• PG&E is committed to increasing the environmental integrity of our systems

• To make targets meaningful, they should be developed within the following principles:

  1. Optimize abatement → Focus on the major sources

  2. Optimize effectiveness → Align measures and objectives on other agencies’ requirements
Optimize abatement by looking at and building upon measures in place to effectively improve emission reductions from the largest sources.

Coordinate with various efforts underway:

- PG&E voluntary signed for the Methane Challenge of EPA that sets targets to drive reductions
  - Phased-in implementation
  - Allows flexibility for Operators
- Proposed best practices within this proceeding
- Proposed Oil & Gas regulations and DOGGR initiatives
- Proposed Short Lived Climate Plan
- Efforts to increase carbon neutral natural gas
- Consistent and accurate quantification of blowdowns, leaks at customer meters, etc.
Optimize Abatement and Effectiveness

- Methane emission reduction is already in action
- Important to allow Utilities **time** to implement measures and develop a way to track progress
  - Need to establish cost recovery mechanisms for incremental activities
  - Need to ensure work is implemented the right way and quality checks are in place
  - Develop framework with the flexibility to incorporate new activities, utilize evolving technologies, and provide consistent reporting
PG&E supports initiatives, but recognizes implementing these change will take time.

<table>
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<th>Examples</th>
<th>Challenges</th>
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<tr>
<td>Blowdowns</td>
<td>Technical and reliability constraints</td>
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<td>Leak Survey</td>
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<td>Leak Repair</td>
<td>Balancing application of resources towards safety or abatement work</td>
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<tr>
<td>Policies and Procedures</td>
<td>Develop and prioritize within overall scope. Align teams and ensure rollout is effective</td>
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A phased-in approach will recognize that these investments don’t happen overnight, provide opportunities to review targets and compliance over time to determine areas of improvement, and flexibility to adapt as new legislation approaches.
Proposed Next Steps

• Enhance measurement by end of 2017

• Develop workshops to drive implementation of best practices:
  – How we maximize reductions
  – Affordability of measures
  – Understanding balance between safety and emissions reduction work
Conclusion

• Support phased-in approach

• Believe proceedings and measures should be looked at holistically

• Measures should be reviewed prior to determining enforcement

• Ensure flexibility to review and update targets if needed

• Cost-Effective measures with recovery mechanisms are key!
Thank You

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