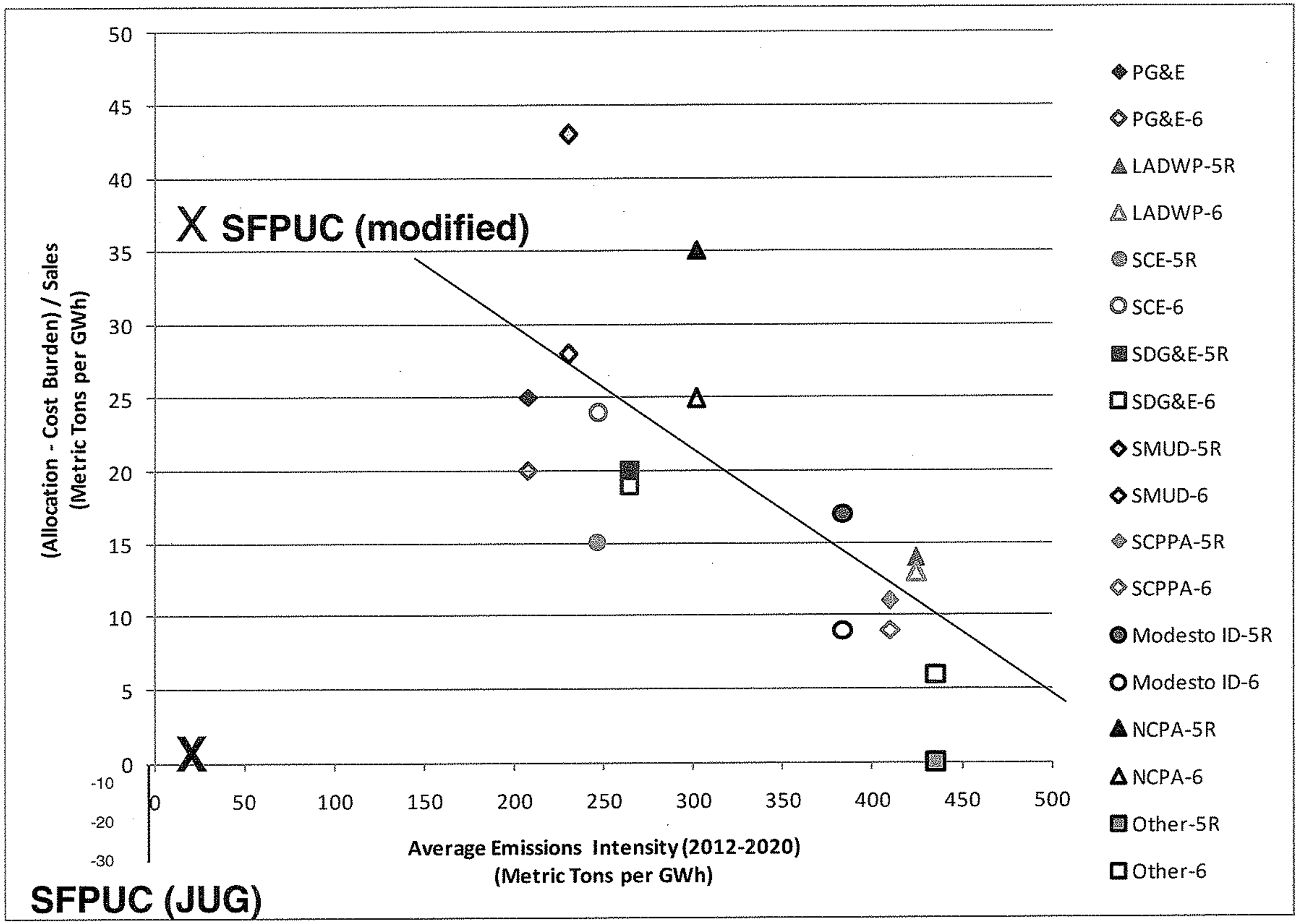
James Hendry
10-11-1 10-11-2

Based upon the approach being recommended by the ARB staff to allocate allowances to the electric sector, any allocation approach should:

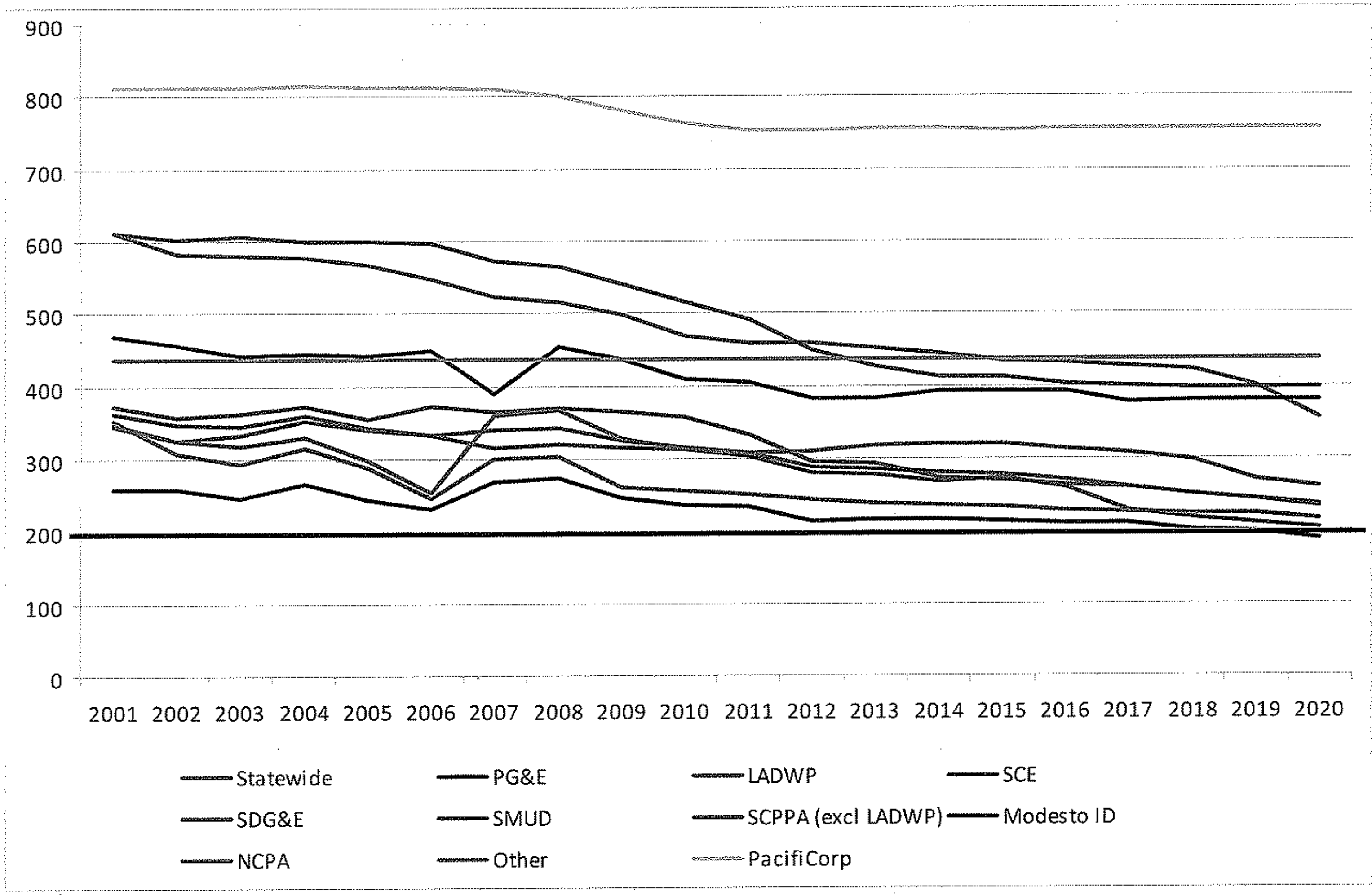
GOALS FOR ALLOCATING ALLOWANCES TO THE ELECTRIC SECTOR

- Ensure all utilities have sufficient allowances to provide reliable service and meet their needs;
- Ensure that all utilities do not see increased rates as a result of cap-and-trade implementation (The Allocation-Cost Burden);
- Utilities with lower GHG emissions should have a proportionately greater net benefit (i.e. a larger Allocation-Cost Burden) from the allocation process than do utilities with higher GHG emissions; and that
- There should be a minimum allocation to all utilities based upon the targeted emission intensity (Tons of GHG per Gigawatt hour of electricity) expected to be achieved by 2020 under the cap-and-trade proposal.


(Allocation - Cost Burden) / Sales
(Metric Tons per GWh)
50
45
40
35
30
25
20
15
10
5
0
-10
-20
-30
0
50
100
150
200
250
300
350
400
450
500
Average Emissions Intensity (2012-2020)
(Metric Tons per GWh)
X SFPUC (modified)
X
SFPUC (JUG)
PG&E
PG&E-6
LADWP-5R
LADWP-6
SCE-5R
SCE-6
SDG&E-5R
SDG&E-6
SMUD-5R
SMUD-6
SCPPA-5R
SCPPA-6
Modesto ID-5R
Modesto ID-6
NCPA-5R
NCPA-6
Other-5R
Other-6

FORECASTED GHG EMISSION TRENDS TO 2020

"EARLY ACTION IS STARTING IN 2010 WHERE THE ARB WANTS UTILITIES TO BE IN 2020"



SOURCE: JUG PROPOSAL