

Decision 14-01-012 January 16, 2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Approval of Public Utilities Code Section 748.5 Customer Outreach Plan for 2014 and 2015.

Application 13-08-026
(Filed August 30, 2013)

And Related Matters.

Application 13-08-027
Application 13-09-001
Application 13-09-002
Application 13-09-003

DECISION AUTHORIZING NAME CHANGE FOR THE RESIDENTIAL GREENHOUSE GAS ALLOWANCE REVENUE ALLOCATION

1. Summary

This decision authorizes the California Public Utilities Commission’s (Commission) Energy Division to change the name of the residential greenhouse gas (GHG) allowance revenue return, currently called the “Climate Dividend,”¹ if new or existing research on education and outreach or Energy Division consultation with other state agencies, such as the California Air Resources Board, suggests better terms for communicating the source and purpose of the residential GHG allowance revenue return.

¹ The name “Climate Dividend” was adopted in Ordering Paragraph 9 of Decision 12-12-033, the Decision Adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the Investor-Owned Electric Utilities.

To execute a name change, the Director of the Energy Division must alert parties through written letter to the utilities affected (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, PacifiCorp, and Liberty Utilities) and service of the letter on the service list of Rulemaking 11-03-012, or a successor rulemaking, and Application 13-08-026 et al. or its successor proceedings.

2. Background and Procedural History

Pursuant to § 748.5(b),² the Commission shall achieve “maximum feasible public awareness of the crediting of greenhouse gas allowance revenues.” A report by Targetbase, a consultant retained by Pacific Gas and Electric Company (PG&E) pursuant to Decision (D.) 12-12-033 to evaluate customer outreach and education strategies for the return of greenhouse gas (GHG) allowance revenues, found that there may be more effective ways of communicating the purpose of the residential GHG allowance revenue return than using the “Climate Dividend” name, which D.12-12-033 requires.

As Energy Division works with the interim third-party GHG customer outreach and education administrator, California Center for Sustainable Energy (CCSE), to develop outreach and education activities in preparation for the introduction of GHG cost and allowance revenues in rates in early 2014, it is imperative that Energy Division and the administrator have the flexibility to select the most appropriate and effective name for the non-volumetric residential GHG allowance revenue return and to expeditiously implement a name change that more effectively communicates the source of the credited revenues.

² All statutory references are to the Pub. Util. Code unless stated otherwise.

Therefore, Energy Division must have the authority to change the name of the “Climate Dividend.”³

2.1. Development and Marketing of the “Climate Dividend”

In D.12-12-033, the Commission, in accordance with Pub. Util. Code § 748.5,⁴ Assembly Bill 32,⁵ and other applicable statutes and regulations, adopted a methodology to distribute GHG allowance revenue received by California’s investor-owned utilities, including small and multi-jurisdictional utilities, as part of California’s Cap-and-Trade program. Through that decision, the Commission directed the utilities to return GHG allowance revenue to emissions-intensive and trade-exposed industries, small businesses, and residential customers according to various formulas and parameters adopted therein.

In regards to the return of GHG allowance revenue to residential customers, the Commission determined that legislative constraints on residential rate tiers made it appropriate to neutralize GHG costs in residential rates for PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) customers on a cents-per-kilowatt basis (a volumetric return of revenue). Additionally, the Commission decided to allocate GHG allowance revenue to emissions-intensive and trade-exposed customers and small business customers. All remaining revenue, after paying for administrative and outreach costs, is to be divided equally across all residential accounts in the utilities’ service territories on a semi-annual basis. In Ordering

³ The Commission, in D.13-12-002, granted the same authority to its Energy Division to change the name of the small business GHG allowance revenue return, as appropriate.

⁴ Statutes of 2012, Chapter 39.

⁵ Statutes of 2006, Chapter 488.

Paragraph 9 of D.12-12-033, the Commission adopted the name “Climate Dividend” for this equal per residential account semi-annual GHG revenue return.

D.12-12-033 also adopted a high-level customer outreach and education structure to inform customers about the GHG revenue return in order to achieve “maximum feasible public awareness of the purpose of the greenhouse gas allowance revenues,” as required by § 748.5(b). In that decision, the Commission ordered the utilities to each file a Tier 2 Advice Letter detailing their customer education and outreach plans for 2013 pursuant to the high-level guidelines and budget adopted in the decision.

In Resolution E-4611, adopted by the Commission on October 17, 2013, the Commission rejected the 2013 customer education and outreach plans of PG&E, SDG&E, and SCE finding their advice letters to be out of compliance with D.12-12-033, D.12-05-015, and § 748.5 (b) and directed the utilities to “re-allocate their 2013 marketing funding [approved in D.12-12-033] to a neutral non-profit entity that will develop a statewide customer outreach and education program in coordination with Energy Upgrade California with input from the utilities, state agencies, community choice aggregators and direct access customers.”⁶ The Commission ordered PG&E to extend CCSE’s existing contract or to execute a new contract with CCSE to include tasks related to customer education and outreach about the distribution of GHG allowance revenue in early 2014 in addition to CCSE’s role managing the statewide Energy Upgrade California program.

⁶ Resolution E-4611 at 1.

In anticipation of the need to develop a more comprehensive marketing strategy in future years, in Ordering Paragraph 12 of D.12-12-033 the Commission required utilities, in consultation with community choice aggregation and direct access providers, to hire a firm with marketing and public relations expertise to propose expanded customer outreach activities through 2015 and to evaluate the feasibility and benefits of a third-party administrator for customer outreach and education activities. In April of 2013, the utilities retained the services of Targetbase to undertake the scope of work required in D.12-12-033. Targetbase compiled its findings into a report, and the report was served on parties to Rulemaking (R.) 11-03-012 on July 1, 2013. The final Targetbase report was entered into the record of R.11-03-012 via written ruling by the assigned Administrative Law Judge (ALJ) on August 21, 2013.

Of relevance to today's decision, the Targetbase report, found that the "Climate Dividend" nomenclature adopted in D.12-12-033 may not resonate as strongly with residential customers as other names.⁷

2.2. Procedural History in Application (A.)13-08-026 et al.

As part of the expanded customer education and outreach activities for years beyond 2013, D.12-12-033 required each of SCE, PG&E, SDG&E, PacifiCorp, and Liberty Utilities to file an application by September 1, 2013 setting forth: "...proposed customer outreach plans for 2014 and 2015, incorporating the results of the consultant's [Targetbase's] report set forth in Ordering Paragraph # 12 [of D.12-12-033], and including estimated budgets." In

⁷ See August 21, 2013 ALJ Ruling Supplementing the Record beginning at Appendix 1-27.

response, the utility parties filed the applications captioned above on September 1, 2013.

On November 7, 2013, following a prehearing conference held on October 28, 2013, the assigned Commissioner and assigned ALJ issued a Scoping Memo setting forth the issues to be considered and a schedule in A.13-08-026 et al. The Scoping Memo divided the proceeding into two phases: Phase 1 will consider whether the utilities or a third-party administrator is best equipped to administer the GHG customer education and outreach program in 2014-2015, and Phase 2 will evaluate specific 2014-2015 education and outreach activities and associated budget.

In Phase 1 of the proceeding, Issue 8 asks:

Given the findings included in the Targetbase report pertaining to the name of the residential GHG revenue return, should the Commission allow naming flexibility, with ultimate approval by the Commission's Energy Division, rather than continuing to require the "Climate Dividend" nomenclature as was adopted in D.12-12-033?

On November 26, 2013, the assigned ALJ in A.13-08-026 et al. issued a ruling suspending reply comments on Issue 8 in the Scoping Memo⁸ in order to enable the Commission's expeditious consideration of whether to allow flexibility in the naming of the "Climate Dividend." The ruling recognized that, pursuant to the direction in Resolution E-4611, CCSE is working with utilities, stakeholders, and the Commission's Energy Division to develop initial GHG customer education and outreach language for use in early 2014. In order

⁸ Opening comments on the Scoping Memo were received on December 6, 2013; reply comments on all issues aside from Issue 8 were due on December 17, 2013.

for customer education and outreach activities to be finalized for an early 2014 return of GHG allowance revenues, CCSE needs sufficient lead time to develop, test, and implement appropriate outreach and education language. Therefore, if the name of the residential GHG allowance revenue return is to be changed from "Climate Dividend," CCSE would need to promptly know the new name.

3. Comments of Parties

On December 6, 2013, CCSE, the Joint Parties,⁹ Marin Energy Authority (MEA), the Office of Ratepayer Advocates (ORA), PG&E, SCE, and SDG&E filed timely filed briefs in support of naming flexibility for the residential GHG allowance revenue return.¹⁰ Liberty Utilities and PacifiCorp jointly filed a brief stating that they have no opposition to the proposal that Energy Division be given the authority to change the name of the residential GHG allowance revenue return.

MEA stated that the name "Climate Dividend" may cause customer confusion because the residential GHG allowance revenue return is not a dividend in the traditional sense of the word, and customers are not necessarily shareholders of their electric utility. SCE raises similar concerns regarding the potential for customer confusion.

⁹ The Joint Parties consist of the Greenlining Institute, National Resources Defense Council, and the Center for Accessible Technology.

¹⁰ Briefs addressed all Phase 1 issues set forth in the November 7, 2013 Scoping Memo in A.13-08-026 et al.

ORA does not oppose the name “Climate Dividend” but does support naming flexibility. However, ORA does not support the recommendation in the Targetbase report to change the word “climate” to “clean air.” CCSE raised a similar concern in its brief stating that “clean air” was too euphemistic and abstract to adequately educate customers on the purpose of the residential GHG allowance revenue return. CCSE recommends that the residential GHG allowance return have the same name as the small business GHG allowance revenue return (CA Climate Credit, adopted in D.13-12-002), to avoid customer confusion, especially among small business owners that may very well receive a residential bill in addition to their small business electricity bill.

SDG&E supports changing the name of the residential GHG allowance revenue return and notes that CCSE, in its draft messaging, includes a link to a website titled CAClimateCredit.org. SDG&E supports similar nomenclature across the residential and small business GHG allowance revenue returns so long as the messaging is transparent and not misleading. PG&E similarly states the need for consistent and factually accurate messaging about GHG allowance revenue returns and GHG costs. Finally, the Joint Parties support naming flexibility so that the adopted terminology best accomplishes California’s objectives regarding the distribution of GHG allowance revenue.

4. Discussion and Conclusion

As stated earlier in this decision, the Commission has an obligation under California Public Utilities Code Section 748.5(b) to achieve “maximum feasible public awareness of the crediting of greenhouse gas allowance revenues.” Based upon the findings of the Targetbase report and the briefs of parties submitted in A.13-08-026 et al., it appears that there may be more appropriate names for the

residential GHG allowance revenue return than the “Climate Dividend” that more effectively achieve the objectives of § 748.5(b).

CCSE, the third-party administrator currently tasked with developing customer outreach and education messaging in early 2014, until a decision on long-term outreach and education is reached in A.13-08-026 et al., requires sufficient lead time to test and develop alternate names based upon the research of Targetbase and its own marketing expertise.

As Energy Division works in its oversight role with CCSE, the utilities, and stakeholders to develop outreach and education activities in preparation for the return of GHG allowance revenues, it is imperative that Energy Division have the flexibility to select the most appropriate and effective name for the residential return and to implement the new name in a timely manner. Therefore, Energy Division must have the necessary authority to adopt a new name for the “Climate Dividend” based upon the findings of new or existing research and/or upon consultation with other state agencies, such as the California Air Resources Board, who have a vested interest in developing coordinated and meaningful customer outreach and education messaging to accurately describe the purpose of the GHG Cap-and-Trade program. This decision grants Energy Division the necessary authority. The Commission previously granted the same authority to its Energy Division in D.13-12-002. D.13-12-002 authorizes Energy Division to change the name of the small business GHG revenue return, the CA Climate Credit, if new or existing research or consultation suggests a more appropriate name.

In order to execute the name change, consistent with the process adopted in D.13-12-002, the Director of the Energy Division must alert parties through written letter to the utilities affected (PG&E, SCE, SDG&E, PacifiCorp, and Liberty Utilities) and service of the letter on the service list of R.11-03-012, or a successor rulemaking, and A.13-08-026 et al. or its successor proceedings.

5. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. PG&E filed opening comments on January 2, 2014, and CCSE filed reply comments on January 7, 2014.

In opening comments, PG&E requests that the Commission adopt a January 20, 2014 deadline for Energy Division to select a new name for the residential GHG allowance revenue return, if a change is warranted, to allow PG&E sufficient lead time to implement the new name in its systems. PG&E also states its opposition to the use of the name "CA Climate Credit," citing the potential for customer confusion, and recommends that the Commission clarify the authority delegated to Energy Division to require collaboration with CCSE, the utilities, and other stakeholders on the research parameters of the residential GHG allowance revenue return so that the naming and labeling takes into consideration the broader public policy context of the market-based pricing of carbon to utilities and their customers under the Cap-and-Trade program. CCSE, in its reply, refutes the need for PG&E's proposed changes.

The Commission declines to adopt PG&E's recommendations; the decision remains unchanged except for minor edits to correct typographical errors or

improve clarity. Energy Division and CCSE are well aware of the timing constraints faced by the utilities; a prescriptive deadline is unnecessary and could hinder progress. The decision as written in no way prohibits the type of collaboration PG&E seeks in adopting a name change; PG&E is encouraged to continue working with CCSE and Energy Division in order to prepare for the first residential GHG allowance revenue return.

6. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Melissa K. Semcer is the assigned ALJ in this proceeding.

Findings of Fact

1. In D.12-12-033, the Commission adopted the name “Climate Dividend” for the portion of GHG allowance revenues to be returned to residential customers semi-annually on an equal, per residential account basis.
2. Ordering Paragraph 12 of D.12-12-033 required the utilities, in consultation with community choice aggregation and direct access providers, to hire a firm with marketing and public relations expertise to propose expanded customer outreach activities through 2015 and to evaluate the feasibility and benefit of the use of a third-party administrator for customer outreach and education activities going forward. In April of 2013, the utilities retained the services of Targetbase to undertake the scope of work required in D.12-12-033. Targetbase compiled its findings into a report, and the report was served on parties to R.11-03-012 on July 1, 2013. The final Targetbase report was entered into the record of R.11-03-012 via written ruling by the assigned ALJ on August 21, 2013.
3. The Targetbase report found that the “Climate Dividend” nomenclature adopted by D.12-12-033 may not resonate as strongly with residential customers as other names.

4. D.12-12-033 ordered the utilities to each file a Tier 2 Advice Letter detailing their customer education and outreach plans for 2013 pursuant to the high-level guidelines and budget adopted in that decision.

5. Resolution E-4611, adopted by the Commission on October 17, 2013, rejected the 2013 customer education and outreach plans of PG&E, SDG&E, and SCE finding their advice letters to be out of compliance with D.12-12-033, D.12-05-015, and § 748.5(b). PG&E, SDG&E, and SCE were directed to “re-allocate their 2013 marketing funding [approved in D.12-12-033] to a neutral non-profit entity that will develop a statewide customer outreach and education program in coordination with Energy Upgrade California with input from the utilities, state agencies, community choice aggregators, and direct access customers.”

6. As ordered in Resolution E-4611, PG&E has contracted with CCSE to perform tasks related to customer education and outreach about the distribution of GHG allowance revenue in early 2014, in addition to its management of the statewide Energy Upgrade California program.

7. CCSE is working with utilities, stakeholders, and the Commission’s Energy Division to develop initial GHG customer education and outreach language for use in early 2014. In order for customer education and outreach activities to be finalized for an early 2014 return of GHG allowance revenues, CCSE needs sufficient lead time to develop, test, and implement appropriate outreach and education language. If the name of the residential GHG allowance revenue return is to be changed from “Climate Dividend,” CCSE needs to promptly know the new name.

8. The Commission is required under § 758.5(b) to achieve maximum feasible public awareness of the purpose of the crediting of GHG allowance revenues.

9. As Energy Division works in its oversight role with CCSE, utilities, and stakeholders to develop outreach and education activities in preparation for an early 2014 return of GHG allowance revenues, it is imperative that Energy Division have the flexibility to select the most appropriate and effective name for the residential return and to expeditiously implement the name change.

10. In D.13-12-002, the Commission authorized its Energy Division to change the adopted name of the small business GHG allowance revenue return if new or existing research on outreach and education or consultation with other state agencies, such as the California Air Resources Board, suggests better ways of communicating the source and purpose of the small business revenue allocation.

Conclusions of Law

1. In order to comply with the requirements of § 748.5(b), the Commission should adopt a name for the non-volumetric semi-annual residential GHG allowance revenue return that achieves maximum feasible public awareness of the purpose of the crediting of GHG allowance revenues to residential customers.

2. If new or existing research or consultation with other state agencies, such as the California Air Resources Board, shows that the purpose of the non-volumetric residential GHG allowance revenue return can be communicated more effectively if the name is changed from "Climate Dividend," the Commission should adopt such a name change.

3. In order to allow sufficient flexibility to expeditiously adopt a change to the name of the non-volumetric residential GHG allowance revenue return, Energy Division should be granted the authority to adopt and execute the name change with sufficient notice given to parties.

O R D E R

IT IS ORDERED that:

1. The California Public Utilities Commission's Energy Division is authorized to change the name of the non-volumetric residential greenhouse gas (GHG) allowance revenue return, currently called the "Climate Dividend," as adopted in Ordering Paragraph 9 of Decision 12-12-033, if new or existing research on education and outreach or consultation with other state agencies, such as the California Air Resources Board, suggests better ways of communicating the source and purpose of the non-volumetric residential GHG allowance revenue return.

2. If the "Climate Dividend" name is changed, the Director of the Energy Division must alert the affected utilities (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, PacifiCorp, and Liberty Utilities) by written letter. The letter must also be served on the service list of Rulemaking 11-03-012 or a successor proceeding and Application 13-08-026 et al., or its successor proceedings.

3. Application 13-08-026 and related matters remain open.

This order is effective today.

Dated January 16, 2014, at San Francisco, California.

MICHAEL R. PEEVEY

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

CARLA J. PETERMAN

Commissioners