From: Redacted

Sent: 4/30/2014 4:46:38 PM

To: 'karen.miller@cpuc.ca.gov' (karen.miller@cpuc.ca.gov) (karen.miller@cpuc.ca.gov)

Cc: Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4); Jonna Ramey (jramey@sonomacleanpower.org); Geof Syphers (gsyphers@sonomacleanpower.org); dweisz@mcecleanenergy.com (dweisz@mcecleanenergy.com); Redacted Redacted Redacted Kelly Foley (kfoley@sonomacleanpower.org); jtuckey@mcecleanenergy.com (jtuckey@mcecleanenergy.com); 'Dawn Weisz' (dweisz@mcecleanenergy.org); jkudo@mcecleanenergy.com (jkudo@mcecleanenergy.com); Kirby Dusel (kirby@paradigmec.com)

Bcc:

Subject: RE: Joint Rate Comparison Mailers

Dear Karen,

Thank you for meeting with PG&E, MCE, and SCP on Monday to help resolve our open issues. From the emails you received from SCP and MCE, all the parties have agreed to move forward with the CO_2 emissions chart for this year's Joint Rate Comparison mailers using the party's previous year's methodology.

Per your direction, PG&E has summarized our positions regarding the inclusion of the emissions chart in the joint mailer and the methodology that should be used to calculate the emissions to arrive at apples to apples comparison of the GHG emissions. We tried to fit it in a page. Our summary is as follow:

<u>Inclusion of the Emissions Chart</u>

PG&E believes the CCA Code of Conduct provides the Public Advisor's Office the authority to resolve any disputes about the contents of the Joint Rate Comparison mailers including the addition of the previously decided emissions chart. The CCA Code of Conduct states the following: "neutral, complete, and accurate written comparison of their average tariffs for each customer class, sample bills for a mutually agreed amount of usage under residential tariffs, and generation portfolio contents."[1] It is PG&E's position that generation portfolio content also includes GHG emissions information.

GHG Emissions Calculation Methodology

MCE purchases system power from the California Independent System Operator (CAISO) and schedules this power to serve their customers. This system power has an associated GHG emissions rate as it is mostly fossil-fuel supplied. MCE then purchases unbundled out-of-state Renewable Energy Certificates (RECs) and claims that by purchasing these RECs they are no longer obligated to report the GHG emissions from their system power purchases to their customers via the emission rate calculation. This claim is based solely on The Climate Registry (TCR)'s protocol, which allows unbundled RECs to essentially be used as GHG offsets. CARB regulations, which have been in existence since 2009, do not allow out-of-state unbundled RECs to be used to reduce or offset GHG emissions. Furthermore, TCR does not fully account for these emissions as it does not have a mechanism to ensure that some other party (the REC seller, or an entity that purchases power from the REC seller) reports the emissions for which MCE is no longer taking responsibility. This potentially leaves emissions that result from MCE's CAISO system power purchases unaccounted for, and results in incomplete reporting of the environmental impact of MCE's brown power procurement activity.

Based on these facts, PG&E objects to out-of-state unbundled RECs being used to reduce MCE's emissions rate. For apples to apples comparison of GHG emissions rates, MCE should use bundled power purchases as the basis for the emission rate calculation, and avoid the use of out of state unbundled RECs, as this will be a more accurate and transparent representation of the environmental emissions that result from their power purchases.

PG&E looks forward to continued discussions on these topics.

Best regards,

Redacted

Regulatory Case Manager

Pacific Gas and Electric Company

[1] D.12-12-036, p. A1-3.