



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

CPUC/CEC Workshop: Policy Issues Related to Allowance Allocation*

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California Energy Commission
Sacramento, California

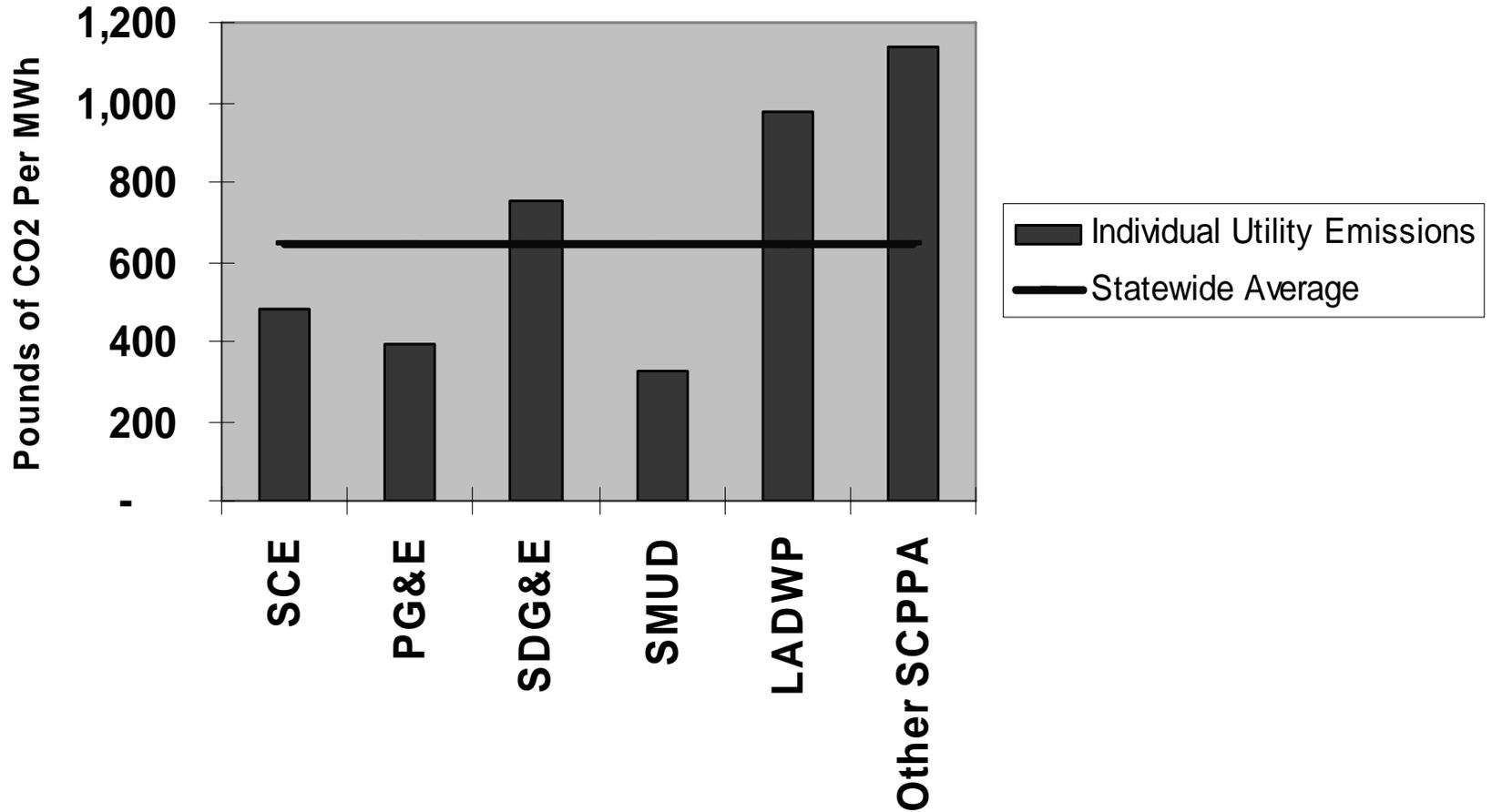
**Presented by*
The SCPPA GHG Working Group:
Cities of Anaheim, Azusa, Banning, Burbank, Cerritos,
Colton, Glendale, Pasadena, and Riverside

Introduction to SCPPA:

- Joint Powers Authority
- Twelve POU members:*
 - Serve 2 million customer meters (4.6 million people)
- SCPPA resource mix is a legacy of 1970s:
 - 47% coal
 - 29% gas

* Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles Department of Water and Power, Imperial Irrigation District, Pasadena, Riverside, and Vernon

Comparison of Utility CO2 Emissions



- **SCPPA commitment to GHG reduction:**

- 2003: Committed to 20% RPS by 2017
- Today: Moving toward 33-35% by 2020
- 4-prong approach:
 - Efficiency
 - Renewables
 - Transmission
 - R&D
- Cost of CO₂ reduction effort: \$100s of millions

- **SCPPA supports grandfathered allowances for retail electricity providers (assumed point of regulation):**
 - If auctioned at \$25 CO₂/ton: \$600 million/year
 - Cost of allowances would be additional to cost of CO₂ reduction

- **Allocation of Allowance:**

- Historical emissions, ramping down over time
- Follows precedent:
 - SO₂ Acid Rain Trading Program
 - RECLAIM
- Avoids cross-subsidies that may occur under other allocation methodologies
- Mitigates market power concerns that may arise under other allocation methodologies

- **Determining entity-specific historical emissions:**

- Use actual data from multi-year (e.g., 3-year) base period
- Reduce entity-specific allowance allocations proportionally at end of each compliance period
- Are any adjustments for “early action” necessary?

Thank You

Questions?

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