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

Order Instituting Rulemaking to Address Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions.	Rulemaking 11-03-012 (Filed March 24, 2011)

PREHEARING CONFERENCE STATEMENT OF CLIMATE PROTECTION CAMPAIGN

April 21, 2011

Submitted by:

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PREHEARING CONFERENCE STATEMENT OF
CLIMATE PROTECTION CAMPAIGN

The Telos Project dba Climate Protection Campaign ("CPC") hereby submits its Pre- Hearing Conference Statement in this important inquiry into the appropriate treatment of electric utility costs and allowance auction revenues associated with implementation of AB 32 GHG emissions reduction policy for the electric sector. CPC intends to be an active participant in the proceeding.

I. INTRODUCTION

The Climate Protection Campaign is a nonprofit corporation that is located in Sonoma County. Our mission is to inspire, align, and mobilize action in response to the climate crisis. We work with business, government, youth and the broader community to advance practical, science-based solutions for significant greenhouse gas emission reductions.

CPC has closely followed and commented on the rule making for AB 32 at the California Air Resources Board (CARB) particularly focused on the rules for the cap and trade program. Through out these proceedings CPC has supported

an approach which would return the majority of the revenue associated with allowances to California residents. A position also advocated by the Economic Allocation and Advisory Commission (EAAC) appointed by CARB.

II. THE RULEMAKING MUST FOCUS ON PROPERLY DEFINING RATEPAYER BENEFIT IN THE CONTEXT OF IMPLEMENTING AB 32

For the utility sector, CARB has proposed a combination of free allowances and (secondary) auctions. The allowances are given for free to utilities that deliver electricity. Investor-owned utilities would sell the allowances to the generators when they buy electricity from them. Publicly-owned utilities that produce their own generation would need the allowances themselves. According to CARB's rule making after the allowances are "monetized," the utilities are to use the billions of dollars in allowance value generated "to reduce the costs of AB 32 policies on their ratepayers," for "ratepayer benefit" (section 95892)) and "for protection of electricity customers and for other AB 32 purposes."

The Public Utilities Commission is instructed, pursuant to the December 16, 2010 CARB resolution, to work with CARB to "ensure that the proposed allowance value directed to the electric distribution utilities is used for the benefit of... ratepayers... and for the purposes of AB32." (Order Instituting Rulemaking at 9-10.) CPC seeks to ensure that maximum value is provided to ratepayers without undermining the price signal reflected on their utility bill. Therefore, we are very interested in how this "benefit" is delivered to ratepayers.

CPC supports CARB's inclusion of consumer refunds as a use of allowance value. We believe the most direct approach to this is a "lump-sum transfer," which could be implemented through a rebate or dividend check. The customer would still receive the carbon price signal on their utility bill, but would receive a rebate check to help buffer them from the regressive impact of increased electricity prices.

III. CONCLUSION

The amount of allowance value allocated to utilities that is returned to ratepayers and the method by which it is accomplished have board implications for the fair and effective implementation of AB 32 beyond the utility sector. The Commission will need to carefully consider these issues in its development of rules addressing cost and revenue issues associated with GHG emissions.

CPC looks expresses its appreciation to the Commission, Assigned Commissioner Peevey and Assigned Administrative Law Judge Hecht for their consideration of the matters discussed herein.

Dated: April 21, 2011

Respectfully submitted,

/s/

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CERTIFICATE OF SERVICE

I hereby certify that on April 28, 2011, in Santa Rosa, California, I have served a copy of PREHEARING CONFERENCE STATEMENT OF THE Climate Protection Campaign, upon all parties listed on the Service List for this proceeding, R-11-03-012. All parties have been served by email or first class mail, in accordance with Commission Rules.

/s/ .

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