



Puget Sound Energy (PSE) concurs with the growing concern that increased atmospheric concentrations of greenhouse gases will adversely impact the climate in a way that will do adverse economic and social harm. Presently, most of the world still relies heavily on fossil fuels for its electric power and heating needs. Therefore, climate change policies must balance a number of competing short-term and long-term interests to moderate the growth in greenhouse gas emissions while encouraging responsible growth of the economy.

Climate change is a very important issue which requires effective, efficient and equitable collective responses from policy makers. To that end, PSE advocates a national strategy that achieves both short-term measures designed to lessen the growth of greenhouse gas emissions and long-term strategies that will ultimately manage greenhouse gas emissions to appropriate levels in a scientifically sound, and responsible fashion. In furtherance of the strategy that reduces near-term growth of greenhouse gases, PSE's policy is to take cost-effective measures reduce greenhouse gas emissions from our energy activities while maintaining a dependable and diverse energy portfolio mix that will sustain our customers' needs now and into the future.

The specific near-term strategies PSE will continue to explore and implement include the following:

1. Ongoing development and investment in our customer energy efficiency program;
2. Pursuit of a diverse energy portfolio mix of resources including renewable generation that will result in lowering of our greenhouse gas emissions consistent with least cost planning principles;
3. Customer based generation of renewable energy;
4. Opportunities to reduce greenhouse gas emissions with our partners in the utility industry, our local communities, and state and national government;
5. Ongoing development and investment in our green fleet and low emission vehicle programs;
6. Transparency with our greenhouse gas emissions footprint reporting; and
7. Coordination with our customers to help them minimize their greenhouse gas emissions footprint.

Furthermore, PSE believes the US government must take a strong leadership role on this global issue by regulating the sectors that consume fossil fuels and setting corresponding policies, including the following:

1. Institute a tax policy that provides clear, long-term price signals so that affected firms can invest intelligently.
2. If a cap-and-trade system is established, a cost containment mechanism which establishes a price ceiling should be created so all firms can reliably estimate and manage compliance costs.
3. Formulate active strategies to promote the development and demonstration of new large-scale, low-emissions technologies and energy systems. Additionally, any tax and/or trading system should be leveraged to accelerate the adoption of new no and low-emission technologies through R&D incentives and appropriate price signaling.
4. Remove barriers, and disincentives for the advancement of renewable resources and smart grid technologies.
5. Sustainable energy is an essential component of sustainable development, and PSE will continue to take steps to meet the goal of providing reliable energy while decreasing the resulting impact on climate change.