



**Pacific Gas and
Electric Company**

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June 30, 2015

The Honorable Anthony Rendon, Chairman
Assembly Committee on Utilities and Commerce
State Capitol, Room 5136
Sacramento, CA 95814

RE: SB 350 (de León)

Dear Chairman Rendon:

As we surpass the halfway point of the legislative process, Pacific Gas and Electric Company (PG&E) remains committed to working with the author and interested parties to address concerns we have with SB 350. However, we are getting anxious to have our priority issues addressed on behalf of our customers and your constituents. As you know, PG&E strongly supports the Governor's carbon emissions reduction goal, and we believe California's utilities are uniquely positioned to help the state continue to innovate toward advances in energy efficiency along with increased adoption of renewable resources.

Over the past few years, PG&E has partnered with the other major investor-owned utilities (SDG&E and SCE) and municipal providers (LADWP and SMUD) of electricity in California to thoroughly analyze various clean energy policy alternatives. Our conclusion is that in order to make real progress in addressing the global environmental challenges we face, the state should take the next step in carbon reduction by setting an aggressive Greenhouse Gas (GHG) emissions target for 2030 instead of increasing mandates for the purchase of one component of the clean energy strategy.

While independent analyses suggest that the state could feasibly implement higher renewable portfolio standards (RPS) as envisioned by SB 350, we believe an integrated approach focused on carbon reductions is critical. This can be achieved in a more coordinated, efficient and cost-effective manner by tailoring initiatives to an individual retail electricity provider's unique portfolio and customer needs. A well-crafted legislative proposal focused on these attributes can also stand as a model for other states and countries to emulate.

While we would prefer a broader GHG reduction goal as opposed to specific procurement mandates as presented in SB 350, we do recognize the proponent's stated goal of an RPS program beyond GHG emissions reductions. As such, we have engaged in an extensive dialogue with the author and stakeholders to develop a more flexible program that recognizes the significant proposed expansion of the program while at the same time achieving the goals we share in a more efficient and cost-effective manner.

On behalf of our customers, we are focused on two priority issues that must be addressed in order to support this effort. Absent progress in these areas, we believe our customers and your constituents will be forced to pay more for clean energy products with no reciprocal benefit for those investments. In considering our priorities, we would ask you to consider what your neighbors would say in response to two simple questions: 1) do the solar panels on your roof generate renewable energy; and 2) in your own investment decisions, do you believe there are benefits to having a diverse set of options available?

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Specifically, we have suggested amendments to do the following:

- Expand the scope of eligible renewable resources to include distributed generation facilities such as rooftop solar that the state already acknowledges are renewable, yet do not count toward the RPS goal.
- Provide a meaningful opportunity to sign short-term contracts for renewable generation and in doing so require that all energy providers equitably contribute to the state's RPS objectives, including the requirement to provide a balanced portfolio of long-term contracts to ensure new facilities are actually developed.

While we have not seen our two priority issues addressed, we have made some progress in the stakeholder meetings to revise the regulations governing energy efficiency programs in order to provide incentives to increase the efficiency of existing buildings to current building codes. We fully support AB 802 (Williams) which provides the statutory authority for these energy efficiency gains to be realized.

There is also broad agreement on the need to accelerate deployment of electric vehicles by allowing utilities to partner with electric vehicle charging providers to develop the infrastructure necessary to support the needs of potential electric vehicle owners. Finally, there are issues associated with curtailment of renewable and GHG-free resources that should be addressed in order to protect customers from paying for unnecessary costs.

Thank you for your consideration of our reasonable suggested amendments that will benefit our customers and your constituents. There are many ways to get to the stated goals of SB 350 and we believe it is vitally important to set policies that make attainment of those goals in the most efficient and cost-effective manner for your constituents and our customers. The decision made today on this aggressive policy will be left for our customers to pay for the next 15 years and beyond and as such should not be entered into lightly.

If you have any questions regarding our perspective on a clean energy policy for the state, please feel free to contact me at (916) 386-5704.

Sincerely,



cc: Honorable Kevin de León
Members, Assembly Committee on Utilities and Commerce
Martha Guzman-Aceves, Office of the Governor
Kip Lipper, Office of President pro Tempore
Dan Reeves, Office of President pro Tempore
Daryl Thomas, Assembly Republican Policy Unit