**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Address Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions.	Rulemaking 11-03-012 (Filed March 24, 2011)

**COMMENTS ON THE PROPOSED DECISION OF ALJ SEMCER and ALJ HECHT FROM
CLIMATE PROTECTION CAMPAIGN**

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Submitted by:

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Address Revenue Issues Associated with Greenhouse Gas Emissions.	Rulemaking 11-03-012 (Filed March 23, 2011)

I. INTRODUCTION

The Climate Protection Campaign is a nonprofit corporation that is located in Sonoma County. Our mission is to inspire, align, and mobilize action in response to the climate crisis. We work with business, government, youth and the broader community to advance practical, science-based solutions for significant greenhouse gas emission reductions.

We submit these comments in addition to comments of the "Joint Parties," which we are a member of, because we have a special interest and concern in the "climate dividend" part of the Proposed Decision (PD), not necessarily shared by all of our colleagues.

II. CLIMATE DIVIDEND

We salute the PD's visionary creation of the nation's first climate dividend, which we think will make for a more popular and stable program as AB 32 moves forward and emissions decrease and electricity rates begin to rise. We also commend your grounding of the equitable distribution of revenues in the recognition of "the 'public asset' nature of the atmospheric carbon sink," and "the idea that the atmosphere is a commons to which all individuals have an equal claim." The Commission's choice to prioritize a climate dividend for the electricity sector emissions is a breakthrough for a new type of economics based on the shared wealth of the Commons.

III. STRENGETH OF OFF-BILL DELIVERY OF THE DIVIDEND

The discussion of whether the dividend should be on-bill or off-bill in the PD was very thorough. Nonetheless, we request that the CPUC reconsider your conclusion. The visibility of the price signal and the resulting psychology of ratepayers are perhaps just as important as the dollars and cents involved, at least in the beginning. Changing purchasing habits takes time, and the electorate's feelings in the interim could be the difference between the program's success and a backlash or even repeal.

Other parts of the ruling such as the volumetric calculation of rebates will already dampen the carbon price signal, and our concern is that the price signal would be further weakened by an off-bill method for delivering the dividend. The on-bill approach will provide little if any recognizable impact for most customers, and those who do notice will likely assume that these funds come from their utility.

Although we recognize that there may be some additional expense involved with the administration of delivering a dividend check, we believe that the benefit greatly outweighs the cost. The opportunity to educate the public and to brand the whole AB 32 carbon pricing endeavor in a positive light is invaluable in an environment in which there will continue to be vocal detractors of the laws cost and efficacy.

Furthermore, there is an opportunity to use the mailer that the check or electronic benefit card would go out in for other purposes that could forward AB 32 goals. Ratepayers could be educated on AB 32 goals and progress and given opportunities to reduce their emissions through utility administered or other energy efficiency programs. A program proposal that arrives in the same envelope with a check or electronic benefit card is likely to get a better response than other forms of promotion. Finally, we are not averse to reimbursing the utilities for their legitimate costs in administering an off bill program. The amounts discussed in the PD are not exorbidant for an effective statewide public education and promotional effort.

Another way to approach these costs is considered in the PD: off-bill methods like a direct deposit into a customer's bank account or a credit on an electronic benefit card. The benefit card could provide utilities with flexibility to offer incentives to customers to spend unused funds on the debit cards by promoting energy efficiency products. The CPUC could backstop the climate dividend to make sure it is used by allowing unused funds to roll over into other accounts after a certain length of time, thus eliminating the problem of checks not being cashed. If this approach were taken, CPUC attorneys should check whether this approach could be used for up to 15% of funds and remain within the boundaries prescribed by SB1018.

As the program continues and the dividend increases, the proportionate cost impact on ratepayers of the off-bill approach would be diminished, and as the CPUC moves away from volumetric rebates, this cost will be a small fraction of the total dividend returned to ratepayers. Additionally, as more ratepayers become educated about the dividend, fewer dividends will remain un-cashed.

IV. CONCLUSION

Two of the most important goals of AB 32 are to set a price on carbon strong enough to change behavior and to have the least impact on low income communities while "designing regulations that are equitable." Off-bill dividends accomplish both of these objectives while generating essential public goodwill for the program.

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Respectfully submitted,

/s/

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