

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION
I.D.# 7866
RESOLUTION G-3414
September 18, 2008

R E S O L U T I O N

Resolution G-3414. Pacific Gas and Electric Company (PG&E) seeks authorization to transfer unspent 2007 PG&E ClimateSmart program administrative and marketing funds to the 2008 budget. PG&E's request is granted.

By Advice Letter 2903-G/3208-E, filed on February 11, 2008.

SUMMARY

PG&E's request to transfer \$1.74 million in unspent 2007 ClimateSmart administrative and marketing (A&M) funds to 2008 is approved. The Utility Reform Network's (TURN) protest is denied.

- 1) PG&E will use the transferred funds to intensify its ClimateSmart marketing and global warming educational campaign for 2008. The utility will incorporate into its marketing key lessons learned from its first year implementation of the program and the fact that ClimateSmart premiums are now tax deductible.
- 2) PG&E has shown that the proposed transfer is in support of the ClimateSmart program and it is approved.
- 3) PG&E shall confer with the External Advisory Group (EAG) for a review of its future ClimateSmart marketing plans. PG&E shall also explore with the EAG ways that its low income customers can participate in efforts to reduce GHG emissions.
- 4) TURN's protest is denied.
- 5) Energy Division will determine if the 1.5 million ton greenhouse gas (GHG) emissions reduction guarantee is to be in "short" or "metric" tons.

BACKGROUND

PG&E's ClimateSmart program provides customers with an opportunity to offset the GHG emissions associated with their electricity and natural gas use.

In Decision (D.) 06-12-032, the Commission approved a new PG&E program called ClimateSmart.¹ The program provides PG&E customers with an opportunity to offset the GHG emissions occurring from their use of electricity and natural gas. Participation in ClimateSmart is voluntary with subscribers agreeing to pay PG&E an additional amount monthly. The utility uses these premiums to fund types of projects approved by the Commission that will mitigate each subscriber's GHG emissions. PG&E is required to procure a minimum of 1.5 million tons of GHG emission reductions under the program.² ClimateSmart is scheduled to expire at the end of 2009, although PG&E can request an extension.

PG&E predicted that program revenues would be between \$20.3 million and \$29.8 million over the 3-year term of the program and that 200,000 of its customers would likely sign-up.

D. 06-12-032 adopted annual budgets for PG&E's A&M spending. The utility may request a change to these budgets.

D.06-12-032 specifies the amount that PG&E can spend on A&M activities for each year the program is in effect. PG&E may request a change to the annual allocations by filing an advice letter.³ The utility did so previously and shifted its entire 2006 A&M budget to 2007.⁴ However, the total amount that the utility may spend on A&M for the full term of the program is set at \$16,260,000.

¹ ClimateSmart is also referred to as the Climate Protection Tariff (CPT).

² In the event that the amount of ClimateSmart premiums is insufficient to fund the purchase of the minimum level of GHG emission reductions, PG&E is to use other, non-ratepayer funding or unspent funds allocated for program administrative and marketing activities. (see D.06-12-032, *mimeo*, pp. 26-7)

³ "PG&E may not transfer funds among budget categories nor spend budgeted funds in different years than those indicated without making an advice letter filing seeking such a change." (D.06-12-032, Ordering Paragraph 3)

⁴ PG&E Advice Letter 2812-G/2993-E, approved on June 4, 2007.

Included in this amount is \$900,000 that PG&E will provide CCAR for its development of GHG protocols.⁵

PG&E was allowed to recover the A&M costs from all of its ratepayers because of the societal benefits that will flow from the ClimateSmart program. Everyone benefits from the mitigation of climate change resulting from those utility customers choosing to participate in the program. Another common benefit will be derived from PG&E's marketing of the program. ClimateSmart marketing is to include educational content informing its customers about the dangers of global warming and describing actions one can take to reduce this threat.⁶ Additionally, the utility is encouraged to consider creative alternatives to enable its low income customers to participate in reducing GHG emissions.⁷

Pursuant to Ordering Paragraph 4 of D.06-12-032, PG&E filed the details of its proposed ClimateSmart marketing and budget plan with the Commission. The plan was based upon PG&E's understanding of the program's potential customer profile. It specifies that PG&E would further refine its strategy as the utility gathered more data from the results of the program.

The EAG was formed by the Commission to provide PG&E with input regarding its implementation of the program.

The Commission created the EAG as a way to provide PG&E with guidance as it implements the program. The EAG consists of representatives from groups with diverse interests ranging from environmental matters to low income customer issues. The EAG does not have decision making authority, but PG&E should thoughtfully consider and address any recommendations it puts forth. PG&E meets with the EAG on a regular basis.⁸

⁵ CCAR is a non-profit organization that develops protocols that standardize the measurement and reporting of GHG emission reductions from climate change mitigation projects.

⁶ D.06-12-032, *mimeo*, p.32 and Finding of Fact 12.

⁷ D.0-12-032, Ordering Paragraph 26.

⁸ D.06-12-032, *mimeo*, pp. 36-7.

PG&E submitted its 2007 ClimateSmart annual report. TURN provided comments on the annual report noting concerns about program enrollment and revenues. PG&E replied saying that the concerns are unwarranted.

On March 17, 2008, PG&E submitted its first ClimateSmart annual report describing program results and the activities that were conducted from the program's start to the beginning of 2008. It reported that over 16,000 utility customers signed up and that they remitted more than \$860,000 in premiums. PG&E's participation in the program, which is at shareholder expense, was also described in the annual report. The utility stated that it spent about \$3.4 million on A&M during 2007, which was less than the \$5.1 million budgeted for 2007 (this includes the amount that was transferred from 2006).⁹ The Commission's Energy Division requested comments on the annual report from parties to the proceeding.

On May 5, 2008, TURN submitted comments and expressed concerns about the program's prospects. It says that the rate of subscribership has slowed and estimates that the utility will barely meet minimum projections. It also notes that the majority of revenues came from PG&E's participation in the program. Based on this information, TURN believes that the program has served to underwrite PG&E's purchase of GHG emission reduction offsets at ratepayer expense as ratepayers pay for the administrative costs of the program rather than utility shareholders. TURN believes the program needs closer monitoring and more regular reporting of subscribership and revenues.

Additionally, TURN indicates that the way GHG emission reductions are to be measured needs clarification. It notes that in the annual report, PG&E uses "short" tons.¹⁰ However, CCAR's reporting is done using "metric" tons, which is approximately 10 percent more than short tons. As a result, TURN says that PG&E's prediction that 2 million tons of GHG emission reductions will result from the program is understated by 10 percent if parties to the proceeding understood it to be in metric and not short tons.

⁹ 2007 Annual Report for PG&E's ClimateSmart Program, pp. 45-6. The annual report may be found at: <http://www.pge.com/includes/docs/pdfs/shared/environment/whatyoucando/climatesmart/climatesmartannualreport.pdf>.

¹⁰ PG&E 2007 ClimateSmart Annual Report, footnote 2.

On May 23, 2008, PG&E responded to TURN. The utility says that TURN has misinterpreted the data leading to false conclusions. Enrollment has increased in recent months to over 29,000 and the minimum projected level of first year participation has been exceeded.¹¹ PG&E explained that it accounted for a large proportion of the revenues because it signed up early in 2007. The utility's proportion has now fallen to about half of total revenues. It is willing to accept TURN's reporting recommendation; however, it does not believe this is necessary as it conducts regular reviews with the EAG. On the issue of measurements, PG&E said that the use of short tons is consistent with its testimony and the compliance obligations of D.06-12-032.

PG&E is requesting to shift \$1.74 million of unspent ClimateSmart A&M costs budgeted for 2007 to 2008.

In Advice Letter (AL) 2903-G/3208-E, PG&E seeks approval to transfer \$1.74 million of unspent A&M funds budgeted for 2007 to 2008. Of this amount, about \$360,000 was supposed to be paid to CCAR for protocol development in 2007 but was deferred.¹² Additionally, the utility requests the re-designation of \$150,000 earmarked for 2007 administrative expenses to marketing for 2008.

In the AL, PG&E explains that the main reason for its request is the impact on its spending plans resulting from the timing of the Commission's approval of the program. PG&E anticipated an earlier start date and budgeted \$1.3 million for 2006 A&M expenses (this does not include the \$360,000 earmarked for CCAR) which the Commission approved. However, since D.06-12-032 was issued in late 2006, the utility did not spend any of its 2006 budget. Because of this, PG&E asked for and received Commission permission to shift the entire 2006 budgeted amount to 2007.¹³ Since PG&E did not spend the amount transferred to 2007 it now seeks to carry the surplus forward to 2008.

¹¹ PG&E opened the program to all eligible customers on June 28, 2007 and considers this the start of the program for enrollment purposes. Thus, the first year period for subscribership is June 28, 2007 to June 28, 2008.

¹² The contribution to CCAR is considered a ClimateSmart program administrative expense. (D.06-12-032, *mimeo*, pp. 38-9). In response to an Energy Division data request, PG&E specified the amount of the CCAR deferral to be \$392,229.

¹³ PG&E AL 2812-G/2993-E, approved on June 4, 2007.

PG&E says that the requested transfer and re-allocation of funds will support greater educational outreach to PG&E's customers regarding their impact on climate change and how participating in the ClimateSmart program along with other actions can help control global warming. The utility is also planning a stepped-up marketing program based on lessons learned from 2007.

NOTICE

Notice of AL 2903-G/3208-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

On March 3, 2008, TURN filed a protest recommending that the AL be denied.

TURN says that PG&E's request is not adequately supported and lacks specificity. In particular, PG&E did not describe the educational outreach it intends to conduct nor explain why the CCAR payment was deferred. TURN argues that the need for a more substantial showing is implicit in the Commission's requirement that PG&E file an advice letter to seek a budget change.

Also, TURN questions the need for higher program spending in 2008 and suggests that unspent funds could be returned to ratepayers. It notes that the marketing of the program is advantageous to utility shareholders but the benefits to ratepayers are less clear.¹⁴

Further, TURN found an inconsistency between the AL and PG&E's ClimateSmart testimony and says this casts doubts on the utility's argument for the transfer. In the AL, PG&E explains that the transfer is primarily due to the impact on its spending plans due to the timing of D.06-12-032 in late 2006. As a result, the utility curtailed its planned 2006 A&M spending. This is essentially the surplus that PG&E now seeks to roll-over to 2008. However, in its testimony,

¹⁴ We note that D.06-12-032 Finding of Fact 18 states that, "PG&E shareholders will benefit from the CPT, at the very least through enhanced goodwill for the company."

PG&E said it intended to spend money on ClimateSmart prior to Commission approval of the program. Therefore, it appears that the timing of the decision was not a factor that would interfere with PG&E's spending plans.

As an alternative to taking immediate action on PG&E's request, TURN suggests that the Commission wait until the utility submits its 2007 ClimateSmart annual report for review. Thus, a more informed decision could be made following the consideration of this material.¹⁵

On March 11, 2008, PG&E replied to TURN's protest.

As a general rebuttal, PG&E asserts that the funding flexibility it seeks is appropriate for a demonstration program such as ClimateSmart. In support of this claim, the utility cites a passage in D.06-12-032 characterizing the nature of the program and describing how the A&M budget was devised.

PG&E further explained its reasons for the request in response to TURN's arguments. The utility plans to significantly step up its marketing and education outreach. This will involve an extensive, multi-faceted effort intended to reach each customer, necessitating a higher budget. In addition, some marketing activities planned for 2007 were postponed until the utility gained more experience with the program. The CCAR payment was deferred because of unexpected protocol development delays. It anticipates that the remainder of the CCAR contribution will be furnished by the end of 2009. Additionally, staffing needs will be higher in the current year and some expenses incurred in 2007 were paid in 2008.

PG&E suggests that TURN is exaggerating the significance of the inconsistency regarding its AL and proceeding testimony. The amount that PG&E planned to spend before the program was approved was relatively modest. PG&E said it decided to postpone its spending due to uncertainties about the final structure of the program.

Regarding TURN's suggestion to return the unspent A&M funds to ratepayers, PG&E points to D.06-12-032 stating that unused A&M funds may be a possible

¹⁵ As noted above, the 2007 annual report has now been received, and TURN has filed comments on it.

funding source to meet the 1.5 million ton GHG emission reduction guarantee.¹⁶ While the utility is optimistic that it will reach the guarantee through monthly premiums, it says it would be premature to forego this source of funding at this time. Also, PG&E indicated that the additional marketing the utility plans to do upon approval of the transfer should improve the chances that sufficient revenues will be generated.

PG&E says that waiting to act on the AL until the ClimateSmart annual report is reviewed would not be productive and take resources away from other more constructive endeavors. It already provides the EAG and others information about the program on a continual basis. In response to the level of shareholder involvement, PG&E states that it has made a substantial contribution by enrolling its own buildings in the program which is expected to generate \$1 million to \$2 million in ClimateSmart revenues.

DISCUSSION

The AL does not provide a sufficient showing to evaluate PG&E's request. However, other relevant information will also be considered.

Our review of the AL shows that PG&E did not fully explain why the transfer is necessary. The utility says that the funds will be used to support greater educational outreach and an expanded marketing campaign, but does not elaborate further. Also, there was no reason given for the CCAR payment deferral. We find TURN's characterization of the AL apt; "... what PG&E presented is little more than an announcement that it has determined that the budgets for each category or for a given year have changed with an advice letter heading and little more." (TURN's protest, p. 2) TURN recommends that we reject the AL on this basis. However, the material in the AL is not the only factor on which we will base our decision. Other relevant information before us will also be considered.

In its reply to TURN's protest, PG&E provided more details about its planned 2008 activities. A further description of the expanded marketing and education outreach was given. As PG&E explained, it seeks to deploy a new initiative

¹⁶ D.0-12-032, Ordering Paragraph 6.

designed to reach over 5 million customers in 2008. Also, some 2007 marketing spending was delayed because the tax deductibility of ClimateSmart premiums remained unresolved. The CCAR payment was deferred because of slower than expected protocol development. These descriptions give us a clearer picture of what PG&E intends to do with the transferred funds and why. For further insight, we will next consider the ClimateSmart 2007 annual report.

The 2007 Annual Report provides additional information on the necessity for the requested funds transfer.

As TURN suggested, we will also examine the 2007 ClimateSmart annual report. The report describes the utility's administrative and marketing efforts from the program's inception through January 31, 2008. A total of \$3.4 million was spent on A&M, which was \$1.7 million less than authorized for the year (this includes the amount that PG&E was authorized to transfer in PG&E AL 2812-G/2993-E). Actions it took to promote the program and educate its customers included direct mail campaigns, advertising and outreach activities to businesses and stakeholder groups. As a result of these activities, the annual report stated that over 16,000 customers have subscribed to the program and over \$860,000 was raised in ClimateSmart premiums.

TURN commented on the annual report and is concerned about the program's progress. It found the rate of subscribership disconcerting and that the minimum level of projected enrollment will barely be achieved. It was also concerned that the program has served to benefit PG&E at ratepayer expense. TURN recommends that more monitoring of this situation is needed and that monthly reporting of subscribership and revenues be instituted.

PG&E disagrees with TURN's outlook for the program. It updated the figures provided in the annual report and notes that the enrollment rate has accelerated and surpassed the low-end of first year projections. Also, the utility's proportion of program revenues has declined to just over half. PG&E is willing to report program results more regularly as TURN suggests, but it believes that its routine interactions with the EAG provides adequate updates.

Our review of the annual report and the related comments was instructive. We can understand TURN's concerns. Although PG&E's update shows that the program has gained momentum, enrollment and revenues will need to grow at a

more rapid pace if the expectation of acquiring 200,000 participants and collecting over \$20 million in premiums is to be met.

Impacting the program's progress has no doubt been the challenges PG&E described in the annual report. The biggest obstacle PG&E said it encountered was generating customer awareness and comprehension of the program.¹⁷ Another significant difficulty was that customers are not making the connection between their energy use and GHG emissions.¹⁸

The inconsistency identified by TURN does not by itself warrant rejection of PG&E's request.

In addition to questioning the need for the transfer, TURN also raises a concern about an inconsistency between the AL and PG&E's ClimateSmart testimony. In its testimony, PG&E said that it intended to spend money on the program before it was approved. However, in the AL, PG&E says that it did not spend any amounts in 2006 because D.06-12-032 was issued late in the year. TURN suggests that this discrepancy casts doubt on how forthright PG&E was in the AL and that the Commission should exercise "... caution in considering the current request." (TURN protest, p. 4) In its reply to TURN, PG&E said that it decided not to make the planned pre-approval expenditures because the final structure of the program was in doubt and that this was not a substantial amount regardless.

Our examination of this issue does not color our view of PG&E's request. As PG&E suggests, various elements of the program were being debated during the proceeding. In fact, one proposal under consideration was sponsored by TURN which advocated the direct purchase of offsets by PG&E in order to avoid the need for any A&M expenditures. Moreover, there was no assurance that the program would be adopted by the Commission. With such uncertainty, we find that PG&E's decision to withhold its spending until the program was approved reasonable. Thus, the inconsistency identified by TURN has no bearing on our decision regarding PG&E's request.

¹⁷ PG&E 2007 ClimateSmart Annual Report, p. 19.

¹⁸ PG&E 2007 ClimateSmart Annual Report, p. 49.

PG&E has shown that its request is reasonable and it is approved. TURN's protest is denied.

TURN recommends that PG&E's request be denied because the utility did not justify the funds transfer and the need for a higher 2008 A&M budget. As discussed above, we can understand TURN's position based on the AL showing. However, PG&E included additional information about its request in its protest reply and we also expanded our review to include the ClimateSmart annual report, as suggested by TURN.

From the material before us, we have gained an understanding of what PG&E intends do with the transferred funds. To market the program, the utility will conduct a more intense effort to promote ClimateSmart and educate its customers about global warming. Implementing these steps will involve a variety of approaches (e.g., work with community groups) that will enable PG&E to reach all of its 5 million customers more effectively. PG&E would also proceed with marketing activities it deferred in 2007 so that it could integrate into its messaging first year lessons learned and explain that ClimateSmart premiums are now tax deductible. The utility said it withheld the CCAR payment until the pace of protocol development increased.

Now that we are more informed about PG&E's marketing strategy, we can determine if a higher 2008 budget is warranted. The ClimateSmart annual report is useful in this inquiry as it describes actions PG&E took in 2007 and program results. As we discussed above, overall customer reaction to the program has been tepid and the amount of collected revenues are low. PG&E analyzed these results and found that there was a general lack of awareness and understanding about the program. However, the experimental program is relatively new and it is too early to draw any conclusions about its success. The performance to date suggests that a more aggressive marketing effort is needed if the full potential of the program is to be realized.

We find that PG&E's use of the transferred funds should be an effective response to this situation. It will tailor its marketing to address the challenges it faced in 2007, which no doubt impeded the program's progress. Customers may also find the program more appealing if they know that their ClimateSmart premiums are tax deductible. The stepped-up effort that PG&E plans to undertake in 2008 will get this important information out to its customers and build upon the program's recent momentum. Also, collaborating with the EAG,

as discussed below, should increase the productivity of this endeavor. Denying the transfer may cause PG&E to scale down its efforts and runs the risk that fewer customers will comprehend the program and help fund beneficial projects.

On the matter of the CCAR funds, PG&E explained that it withheld the approximately \$360,000 because the development of the GHG emission reduction protocols was below expectations. This amount is part of the \$900,000 that was pledged to CCAR in D.06-12-032. We find this to be an acceptable reason for the deferral.

In sum, PG&E has satisfactorily justified its request and shown that the proposed funds transfer is reasonable. PG&E AL 2903-G/3208-E is approved. TURN's protest is denied.

TURN also suggested in its comments on the annual report that more regular reporting of program results should be instituted. In response, PG&E said that this was unnecessary as it provides the EAG (of which TURN is a member) with regular updates. In D.06-12-032, we required PG&E to report on program results annually. We find that this reporting requirement and PG&E's responsiveness to the EAG is sufficient to keep these parties well informed about the program's progress. We agree with PG&E that requiring more frequent reporting is not needed.

PG&E shall meet with the EAG for a review of its future marketing plans, and to discuss ways that its low income customers can actively participate in reducing GHG emissions.

The EAG conducted a comprehensive review of PG&E's A&M plans shortly after ClimateSmart was approved. Now, at this point in the 3-year program and with the benefit of the first year results, it is appropriate that another thorough review be conducted.

Therefore, we direct PG&E to convene a meeting with the EAG at the earliest convenient time. The purpose of this meeting (and any future meetings as necessary) is to enable the EAG to critically evaluate PG&E's future marketing plans (2008 and beyond) and to ensure that the utility's activities are consistent with the objectives of the program. Attention should be given to the educational content of PG&E's plans, as this is an important aspect of the ClimateSmart program. PG&E's marketing of the program should also be reviewed within the

context of its other programs that benefit the environment such as energy efficiency. The ClimateSmart program should be viewed as complementary to these other programs and seen as a way for customers to further minimize their carbon footprint.

Additionally, we acknowledge that PG&E has undertaken various activities specifically designed for its low income customers.¹⁹ PG&E indicates that it has received input from the EAG concerning these efforts.²⁰ No doubt additional opportunities to serve this customer segment exist. To help identify these opportunities, we direct PG&E to confer with the EAG on this subject. In particular, PG&E and the EAG are to jointly explore creative ways that the utility's low income customers can actively participate in the reduction of GHG emissions. For example, at a meeting with Commission staff, PG&E said that it would consider the prospects for employment and training associated with ClimateSmart funded projects. This was an initiative specifically adopted in D.06-12-032.²¹ Work in this area is to be conducted in conjunction with the A&M review described above.

PG&E is required to keep ED informed of the timing of this meeting with the EAG and any additional meetings that may be necessary for the completion of this comprehensive A&M review and the joint exploration of low income customer activities. In addition to this meeting, the utility is required to continue its routine interactions with the EAG.

PG&E shall provide a report to ED on the results of the meeting(s) described above. The report is to include a discussion of the EAG's evaluation of the marketing plans and describe any concerns the group raised and how they were addressed by the utility. A description of the creative low income customer ideas that were developed in collaboration with the EAG and an explanation of how they can or will be implemented shall also be included in the report. PG&E is to confer with ED to establish a date when the report is due.

¹⁹ 2007 ClimateSmart Annual Report, pp. 10-1.

²⁰ Ibid

²¹ D.06-12-032, Ordering Paragraph 26.

Energy Division is to determine whether GHG emissions are to be accounted for as either “short” or “metric” tons under the program.

In its annual report comments, TURN highlighted PG&E’s reference that the utility is reporting GHG emission reductions in “short” tons. TURN explains that this differs with CCAR which does its reporting in “metric” tons (PG&E acknowledged CCAR’s practice in the annual report). In response, PG&E says that its use of short tons is consistent with its testimony and the compliance requirements of D.06-12-032.

This is an important issue. In D.06-12-032, it is not specified what type of ton GHG emissions are to be measured. It is PG&E understanding that the Commission means “short” ton. This has implications on the definition of the 1.5 million ton GHG emission reduction guarantee since a short ton is about 10 percent less than a metric ton and raises this question - should the guarantee be in short or metric tons? To resolve this, we instruct ED to review the ClimateSmart proceeding record and any other relevant information that may be useful. Upon the conclusion of its review and research, ED is to issue a draft resolution with its recommendation. The draft resolution is to be served on the A.06-01-012 service list with parties given an opportunity for comment.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. The draft of this resolution should also be served on all parties to A.06-01-012.

FINDINGS

1. PG&E filed AL 2903-G/3208-E requesting permission to transfer \$1,740,343 of unspent A&M funds budgeted for 2007 to 2008. \$392,229 of this amount is part of the \$900,000 amount earmarked for CCAR in D.06-12-032.
2. TURN filed a protest recommending that PG&E’s request be denied.

3. PG&E's use of the funds it seeks to transfer to 2008 should result in a more effective marketing strategy for the program.
4. TURN's suggested reporting requirement is unnecessary.
5. D.06-12-032 does not specify if the 1.5 million ton GHG emissions guarantee is in short or metric tons.
6. The EAG is responsible to provide PG&E guidance concerning its implementation and marketing of the ClimateSmart program.
7. Directing the EAG to review PG&E's future marketing plans and provide input on low income GHG emission reduction activities is consistent with the EAG's purpose.

THEREFORE IT IS ORDERED THAT:

1. PG&E AL 2903-G/3208-E is approved.
2. PG&E is to meet with the EAG as described under the heading in this resolution that refers to this requirement and to inform ED about the status and outcome of the meeting(s).
3. TURN's protest is denied.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 18, 2008; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 19, 2008

RESOLUTION G-3414
September 18, 2008 Commission Meeting
ID # 7866

TO: Parties to Pacific Gas & Electric Co. (PG&E) Advice Letter
2903-G/3208-E,
A. 06-01-012 service list and members of the External
Advisory Group (EAG).

Enclosed is draft Resolution G-3414 of the Energy Division. It will be on the agenda at the Commission's September 18, 2008 meeting. The Commission may then vote on this Resolution or it may postpone a vote until later.

Among other things, the draft resolution instructs the EAG to conduct an evaluation of PG&E's ClimateSmart marketing plans going forward and to work jointly with PG&E to develop ways that the utility's low income customers can participate in the reduction of GHG emissions. The draft resolution also instructs the Commission's Energy Division to investigate whether the 1.5 million ton GHG emission reductions guarantee is in "short" or "metric" tons.

When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution. An original and two copies of the comments, with a certificate of service, should be submitted to:

Honesto Gatchalian
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Fax: 415-703-2200

A copy of the comments should be submitted **in electronic format** to:

Eugene Cadenasso

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505 Van Ness Avenue

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e-mail: cpe@cpuc.ca.gov

Any comments on the draft Resolution must be received by the Energy Division by September 10, 2008. Those submitting comments must serve a copy of their Draft Resolution G-3414 August 19, 2008 PG&E Advice Letter 2903-G/3208-E

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comments on 1) the entire service list attached to the draft Resolution, 2) all Commissioners, and 3) the Director of the Energy Division, on the same date that the comments are submitted to the Energy Division.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the draft Resolution. Comments that merely reargue positions taken in the advice letter or protests will be accorded no weight and are not to be submitted.

Replies to comments on the draft Resolution will not be accepted.

Richard A. Myers, Program and Project Supervisor
Energy Division

1.1 Enclosure: Service List

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution G-3414 on all parties in these filings or their attorneys as shown on the attached list via e-mail except as noted.

Dated August 19, 2008 at San Francisco, California.

Honesto Gatchalian

NOTICE

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

**RESOLUTION G-3414
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