

May 19, 2009

The Honorable Doris O. Matsui
U.S. House of Representatives
Energy and Commerce Committee
Washington, DC 20515

Dear Congresswoman Matsui:

As the Energy and Commerce Committee debates and marks up the American Clean Energy and Security Act of 2009 (ACESA), I wanted to share with you PG&E's perspectives on the bill and the need for Congress to act on the issue of climate change.

PG&E has long supported taking action to address climate change. We strongly believe that climate change is an urgent matter, requiring immediate action and bold solutions. The longer we wait to begin to tackle the challenge, the more costly and difficult it will be for our country and the world. We believe the process to date has resulted in a strong bill that works to balance competing interests and puts the nation on a path to achieve significant and necessary greenhouse gas emission reductions, while protecting consumers and advancing new technologies that will create clean energy jobs for America.

We want to thank you, the Committee and its leadership for prioritizing this critical issue and for taking swift and needed action. We recognize that this is the first step toward enacting comprehensive climate and energy legislation, and one that must be successful if we hope to address effectively our nation's energy and climate challenge. PG&E will continue to engage constructively to ensure that the legislation that is ultimately enacted is environmentally effective, economically sustainable and fair.

As a company and as part of our charter membership in the Clean Energy Group and U.S. Climate Action Partnership (USCAP) and our membership in the Edison Electric Institute, we have been clear on what we believe are the key concepts and provisions that must be included in legislation to ensure that a climate protection program meets the above objectives. These include, among others, the following:

- An economy-wide cap on carbon and a market-based solution so that business is provided with a price signal and the certainty that allows for smart investments to be made to meet the needs of the 21st century economy.

- Protections for energy consumers to smooth the transition to a low carbon economy – for electric and natural gas consumers, that means returning allowance value to them through regulated utilities under the direction of their state regulators.
- Effective cost containment approaches, including the ample use of offsets and a mechanism to guard against extreme price volatility and unsustainably high allowance prices.
- Complementary measures that accelerate technology development and overcome barriers to the wide-spread deployment of, for example, energy efficient technologies and practices, renewable energy, coal with carbon capture and storage, advanced transportation solutions and alternative fuels.
- Support for communities and the nation's workforce as we transform our country's energy infrastructure and adapt to a changing climate.

We believe that the ACESA includes many of the key provisions and concepts listed above, to varying degrees, and we encourage you to support moving the legislation out of Committee. We look forward to continuing to work with you and others in Congress and the Administration to continue to align the legislation more fully with them.

Thank you for consideration of this request.

Sincerely,



Peter A. Darbee

cc: The Honorable Henry A. Waxman, Chair, Energy and Commerce Committee
The Honorable Edward J. Markey, Chair, Subcommittee Energy and Environment