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The Honorable Barbara Boxer
Chairman, U.S. Senate Committee on Environment and Public Works
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

The Honorable Joseph I. Lieberman
Chairman, Subcommittee on Private Sector and Consumer Solutions
to Global Warming and Wildlife Protection
United States Senate
706 Hart Senate Office Building
Washington, DC 20510

The Honorable John Warner
Ranking Member, Subcommittee on Private Sector and Consumer Solutions
to Global Warming and Wildlife Protection
United States Senate
225 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Boxer, Chairman Lieberman and Ranking Republican Warner:

On behalf of PG&E Corporation, we congratulate you on the release of the Boxer-Lieberman-Warner Substitute to The Climate Security Act. We look forward to the upcoming debate in the Senate on this vital legislation, as we believe this important step in the legislative process will send a signal to domestic and international stakeholders that the U.S. is prepared to take meaningful, aggressive action on a mandatory program to combat climate change.

Since the legislation was reported from the Environment and Public Works Committee, significant further progress has been made -- as is reflected in the Substitute -- on central policy issues in this debate, including those related to containing costs, protecting energy consumers, advancing renewable energy technologies, and integrating state and federal greenhouse gas emissions trading programs. In light of these significant advancements, we believe it is important for this legislation to move forward during its upcoming consideration in the Senate and we support its passage.

With regard to consumer protection, we are particularly pleased to see language included in the Substitute that provides assistance to low income, residential and small business energy consumers during the transition to a low carbon economy.

Specifically, the provisions that allocate emissions allowances to local distribution companies are critically important to ensuring that the value of such allowances is directed, in a transparent manner, to electricity and natural gas consumers for use in ways that will assist them in managing costs and reducing energy usage. These provisions will serve to advance energy efficient technologies and ensure that every utility in the country has in place robust programs to effectively serve and meet the needs of low income households.

We are also pleased to see that the cost containment provisions have been made more robust and are supportive of the direction those provisions are moving. As we have stated previously, we believe the inclusion of a price collar mechanism within the context of managing the overall carbon budget will balance the overall environmental integrity of the program, provide a predictable price pathway for technology investment and deployment, and help to manage overall program costs for business and consumers.

PG&E Corporation believes that the technology exists today, including energy efficiency and renewable and other non-emitting technologies, to make significant reductions in greenhouse gas emissions. What is needed is effective policy direction from Congress that will provide a long-term price signal for carbon and support for deploying the technologies and developing the workforce needed to achieve the reductions necessary to avoid the dangerous consequences of global warming and climate change.

We believe that the Boxer-Lieberman-Warner Substitute to The Climate Security Act provides the necessary policy direction, technology support and consumer protection to effectively begin the transition to a low carbon economy, and we look forward to its consideration and passage by the Senate.

Thank you for your leadership on this very important issue.

Sincerely,

