

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



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Order Instituting Rulemaking to Address
Utility Cost and Revenue Issues Associated
with Greenhouse Gas Emissions.

Rulemaking 11-03-012
(Filed March 24, 2011)

**COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO
ON IMPACT OF SENATE BILL 1018 ON THE ALLOCATION OF GREENHOUSE
GAS REVENUES**

I. INTRODUCTION

In accordance with the July 11, 2012 Administrative Law Judges' Ruling Soliciting Comment from Parties on Impact of Senate Bill (SB) 1018 ("ALJ Ruling"), the City and County of San Francisco ("CCSF" or "City") respectfully files these comments.¹ CCSF continues to support the allocation of costs and revenues in a manner that is fair to all customers.

II. DISCUSSION

The implementation of SB 1018 should not have any impact on the IOUs' obligation to allocate revenues from allowances in a manner that treats Community Choice Aggregation ("CCA") customers and bundled customers of Investor Owned Utilities ("IOUs") equally, to ensure that CCA customers receive the benefit of GHG allowances provided to the IOU on their behalf. On January 6, 2012, CCSF filed a proposal to ensure that residential CCA customers receive their fair share of any revenues derived from an IOU's sale of GHG allowances. Under CCSF's proposal, an IOU's GHG compliance costs would be included in generation costs and allocated in the same manner as other generation costs are allocated to bundled customers. Any allowance revenues distributed to customers would be returned to all customers, bundled and

¹ Although CCSF is not responding to every question in the ALJ Ruling, the questions are numbered to match the numbering in the ALJ Ruling.

unbundled, through the non-generation portion of the bill, as a reduction in the distribution rate or through a separate line item credit, thereby ensuring the fair treatment of CCA customers. CCSF believes that this proposal for residential allocations is still appropriate and viable, and no changes are necessary as the result of SB 1018.

In addition, the allocation of some portion of GHG allowance revenues to activities—such as clean energy or energy efficiency projects—which contribute to GHG reductions must also be administered in a way that protects and ensures equal treatment of both CCA customers and IOU bundled customers.² CCSF reiterates several important constraints:

1) While the Commission has discretion to apportion up to 15% of the allowance revenues towards clean energy and energy efficiency programs, the Commission must carefully balance use of revenues for meritorious programs, against the objective of protecting ratepayers from rate increases, particularly rate increases driven by efforts to reduce GHG emissions.

2) To the extent IOUs are allocated up to 15 percent of the revenues for clean energy and energy efficiency programs, the CPUC must ensure that CCA customers are able to participate in and benefit from such programs on an equal, non-discriminatory basis alongside the IOU bundled customers. Absent such treatment, the set aside for programmatic purposes should be taken solely from the bundled customers' share of the IOU's allowance revenues.

3) Any GHG allowance revenues spent by the IOUs, whether on behalf of their bundled customers or on behalf of CCA customers, towards clean energy and energy efficiency efforts must be expended in programs that provide sufficient, demonstrable benefits including GHG reduction to both bundled and CCA customers of the IOU.

4) Finally, within these constraints, as CCSF has recommended in earlier comments in this and other proceedings, CCSF recommends that any program spending administered by the IOUs prioritize programs that drive innovation and that are designed and performed by local and regional governments.

² See CCSF Comments on Proposals for the Allocation of Greenhouse Gas Revenues (filed January 31, 2012) p. 3-4.

III. CONCLUSION

SB 1018 does not impact CCSF's January proposal regarding the distribution of revenues to CCA customers, and the requirement that the allocation of revenues treat all customers fairly.

Respectfully submitted,

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