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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)

**REPLY PREHEARING CONFERENCE STATEMENT OF  
MARIN ENERGY AUTHORITY**

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May 5, 2011

**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)

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MARIN ENERGY AUTHORITY**

The Marin Energy Authority (“MEA”) respectfully submits this Reply to the Prehearing Conference (“PHC”) Statements of various parties in accordance with the Order Instituting Rulemaking, issued March 30, 2011 (“Order Instituting Rulemaking”). MEA notes that a wide range of parties support the concept of equitable distribution of emissions allowances among investor-owned utilities (“IOUs”) and other load-serving entities (“LSEs”), including community choice aggregators (“CCAs”).

For example, Southern California Edison (“SCE”) in its PHC Statement proposes:

SCE will advocate in this proceeding that the Commission provide customer bill relief by reducing a delivery rate component (e.g. distribution rate) that all customers (including ESP and CCA customers) pay. SCE’s proposal will allow for the cost of GHG compliance to be included in customers’ generation rate component so that bundled service customers can see the impact of the GHG compliance cost through higher generation rate levels. SCE’s proposal would simultaneously achieve the goal of sharing the benefit of revenues from auctioning of GHG emissions allowances with all customers, including ESP and CCA customers. (SCE PHC Statement at 8.)

By creating a distribution rate component that benefits all customers – bundled and unbundled alike – SCE’s proposal efficiently creates a level playing field between IOUs and

LSEs. The proposal would ensure that all customers benefit while not creating a competitive imbalance between IOUs on the one hand and ESPs and CCAs on the other.

MEA also supports the prohibition recommended by Shell Energy North America (“SENA”):

[T]he IOUs’ GHG auction revenues should not be allocated to programs or projects sponsored by the IOUs or their affiliates, because IOU shareholders would benefit at the expense of ratepayers. Furthermore, if the funds were to be used for IOU programs, IOU bundled sales customers would benefit at the expense of direct access customers and CCA customers. (SENA PHC Statement at 4.)

MEA notes that the creation of programs and proposals that do not focus on reducing the distribution rate would create significant complexity in ensuring a level playing field among market participants. Energy efficiency programs and renewable energy programs funded by auction revenues will require extensive structuring to ensure equal access and fair treatment of all market participants.

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



**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing *Reply Prehearing Conference Statement of Marin Energy Authority* on all parties of record in *R.11-03-012* by serving an electronic copy on their email addresses of record and, for those parties without an email address of record, by mailing a properly addressed copy by first-class mail with postage prepaid to each party on the Commission's official service list for this proceeding.

This Certificate of Service is executed on May 5, 2011, at San Rafael, California.

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/s/ Jordis Weaver  
JORDIS WEAVER

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