



MEMORANDUM

TO: Members of the Local Government Sustainable Energy Coalition,
Cap and Trade Subgroup

FROM: Jennifer K. Berg

SUBJECT: Proposed CARB Revisions

DATE: September 13, 2011

On September 12, 2011, CARB issued its second 15-day Notice of “Modified Text Public Availability of Modified Text for the Proposed California Cap on Greenhouse Gas Emissions and Market-Based Compliance Regulation, including Compliance Offset Protocols.” The majority of the proposed revisions are not of great relevance to our interests; however, there are additional changes proposed to §95892, which relates to the Allocation to of cap-and-trade auction revenues. (This is the same section that we submitted limited objections to in August.) While I do not think that the proposed changes warrant formal comment by LGSEC, I think it is important to be aware of these proposed changes to see how CARB is shifting its position. Below is the proposed change of significance. The language that has been added is italicized and the deletions are underlined.

§95892

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(A) Investor owned utilities shall ensure equal treatment of their own customers and customers of electricity service providers and community choice aggregators.

(B) To the extent that an electrical distribution utility uses auction proceeds to provide ratepayer rebates, it shall provide such rebates with regard to the fixed portion of ratepayers' bills or as a separate fixed credit or rebate.

(C) To the extent that an electrical distribution utility uses auction proceeds to provide ratepayer rebates, these rebates shall not be based solely on the quantity of electricity delivered to ratepayers from any period after January 1, 2012.

(5) Prohibited Use of Allocated Allowance Value. Use of the value of any allowance allocated to an electrical distribution utility, other than for the benefit of retail ratepayers consistent with the goals of AB 32 is prohibited, including use of such allowances to meet compliance obligations for electricity sold into the California Independent System Operator markets. [Note: this language is the same as the former (f); it has just been renumbered.]

CARB's proposal adopts the position of the large energy consumer/manufacturing groups voiced at the CPUC, by deleting the previous language prohibiting a volumetric calculation for rate payer relief.

If you would like me to prepare a draft comment, please let me know. Comments must be received by **September 27, 2011**. As always, please do not hesitate to contact me with any questions or concerns.

Jenny Berg

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