

September 15, 2014

Rajinder Sahota
Climate Change Program Planning & Management Branch
California Air Resources Board
1001 I Street
Sacramento, CA 95812-2828

Re: Pacific Gas and Electric Company's Comments on the Air Resources Board's Proposed Amendments to the Cap-and-Trade Regulation

Dear Ms. Sahota:

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on the Air Resources Board's (ARB) 45-Day amendments to the Cap-and-Trade Regulation.

A. INTRODUCTION

PG&E supports the ARB's continued efforts to develop and improve the Cap-and-Trade Regulation. As noted in the Initial Statement of Reasons (ISOR), ARB Staff proposed technical updates designed to allow ARB to better implement and oversee the Cap-and-Trade Regulation. In that spirit, PG&E proposes additional refinements to reporting requirements, as described below.

B. REQUIREMENTS FOR REGISTRATION

The Cap-and-Trade Regulation requires any entity that wishes to hold compliance instruments to register for an account with ARB and provide, among other things, information regarding an entity's directors and officers, shareholders holding more than 10 percent of the voting rights, entities with which the entity has a corporate association, employees with knowledge of the entity's market position, and cap-and-trade consultants and advisors.¹ Furthermore, with the exception of employees with knowledge of the entity's market position, any change to this information triggers a registration update within 30-days of the change becoming effective.²

PG&E supports ARB's market monitoring efforts. However, in some cases, requiring event-based trigger filings, as opposed to a date certain, such as quarterly or annual updates, substantially increases compliance burden and risk, while providing, at best, only marginally better information for ARB.

For regulated entities, the certainty of compliance date is much more important than the certainty of compliance time because it allows entities to focus their efforts around a finite set of

¹ Section 95830(c)

² Section 95830(f)(1)

dates. Currently, to ensure that changes are reported within the 30-day time period, PG&E must continually monitor and compile information. Having a date certain allows the entity to focus its compliance efforts on those dates, eliminating the need for continual and often redundant data collection efforts.

Moreover, there does not appear to be a clear need for trigger-based filings in some cases. Filings based on a triggering event are more appropriate when the change in information requires a clear and rapid response. However, information on individuals and entities with knowledge of and influence over an entity's market participation is important for monitoring purposes, but does not require an immediate action. Moreover the generation of piecemeal and incremental information may in fact be more cumbersome for ARB staff in contrast to information collected through set reporting dates.

ARB Staff appear to recognize this dynamic and have included helpful revisions in the proposed amendments to the cap-and-trade program. As written, the proposed amendments would require annual updates of employees with knowledge of the entity's market position, rather than quarterly deadlines.³ The proposed amendments also make positive changes to the type of corporate associations that must be reported. PG&E encourages staff to extend this structure to the remaining registration updates.

Accordingly, PG&E recommends the following changes to section 95830(f) (1), which would require that entities update certain registration information quarterly. Note that PG&E's suggested additions are in **bold and underline** and deletions in ~~bold and strikethrough~~. ARB changes are in underline and ~~strikethrough~~.

(f) Updating Registration Information.

(1) Registered entities must update their registration information as required by any change to the provisions of section 95830(c) within 30 days of the changes becoming effective. When there is a change to the information registrants have submitted pursuant to section 95830(c), registrants must update the registration information within 30 calendar days of the change unless otherwise specified below. Updates of information provided pursuant to section 95830(c) (1) (I) may be updated at least annually~~each calendar quarter~~ instead of within 30 calendar days of the change. **Updates of information provided pursuant to section 95830(c) (1) (B), 95830(c) (1) (C), and 95830(c) (1) (J) may be updated at each calendar quarter instead of within 30 calendar days of the change.** If changes in information submitted pursuant to section 95830(c)(1)(H) are related to entities registered in the Cap-and-Trade Program, the information must be updated within 30 calendar days. If changes in information submitted pursuant to section 95830(c)(1)(H) are related to entities which are not registered in the Cap-and-Trade Program or in a GHG ETS to which California has linked pursuant to subarticle 12, the information must be updated at least annually, instead of within 30 calendar days of the change.

³ Section 95830(c)(1)(I)

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C. Conclusion

Thank you for the opportunity to submit these comments on the amendments to the Cap-and-Trade regulation. PG&E looks forward to continuing to work with ARB to ensure the successful implementation of the regulations and the related reporting requirements.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark C. Krausse', with a long horizontal flourish extending to the right.

Mark C. Krausse
Senior Director, State Agency Relations