



### PSE Perspectives on WCI Process

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### PSE has taken significant steps

- Invested more than \$580 million in 378 MW of wind generation
- Spent more than \$70 million in 2006 and 2007 on energy efficiency programs
- Investing more than \$4 million in a 500kW solar demonstration project
- Member, Chicago Climate Exchange
- Publication of GHG Inventory
- Greenhouse Gas (GHG) Policy Statement
- Significant Participation in Federal Climate Discussions
  - ◆ Submitted Comments on Federal Legislative Proposals
  - ◆ Close coordination with Senator Bingaman's staff
  - ◆ Modeling Lieberman-Warner draft framework



### Major Policy Design Issues

- Who to regulate?
  - ◆ Upstream (mine, wellhead, import)
  - ◆ Downstream (source of emission)
- How to allocate?
  - ◆ What entities receive them (regulated/non-regulated)
  - ◆ Free distribution/auction
- Include a safety valve
  - ◆ Contains short term price volatility
  - ◆ Provides cost certainty needed for planning
  - ◆ PSE supports National Commission on Energy Policy safety valve proposal
- Encourage new technology development
  - ◆ Carbon capture and storage



### Climate Change Principles for WCI

- Primarily focused on achieving GHG reduction targets
- Economy wide program
- Multi-Sector market based mechanism that encourages cost effective GHG reductions
- Fairly distributes the net burden of regulation
- Politically viable
- Addresses regulatory structural disparities
- Regionally consistent and comprehensive
- Broad geographic participation
- Accommodate growth in the region
- Provide cost certainty to facilitate planning
- Encourage investment in new technology

