

California Public Utilities Commission

GHG Reductions Recommendations for the Electricity & Natural Gas Sectors

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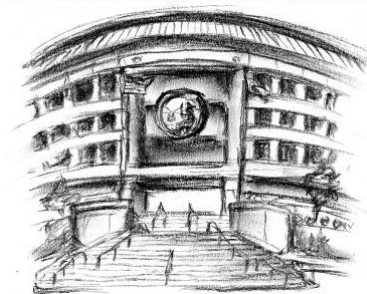
AWM&A Conference on California's Global Warming Solutions Act – Current Implementation Status and Future Plans
April 23, 2009



www.cpuc.ca.gov

California Public Utilities Commission

- The CPUC regulates privately owned telecommunications, electric, natural gas, water, railroad, rail transit, and passenger transportation companies, in addition to authorizing video franchises.
- Five Governor-appointed Commissioners dedicated to the **CPUC mission**: to ensure safe and reliable services at just and reasonable rates, protect consumers against fraud, and promote the economy of the state.



The CPUC plays a key role in making California a national and international leader on a number of clean energy related initiatives and policies designed to benefit consumers, the environment, and the economy



Background and Context

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“The Numbers”

(Electricity sector emissions and AB 32 goals)

- Electricity sector accounts for **25%** of California’s GHG emissions (107 MMT CO₂e)
- ARB’s Scoping Plan envisions electricity sector contributing **40%** of GHG reductions from programmatic measures alone, with additional reductions from cap-and-trade
- California imports **23%** of its electricity, but these imports account for **56%** of electricity emissions.



Final Recommendations

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Overarching Strategy = A Hybrid Approach

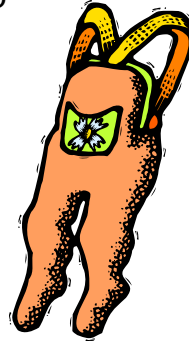
Regulatory Programs

- Energy Efficiency
- Renewables Portfolio Standard
- GHG Emissions Performance Standard
- CHP, Solar Hot Water, etc.



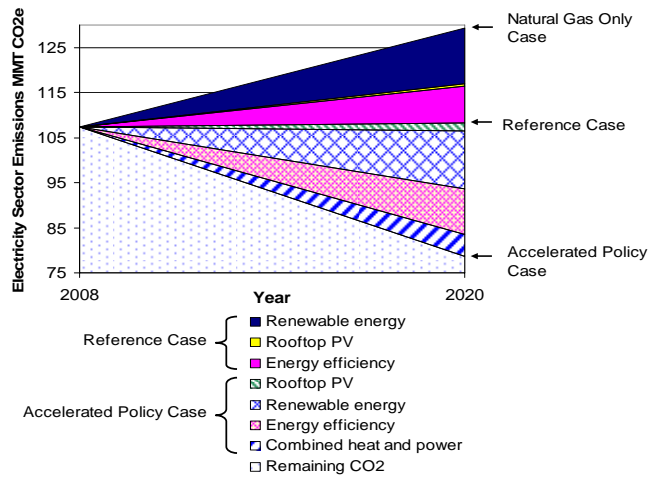
Market-Based “Backstop”

- Source-based, multi-sector GHG emissions cap



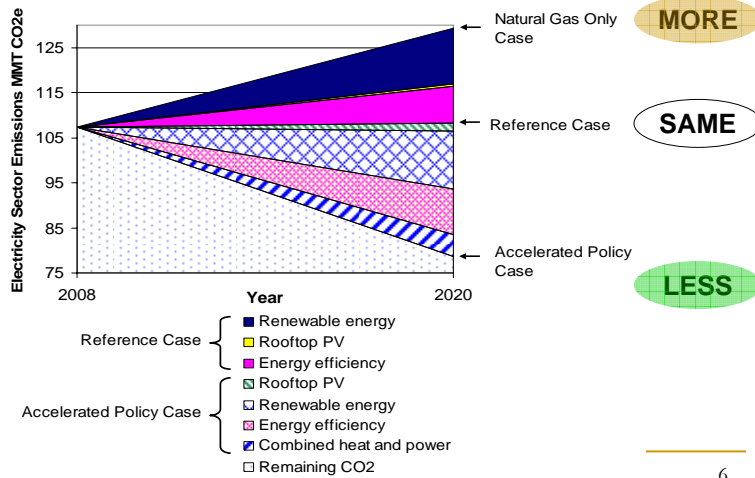
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“Bookend” Scenarios for Electric Sector GHG Emissions



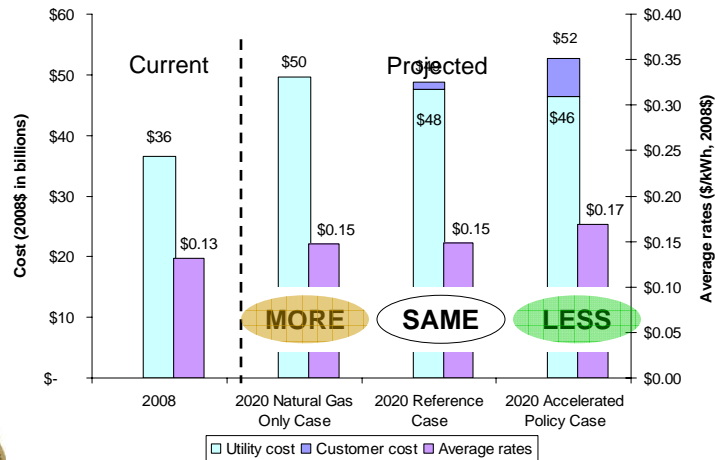
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“Bookend” Scenarios for Electric Sector GHG Emissions



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Comparative Rate Impacts of “Bookend” Scenarios



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Cap-and-Trade Program: Allowance Allocations Among Sectors

- Not enough information at this time to make sector by sector allocation recommendations, but the approach should consider the relative costs of emissions reductions in each sector
- Generally recommend allocation to electricity sector proportional to its historical emissions contribution in baseline period, ramping down to a 2020 goal proportionally with other sectors

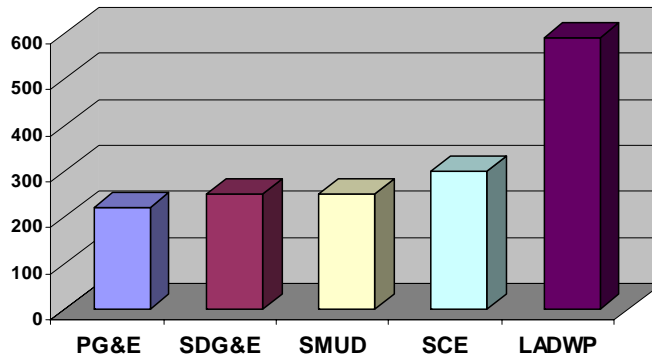


Final Recommendations

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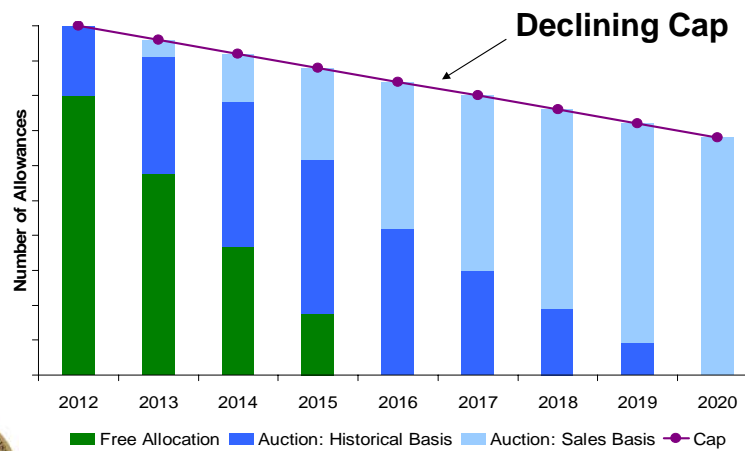
Retailers start from different places

Emissions Intensity
(Tons CO₂e/GWh)



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Recommended Approach to Electric Sector Allowance Allocation



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