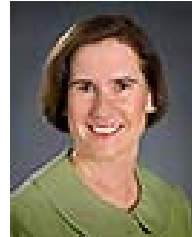




The California Public Utilities Commission



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- Headquartered in San Francisco
- Regulates privately owned telecommunications, electric, natural gas, water, railroad, rail transit and passenger transportation companies such as moving companies, limousines and charter buses.
- Responsible for ensuring that customers have safe, reliable utility service at reasonable rates, protecting against fraud, and promoting the health of California's utilities.
- Five Commissioners are appointed by the Governor and confirmed by the California Senate.
- Governor selects one of the five Commissioners to serve as the CPUC president.
- Commissioners make all CPUC policy decisions, meeting usually twice a month to discuss and vote on issues.





CPUC's Role and Responsibilities

Key Role: Ensuring customers have safe, reliable service at reasonable rates.

- **Energy**
 - Regulate investor-owned electric and gas utilities (such as PG&E, SCE, SDG&E and SCG).
- **Communications**
 - Administer Universal Telephone Service programs, issue video franchises, enforce customer service standards for telephone services, and regulate rates for basic phone service and rural carriers.
- **Consumer Protection and Safety**
 - Enforce consumer protection laws and service standards; investigate fraud and illegal activity; prosecute violators of the Public Utilities Code, CPUC orders, and utility tariffs; inspect and audit power plant operation, utility infrastructure, passenger carriers, household goods movers, freight railroads, and rail transit systems.
- **Passenger Transportation**
 - License limousines and buses and enforce statutes and regulations that apply to these carriers' operations.
- **Rail Safety**
 - Inspect freight railroad tracks, equipment, and facilities; evaluate and approve railroad crossings for safety; and verify the safety and security plans of rail transit agencies.
- **Water**
 - Regulate investor-owned water and sewer utilities, which serve about 20% of the state's residents.





The Energy Industry

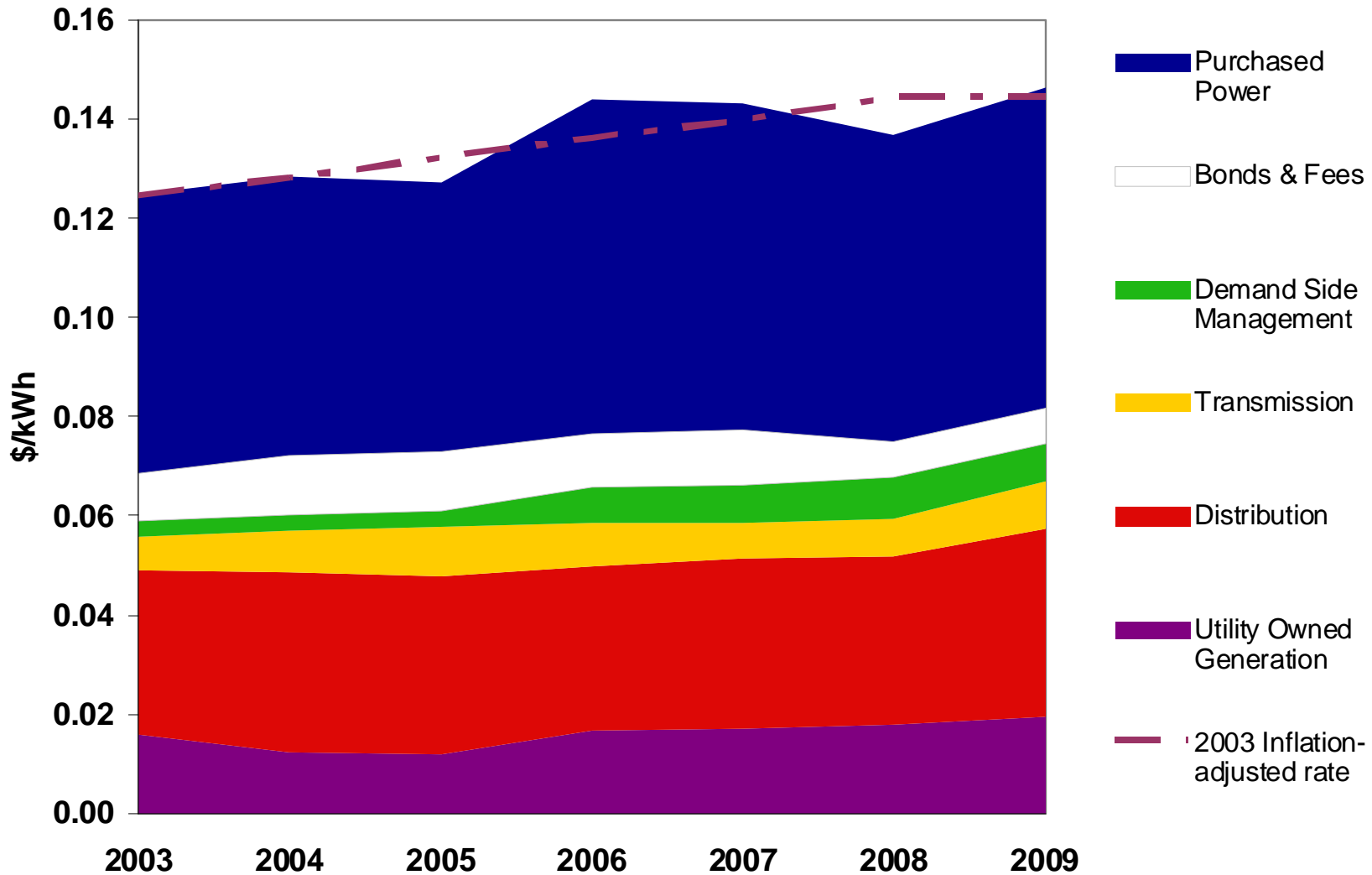


The CPUC regulates investor-owned electric and gas utilities (such as PG&E, SCE, SDG&E, and SCG), which serve over two-thirds of electricity demand and over three-quarters of natural gas demand in the state.





Electric Rate Changes Have Tracked Inflation Since 2003





Low Income Programs Provide Bill Assistance and Energy Efficiency Improvements for Eligible Customers

Two main programs for low income assistance:

1) California Alternate Rates for Energy (CARE)

- Provides a 20% discount on electric and natural gas bills to over three million households.

2) Low Income Energy Efficiency (LIEE)

- Provides low income households with energy efficient appliances and weatherization measures at no cost.

Need for low income assistance expected to increase:

● **Increased Reach:**

- Utilities will treat over 1 million low income homes with energy efficiency under the LIEE program between 2009 and 2011 with the goal of treating all low income homes in California by 2020.
- Utilities will provide over four million households with assistance under CARE.

● **Increased Budget:**

- LIEE will provide \$850 million in assistance to low income customers.
- CARE will provide about \$2.6 billion between 2009-11.
- The total assistance provided will be about \$3.5 billion between 2009-11.

CPUC issued a new Rulemaking in February 2010 to address service disconnections and related utility shut-off issues.





Evaluation of Energy Efficiency Programs Continues; New Strategic Plan Implementation Commences

Evaluation, Measurement and Verification of 2006-08 Savings Reaching Conclusions.

- In early 2010, CPUC staff completed 14 evaluation studies to determine measure performance and specific market approaches.
- Results provide important information for program improvements and improved savings projections in future cycles including energy and GHG reductions, cost effectiveness, and shareholder incentives.

Strategic Plan launched in 2010-2012 Programs.

- September 2009 Decision approved \$3.1 billion for efficiency programs.
- Supports energy, GHG and criteria pollutant savings equivalent to three new power plants, estimated 15,000 to 18,000 new or retained jobs, and additional \$750 million for low income home retrofits.

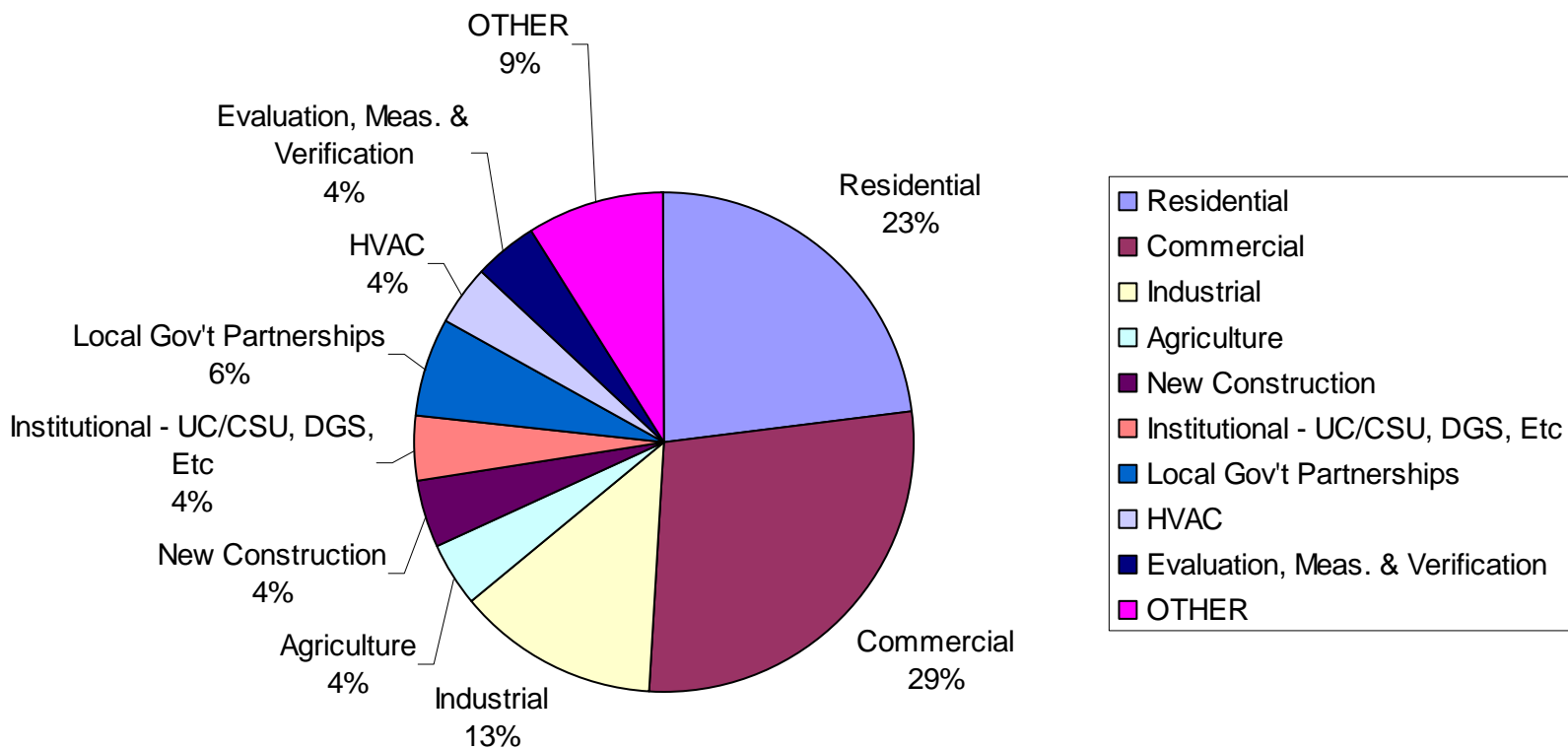
**Job benefits calculated based on Council of Economic Advisers' May 2009 publication of "Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009"*





Investor-Owned Utility 2010-12 Energy Efficiency \$3.1 Billion Budget by Program Areas

Energy Efficiency Budgets 2010-2012





Smart Grid Rulemaking Status



- December 2008: Issued Order Instituting Rulemaking
 - The objective of the proceeding is to ensure that utilities are building a system that is secure, interoperable with new sources of generation, and provides customers with many options to change their behavior and become more energy efficient.
- October 2009: SB 17 (Padilla) chaptered.
 - Directed CPUC to set requirements for Utility Smart Grid Deployment Plans by July 1, 2010.
 - Utilities to file Deployment Plan with CPUC by July 1, 2011.
- December 2009: Issued Decision that sets schedule for:
 - Providing customers with retail and wholesale price information by end of 2010,
 - Access to usage data through an agreement with a third party by end of 2010, and
 - Provide access to usage information on a near real-time basis for customers with Smart Meters by end of 2011.
- February 2010 Ruling: Next phase of proceeding to address customer access to prices and usage information, and will address additional SB 17 implementation issues.





Smart Meters Leading the Way to Smart Grid

- Smart Meters currently in full-scale deployment by PG&E, SCE, and SDG&E
 - \$4.5B investment
 - Install about 17 million meters (electric and gas)
 - Expected completion by 2012
 - Provides hourly consumption data, automatic data Collection, and timely detection of grid reliability issues
- Enables significant operational savings and other system benefits driven by customer awareness of load profile and energy costs
- Key to state goals for demand response/peak-reduction, conservation, and smart grid upgrade
- CPUC evaluation of PG&E Smart Meter program to begin in Spring 2010:
 - In response to high bill complaints in Kern County
 - Will assess the accuracy of the meters and data management/billing systems
 - Evaluate PG&E's management of its smart meter program
 - Findings expected by summer 2010
 - Continued monitoring PG&E's handling of Smart Meter complaints and PG&E's customer education and outreach efforts





Alternative-Fueled Vehicle Rulemaking Status

- May 2009: Issued comprehensive staff white paper.
- Fall 2009: Issued Order Instituting Rulemaking. Comments from over 20 parties signals broad engagement by stakeholders.
- October 2009: SB 626 (Kehoe) chaptered.
- January 2010: Identified Phase I Priority Issues:
 - EV Charging Install Streamlining
 - Utility plans for customer service and grid readiness for early market (2010-2015)
 - Regulatory treatment of third-party electric vehicle service providers
 - Anticipated Decision on Phase I in 2nd Qtr 2010
 - **Phase II Issues include:**
 - Rate design and metering arrangements
 - Who pays for charging infrastructure and distribution system upgrades
 - The role of utilities and independent charging companies
 - Communication with grid operators to avoid disruption and integrate renewables (integrate EVs into Smart Grid).





Key Highlights of California Solar Initiative (CSI)

State has more than doubled the installed distributed solar capacity in the State since 2007

Table 1. California Solar Initiative Projects installed through September 30, 2009

	Installed Projects	Pending Projects	Total Activity
Applications	21,159	6,830	27,989
MW	257 MW	141 MW	398 MW
Incentive	\$605M	\$293M	\$898M

Source: www.CaliforniaSolarStatistics.ca.gov. October 1, 2009



- CSI installs since 2007
 - Over 257+ MWs
 - at 21,000+ sites
- Solar capacity installation rate
 - Over 10 MW+/- month
- Cost of PV Systems
 - Declined btw. 9-13% btw. Q3 2008 and Q3 2009
- New CSI-Thermal Program
 - Authorized in February 2010 for incentives to solar hot water
- CSI RD&D Program
 - First grant cycle nearly complete
- Low Income Programs
 - Up and running with high demand





Aggressive Implementation of Renewable Portfolio Standard (RPS)

- **2009 RPS Percentages: SCE 16.8%, PG&E 14.4%, and SDG&E 10.5%**
 - IOUs will likely reach 20% in 2013 or 2014.
- **CPUC continues to push hard to reach the 2010 goal:**
 - In 2009, 357 MW of renewable generation came online (71% in-state projects)
 - The IOUs' 2009 RPS solicitation bids resulted in more proposed renewable generation than any other solicitation in RPS history in California. Developers offered to supply enough renewable generation to provide 50% of the IOUs' total load in 2020
 - The CPUC approved over 130 contracts representing 12,000 MW of capacity.
- **Increased focus on utility-side distributed generation (DG):**
 - Considering expansion of feed-in tariff up to 20 MW.
 - Approved SCE solar PV program, issued proposed decision approving PG&E's solar PV program. The programs each aim to develop 500 MW of small solar PV projects.
 - Formed the Renewable Distributed Energy Collaborative, which will identify solutions to the challenges of interconnecting increasing volumes of renewable DG to the distribution grid.





Coordination of Planning Processes to Facilitate Achievement of RPS Goals

Transmission planning within California and throughout the West:

- With broad stakeholder group in the Renewable Energy Transmission Initiative (RETI), developed statewide conceptual transmission plan for reaching 33% RPS.
- Working closely with CAISO and stakeholders to facilitate necessary “network” expansions of the grid to support clean energy goals, through addition of new category of transmission projects to CAISO tariff.
- Active in formulation of Western proposal to DOE for American Recovery and Reinvestment Act (ARRA) funding for expanded West-wide transmission planning; engaging in new committees that will participate in that planning.
- Continuing to participate actively in ongoing transmission planning efforts at the Western Electricity Coordinating Council and its Transmission Expansion Planning Policy Committee (TEPPC).

Coordinating resource and transmission planning:

- RETI’s work is now a direct input to resource and transmission planning processes by many agencies and entities, bringing some consistency to processes at the CPUC, CAISO, CEC and POU’s.
- Working with CAISO to ensure consideration of long-term procurement priorities and high-level siting considerations *early* in the transmission planning process, to smooth permitting at the CPUC.





Resource Adequacy and Energy Procurement Programs Ensure Reliable Electric Service at Reasonable Cost

- **Ensuring resource adequacy**
 - The CPUC's Resource Adequacy program ensures that sufficient generation is under contract to meet short term needs (1 year out).
 - The CPUC's Long Term Procurement Program ensures sufficient new resources are constructed to meet long term needs (10 years out)
 - 1655 MW of new natural gas fueled generation came into operation in 2009 as a result of utility procurement activities
 - Analysis of Energy Efficiency programs, Demand Response programs, Renewable energy projects, and cost effective combined-heat and power projects are on-going to ensure use of fossil generation is minimized.
 - The CPUC is working closely with California agencies to ensure the need to eliminate once-through-cooling systems in electric power plants and meet air restrictions in the L.A. Basin does not threaten reliability.
- **Implementing energy procurement policy to ensure reliable service at a reasonable cost**
 - Increased focus on integrating preferred resources at lowest cost.
 - Emphasis on competitive bidding to secure least cost energy supplies.





CPUC Implemented Plan to Increase the Allowed Level of Direct Access Load Served

- Pursuant to AB1X, the CPUC suspended the right to enter into new contracts for Direct Access (DA) after September 20, 2001.
- On October 11, 2009, Senate Bill (SB) 695 was signed into law as an urgency statute, adding Section 365.1 (b) to the Public Utilities Code, which states in pertinent part:

The commission shall allow individual retail nonresidential end-use customers to acquire electric service from other providers in each electrical corporation's distribution service territory, up to a maximum allowable total kilowatt hours annual limit.

- **The CPUC expedited implementation of the new statute:**
 - Effective April 11, 2010, all qualifying customers will be eligible to take DA service, up to the new maximum cap subject to the conditions.
 - The increased DA allowances will be phased in over a four-year period, subject to annual caps in the maximum DA increase allowed each year.
 - Direct Access remains otherwise legally suspended, except as provided by the CPUC's decision implementing SB 695.





Improving Natural Gas Infrastructure, Reliability and Supply Access

- Adequate natural gas infrastructure:
 - Helps maintain highly reliable delivery,
 - Reduces likelihood of price spikes, and
 - Allows more gas storage when prices are low.
- In 2009, the CPUC approved the Gill Ranch Storage project, which will add 20 billion cubic feet (Bcf) of storage capacity in the state.
- CPUC in 2010 will consider whether to approve several other storage projects, including:
 - Central Valley Storage (5 Bcf)
 - SoCalGas storage capacity expansion (7 Bcf)
 - Sacramento Natural Gas Storage (7.5 Bcf)
 - Wild Goose Storage capacity expansion (21 Bcf)
- As early as April 8, 2010, the CPUC may determine whether a SoCalGas \$1.1 billion Advanced Metering Infrastructure proposal is beneficial for customers.





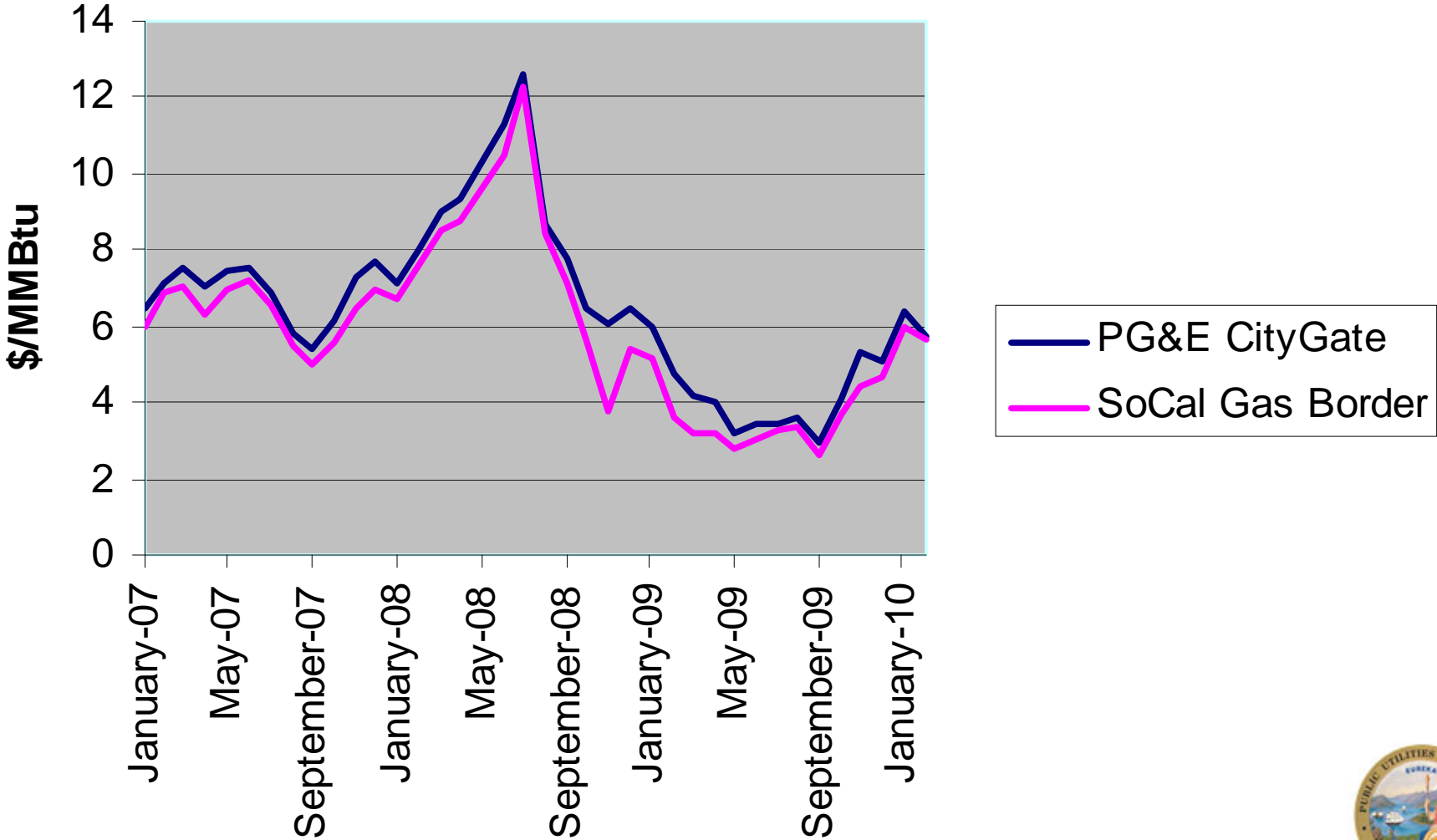
Ensuring Natural Gas Procurement Costs Are Reasonable

- Due to moderate natural gas prices (shown on next slide), core bundled gas rates in 2009 were low relative to previous years.
- Neither the CPUC nor the FERC regulates the price of natural gas.
- The CPUC tries to ensure that utilities do a good job at procuring natural gas supplies by:
 - Adopting gas cost incentive mechanisms,
 - Adopting an expedited process under which utilities obtain interstate pipeline capacity, and
 - Ensuring that core customers have adequate storage capacity.
- As an example, in January 2010, the CPUC ordered the utilities to be at risk for some of their gas hedging costs, which should require the utilities' price risk management to be more efficient.
- In 2010, the CPUC is considering approval of SoCalGas request that will result in more core storage capacity, which not only improves reliability of delivery but helps keep gas costs low.





Monthly Spot Gas Prices





The Communications Industry



The CPUC manages Universal Telephone Service programs, issues video franchises, monitors customer service and public safety standards for telephone services, regulates rates for basic phone service and rural carriers, licenses telephone corporations, and responds to federal telecommunications initiatives.





DIVCA Implementation of State Issued Video Franchises

- Under DIVCA, video competition has increased quickly
- The CPUC has issued 102 Video Franchises to 23 companies
- AT&T and Verizon more than tripled the number of households offered video between 2007-08
- Nearly 2/3 of all video customers in the state are now served by state video franchise holders





Mapping Broadband Deployment

- **CPUC received a \$2.3 million federal Recovery Act grant in order to collect broadband availability data from all broadband providers in the state**
- **Data collection and mapping efforts support both state and federal programs**
 - Spring 2010 submission to the NTIA
 - CASF, DIVCA, RTI
- **Broadband Deployment is increasing**
 - 62% of households - a 13% increase in 2008
 - 14% of Mobile Broadband Wireless Service Plans - a 133% increase in 2008





CASF Broadband Deployment Initiative

- **California Advanced Service Fund (CASF)**

- \$100 million budget over two years:
- 42 project grants approved as of February 2010 totaling \$87 million, covering 28,741 square miles, benefiting 294,857 households
 - *Unserved Areas - 14% of program funds*
 - *Underserved Areas - 87% of funds*
- Expanded the eligibility to federal Recovery Act broadband grant applicants
 - *Expanded eligibility to entities other than telephone corporations*

- **Further Opportunity for Broadband Projects in 2010**

- March 19 submission date and grants subject to the availability of funds





Ensuring Universal Telephone Service

● **LifeLine Program:**

- LifeLine provided discounted basic local telephone service to an average of 2 million subscribers per month
- In 2010, the CPUC will continue its comprehensive review of the LifeLine program and is considering the following LifeLine reforms:
 - Providing a set monthly subsidy to customers to be used with provider of choice, including wireless and VoIP providers
 - Increasing income eligibility to 200% of Federal Poverty Guidelines

● **Deaf and Disabled Telecommunications Program (DDTP):**

- Launched Pilot Program to distribute free wireless phones designed for the deaf
- In 2009, will offer Speech Generating Devices for persons with speech disabilities





Ensuring Universal Telephone Service

- **California Teleconnect Fund (CTF) :**
 - CTF provides a 50% discount on telecommunications and Internet access services to schools, libraries, health care organizations, community-based organizations, and California Community Colleges.
 - At the end of 2009, the CTF program had a total of 4,351 participants, an increase of 31% over the prior year.
 - Community Based Organization participants increased from 1,000 in 2008 to 1,810 in 2009, an 81% increase from the previous year.





Ensuring Universal Telephone Service

- **California High Cost Fund-B Program**
 - 2009 program revisions have reduced the fund that for 2010 is one-eighth the size while continuing to support the highest-cost areas of the state
 - Currently conducting an affordability study pursuant to SB 780 with a report expected Summer 2010
- **California High Cost Fund-A Program Reform**
 - In 2010 will re-evaluate the small rural carrier fund and the extent to which it meets universal service goals





The Water Industry



The CPUC is responsible for ensuring that investor-owned water utilities deliver clean, safe, and reliable water service at reasonable rates.





Advancing Water Regulation

- **CPUC regulates 127 water utilities serving about 20% of California residents; and 13 sewer utilities**

- **Water Supply and Conservation**
 - A good rain year, but following three years of drought
 - Water Action Plan 2005 – (2010 update coming this Summer)
 - Recognized that *conservation* is the best, lowest cost of supply
 - Implementing the 2009 Comprehensive Water Package – 20% reduction in water use by 2020 - now
 - Coordinating our efforts with other state agencies
 - Aggressive water conservation policies in place for our larger water utilities that:
 - Decouple Sales and Revenues
 - Include Tiered Rates.





Advancing Water Regulation

- **Low Income Ratepayer Assistance**

- Programs in place at our 10 largest water utilities, serving 90% plus of our water ratepayers
- Opened a rulemaking this past December to increase up-take rate for these programs
 - Sharing of information among water and energy utilities

- **Water / Energy Nexus**

- Re-defining water conservation as an energy efficiency strategy
 - Conserve water, use less energy intensive water, make delivery systems more efficient
- RD&D programs underway
 - Operating well pump / motor combination at optimal efficiency levels using specialized software programs
 - Promising results thus far – 10% to 50% efficiency improvement





Customer Care and Protection



The CPUC responds to ratepayer inquiries, resolves customers' informal complaints regarding their utility billing and services, assists the public participating in CPUC proceedings, and investigates and enforces public safety standards.





Focusing on Our Customers

- **Wins for the Consumers:**

- Resolved through the Consumer Affairs Branch (CAB) over 28,000 utility customer complaints and helped to obtain \$2.2 million in refunds/bill credits in 2009.
- Improved CAB response time to consumers by 13% – in 2009 complaints were resolved, on average, in 70 days; compared to 79 days in 2008.
- Gained a full year of experience with the Consumer Information Management System (CIMS) – upgraded web portals to assist customers with online filing and to assist CPUC communications with utilities to speed complaint resolution and bill credits if warranted.

- **Programs for Consumers:**

- Coordinated five “We CARE Week” events during the week of April 20th. The events helped to raise awareness of the CPUC’s discounted services for low income consumers. Utilities and community assistance centers joined in the events and provided consumers with information, answered their questions, and enrolled consumers in their programs.
- Expanded the Telecommunication Education & Assistance in Multiple language (TEAM) program, by increasing CBOs throughout the State to educate and assist non-English speaking consumers – 2,439 complaints resolved, \$90,207 refunds to consumers, from July 2008 through December 2009.





CPUC Administrative Initiatives





CPUC Initiatives

SB 960 Compliance

- Resolved 311 of 313 proceedings consistent with legislative deadlines (99 percent) and continue to work on closing older proceedings.
- Closed 358 proceedings in 2009 and reduced the average time that formal matters were open by approximately 44%.
- **Modernizing the CPUC**
 - Continued to streamline processes and procedures to take advantage of new technology while maintaining parties' due process rights.
 - Electronic filing is a success! In 2009 we received 91% of filings electronically and processed them 29% faster (on average) than in 2008. These documents are all available on the CPUC's website.
 - We are in the process of expanding our e-filing system to allow submission of testimony and exhibits electronically.
- **Reviewing CPUC processes**
 - Implemented a new agenda format to highlight proposed outcome and costs.
 - Launched a subscription service to allow the public to follow proceedings more easily.
 - Established working groups with internal and external stakeholders to focus on improving ex parte rules, public access, and practice and procedure at the CPUC.





Appendix of Additional Energy Background

- Transmission Cost Trends (1 slide)
- Addressing Service Disconnections (1 slide)
- General Rate Cases (2 slides)
- Energy Efficiency & CARB GHG Goals (2 slides)
- Tradable Renewable Energy Credits (2 slides)
- Natural Gas (1 slide)

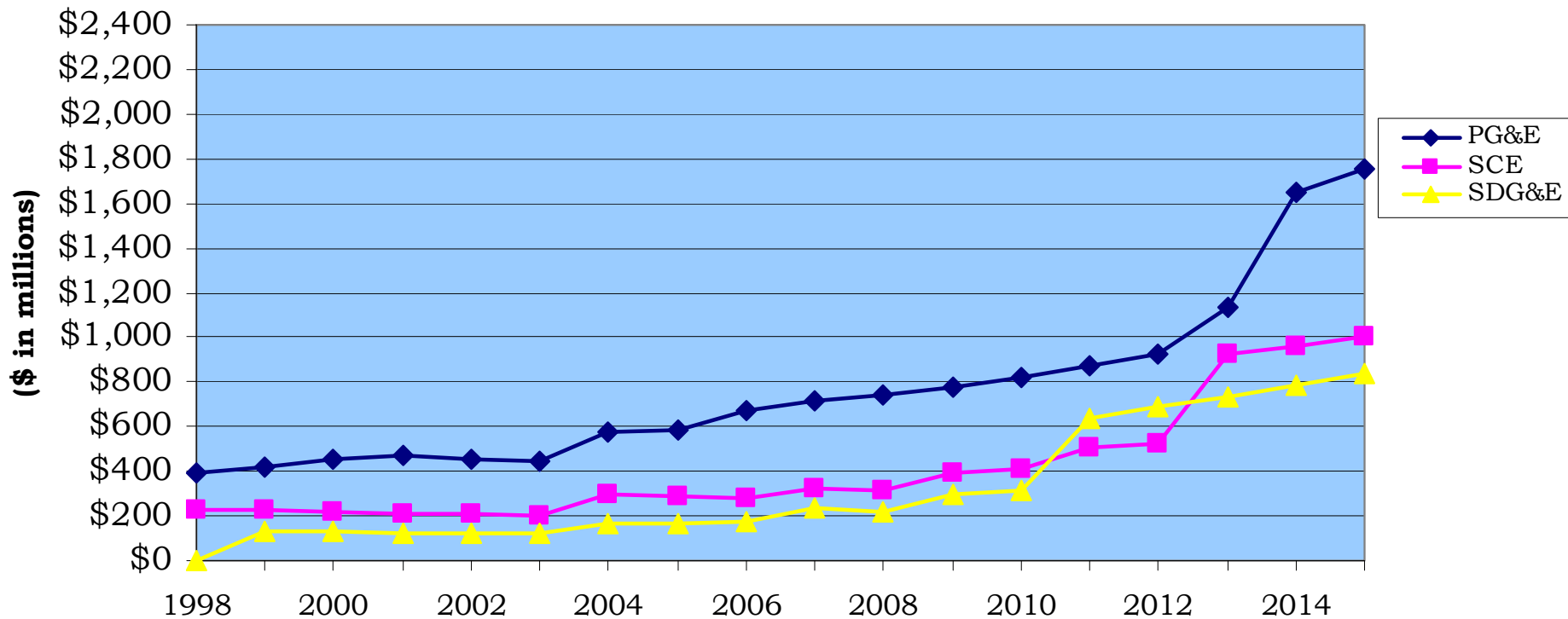




Federal Transmission Costs Expected to Rise

Transmission Revenue Requirements

All values in constant 2008 dollars



- Recorded historical numbers up to 2009. After 2009, the increase is based on historical trend and known major capital projects. Constant dollar increase largely attributed to capital additions.

PG&E - average yearly increase of 5.76%
 -C3ETP (2013) – estimated at \$1 billion
 -BC (2014) – estimated \$3 billion (up to \$7 billion)

SCE - average yearly increase of 5.33%
 - D PV 2 (2011) – estimated at \$523 million
 - Tehachapi (2013) – estimated at \$2.5 billion

SDG&E -average yearly increase of 6.61%
 -Sunrise (2011) – estimated at \$2 billion





Working to Reduce Service Disconnections

- In February 2010, the CPUC issued a Rulemaking ordering the utilities to offer any customer who is in danger of being disconnected with an extended bill payment plan for three months extending up to 12 months.
- The CPUC ordered the utilities not to charge customers, who have already established credit, additional deposits following non-payment of bills or disconnections.
- The CPUC ordered the utilities to leverage CARE funds with American Recovery and Reinvestment Act matching dollars channeled through the Temporary Assistance to Needy Families Emergency Contingency Fund to offer additional bill payment assistance to low income customers.





Electric Utility Rate Cases

SDG&E 2008 General Rate Case (GRC)

- February 2008 – Adopted all party settlement agreement in rate design phase that provides fair allocation of revenues to all customer classes, and advances the goals of the Energy Action Plan by implementing dynamic pricing and renewable distributed generation tariff options.
- July 2008 – Adopted settlement agreements in revenue requirements phase to provide funding for maintenance, repair, and additions to utility infrastructure necessary for safe and reliable service.
- 4th quarter 2010 – SDG&E and SoCalGas are expected to file their test year 2012 GRCs addressing revenue requirements.

SCE 2009 General Rate Case

- March 2009 – Adopted a decision in revenue requirements phase authorizing the appropriate level of funding through 2011 for operating and capital costs to provide safe, reliable service and meet customer and load growth.





Electric Utility Rate Cases (continued)

- August 2009 – Adopted a decision in rate design phase addressing several settlement agreements and relatively few contested issues on revenue allocation and rate design for various customer classes. Decision requires that SCE file an application by September 2010 proposing new dynamic pricing rates to become effective January 2012.
- 4th quarter 2010 – SCE will file its 2012 GRC application addressing revenue requirements.

PG&E 2011 General Rate Case

- December 2009 – PG&E filed its 2011 GRC application addressing revenue requirements. PG&E requests increases in gas and electric revenues for maintaining and upgrading its distribution systems, enhancing its customer support and energy supply functions, and maintaining a qualified workforce.
- March 2010 – PG&E will file the electric rate design portion of its 2011 GRC.





Selected Efficiency Initiatives in 2010-12

- IOUs to apply appropriate energy **benchmarks** to all commercial and government facilities participating in utility programs.
- A **new Strategic Lighting Plan** with strategies to develop RD&D partnership pipelines, advance best practices, create widespread uptake, and accelerate market transformation and new technologies.
- CPUC /IOUs will **apply findings from market and brand research to inform statewide marketing & outreach campaign.**





Recommended Reduction Measures	Reductions Counted Towards 2020 Target	
	(MMTCO2E)	Percentage of 2020 Target
REDUCTIONS FROM CAP AND TRADE PROGRAM	34.4	19.8%
REDUCTIONS FROM COMPLEMENTARY MEASURES	112.3	64.5%
California Light-Duty Vehicle GHG Standards	31.7	18.2%
Low Carbon Fuel Standard	15	8.6%
Regional Transportation-Related GHG Targets*	5	2.9%
Vehicle Efficiency Measures	4.5	2.6%
Goods Movement (Electrification at Ports, Efficiency)	3.7	2.1%
Medium/Heavy Duty Vehicles	1.4	0.8%
High Speed Rail	1	0.6%
<i>Transportation Sector sub-total</i>		35.8%
Energy Efficiency (Building/appliance standards, new programs, CHP, Solar Water Heating)	26.3	15.1%
Renewable Portfolio Standard (33% by 2010)	21.3	12.2%
Million Solar Roofs	2.1	1.2%
Industrial Measures (sources under cap-and-trade)	0.3	0.2%
<i>Electric and Gas sub-sectors</i>		28.7%
REDUCTIONS FROM UNCAPPED SOURCES/SECTORS	27.3	15.7%
High Global Warming Potential Gas Measures	20.2	11.6%
Sustainable Forests	5	2.9%
Industrial Measures (sources not under cap and trade; Oil and Gas, Transmission)	1.1	0.6%
Recycling and Waste (landfill methane capture)	1	0.6%
TOTAL REDUCTIONS COUNTED TOWARDS 2020 TARGET	174	

California Air Resources Board's GHG Emissions Reduction Strategies

Efficiency strategies amount to
15% of GHG targets, third
largest target

CARB Scoping Plan, Table 2,
[www.arb.ca.gov/cc/scopingplan/
scopingplan.htm](http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm)





Tradable Renewable Energy Credits (TRECs) Have a Role in the RPS Program

- **Are RECs “just a piece of paper”?**
 - RECs are associated with actual renewable energy generation that meets the RPS eligibility guidelines.
 - RECs have certain benefits including increased compliance flexibility, reduced risk of stranded costs, and additional revenue stream for renewable distributed generation.
 - To the extent renewable facilities that are eligible under the program are deemed as advancing the state’s renewable goals, RECs facilitate those same goals.
- **Will authorizing TRECs export green jobs?**
 - Out-of state facilities that meet specific eligibility criteria can currently participate in the RPS program, irrespective of RECs, pursuant to statute and CEC eligibility rules.
 - 33% RPS will require significant build-out of California resources.
 - Facilitating in-state projects can be accomplished more successfully by working on permitting and transmission issues.
- **Will TRECs mean importing coal?**
 - Currently, energy associated with TRECs must meet the delivery requirements of the CEC.
 - All contracts of 5 years or more must comply with Emissions Performance Standard.
 - RECs, whether from in-state or out of state facilities, indicate that renewable energy is displacing conventional resources in the WECC.





CPUC's TRECs Decision

- A REC is an accounting mechanism that represents 1 MWh of renewable electricity.
- SB 107 (2006) authorized the CPUC to approve the use of tradable renewable energy credits once a REC accounting system was operational (WREGIS).
- March 11, 2010, CPUC decision authorized electric corporations to use TRECs to comply with the current RPS mandates (20% by 2020).
- Use of TRECs for compliance by the three large IOUs capped at 25% of their annual procurement target through 2011.
- TREC's purchased by any IOU subject to a \$50 price cap and price reasonableness review by Energy Division. The \$50 price cap also sunsets at the end of 2011.
- IOUs can buy RECs from distributed renewable generation once CEC eligibility rules are established.





Establishing Reasonable Natural Gas Utility Operational Costs, Rates, and Services

- Costs, rates, and terms of service for PG&E's major Gas Transmission System and Storage to be examined in 2010.
- PG&E's gas distribution revenue requirement to be examined in 2010, as part of PG&E's 2011 General Rate Case.
- SoCalGas/SDG&E allocation of gas revenue requirement to customer classes determined in November 2009.
- PG&E allocation of gas distribution revenue requirement to be determined in 2010.
- CPUC expects SoCalGas to file application in April 2010 to consider services and costs of its gas transmission receipt point system.
- In 2010, CPUC will determine whether SoCalGas should provide "off-system" gas deliveries out-of-state from its system.





Thank you

www.cpuc.ca.gov

www.GoSolarCalifornia.ca.gov

www.CalPhoneInfo.com

