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05-16-12
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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.

R. 11-03-012
(Filed March 24, 2011)

NOTICE OF EX PARTE COMMUNICATION

May 16, 2012

Simon Mui
Natural Resources Defense Council
111 Sutter Street, 20th Floor
San Francisco, CA 94104
415-875-6100
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OF THE STATE OF CALIFORNIA**

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NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.2, 8.3, and 8.5 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) hereby gives notice of the following ex parte communication.

On May 14, 2012, Simon Mui replied to an email distribution list initiated when the International Council on Clean Transportation ("ICCT") sent an email summarizing its perspectives on a separate discussion of Low Carbon Fuel Standard credit revenue. Mr. Mui was not aware that Administrative Law Judges Melissa Semcer and Jessica Hetcht were copied on those emails. Mr. Mui's email, which is included as Attachment A, is a response to a suggestion by another party that Low Carbon Fuel Standard Credit revenue be used to purchase Renewable Energy Certificates.

To obtain a copy of this notice, please notify Elizabeth Landeros at (415) 875-6100 or via email at elanderos@nrdc.org.

Dated: May 16, 2012

Respectfully submitted,



Simon Mui
Natural Resources Defense Council
111 Sutter Street, 20th Floor
San Francisco, California 94104
Telephone: (415) 875-6100

Attachment A:

This is just a good design feature which we shouldn't forget about. A regulated party can get additional value if they demonstrate lower carbon electricity. For example, say average CA electricity provided 2 cents/kWh in LCFS value. Purchasing renewable electricity would result in the credit value going to 3.5 cents/kWh. So you might be able to cover the cost of renewable electricity and then some depending on the LCFS carbon price.

There are a number of details to work out, but our analysis shows the LCFS could largely pay to cover the costs of voluntary RECs purchased by customers (we haven't looked at potential utility green tariffs). Again though, I emphasize the need to get LCFS 1.0 running first (and the primary need by the State of California to defend the program) before we get to LCFS 2.0.

-Simon