PG&E Corporation

Carla J. Peterman
Executive Vice President
Corporate Affairs and Chief
Sustainability Officer

June 17, 2022

Via Email (rule-comments@sec.gov)

Vanessa A. Countryman
Secretary, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

SUBJECT: PG&E Corporation's and Pacific Gas and Electric Company's Comments on the Proposed Rule for The Enhancement and Standardization of Climate-Related Disclosures for Investors
File Number S7-10-22

Dear Ms. Countryman:

Pacific Gas and Electric Company (PG&E), a subsidiary of PG&E Corporation, is a combined natural gas and electric utility serving more than 16 million people across 70,000 square miles in Northern and Central California. PG&E appreciates the opportunity to comment on the U.S. Securities and Exchange Commission's (Commission) proposed rule that would require registrants to provide certain climate-related disclosures in their registration statements and periodic reports.

We share the Commission's commitment to furthering mandatory climate risk disclosure to provide consistent, comparable, and reliable—and therefore decision-useful—information to investors and other stakeholders. Below, we are pleased to provide comments in response to the proposed rule and also share how PG&E has worked to disclose climate-related information for many years.

Our Long History of Climate-Related Disclosure

As California's largest energy provider, we embrace our foundational role in transitioning the state to a decarbonized and more climate-resilient economy. We also believe it is essential that investors, customers, policymakers, and other stakeholders have access to information that allows them to assess and understand the risks and adaptation strategies associated with climate change.

We recently issued a voluntary *Climate Strategy Report* to share our longer-term climate goals:

- Climate- and nature-positive energy system by 2050.
- Net zero energy system by 2040, five years ahead of California's current carbon neutrality goal.
- A series of 2030 Scope 1, 2, and 3 climate goals to reduce PG&E's operational carbon footprint and enable our customers and communities to reduce their carbon footprints.

The report, which aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), shares our actions and plans to address climate change, along with the potential physical impacts of a changing climate and associated weather patterns.

We aim to be transparent about our progress addressing climate change and have been publicly reporting climate-related information for many years through both filed and non-filed disclosures:

- Our joint Annual Report on Form 10-K includes significant information related to climate change risks and impacts, as well as a breakdown of the majority of our greenhouse gas emissions.
- We have disclosed climate-related information, including a more comprehensive greenhouse gas emissions inventory, in an annual Corporate Sustainability Report for nearly two decades. This report currently includes climate-related information using the Edison Electric Institute and American Gas Association Environmental,

Social, Governance and Sustainability reporting template and the Sustainability Accounting Standards Board reporting framework.
- We have responded to the CDP's Climate Change Questionnaire since 2005.
- We have measured, independently verified, and publicly reported a comprehensive greenhouse gas emissions inventory since 2003. Each year, we voluntarily report our third-party verified Scope 1, 2, and 3 greenhouse gas emissions and carbon dioxide emission rate for delivered electricity with The Climate Registry, a non-profit organization.
- We report third-party verified greenhouse gas emissions from our facilities and operations to the California Air Resources Board (CARB) and U.S. Environmental Protection Agency under mandatory reporting requirements. We also report methane emissions from our gas operations to the California Public Utilities Commission (CPUC) on an annual basis.
- We are currently conducting a multi-year, service area-wide Climate Vulnerability Assessment using the best-available climate projections for California to evaluate climate hazards and risks to our assets, operations, and services. We will file the Assessment with the CPUC when it is final.

Comments on the Commission's Proposed Climate Disclosure Rule

PG&E commends the Commission's efforts to promote increased consistency in climate risk disclosures for companies and supports the overall goals and objectives of the proposed rule. We offer the following feedback and recommendations in the spirit of improving the proposed rule:

Alignment with Existing Standards: We appreciate that the Commission modeled the proposed rule on existing reporting frameworks and guidance, specifically the TCFD and the Greenhouse Gas Protocol. Using consistent reporting frameworks will allow for alignment with many existing processes and provide investors with more comparable, useful disclosures.

Timing of Reporting Greenhouse Gas Emissions Data: We request that the Commission consider a one-year lag on reporting greenhouse gas emissions data to align with existing reporting schedules for emissions reporting. Under our mandatory reporting to the CARB, PG&E reports data in April, and completes the third-party verification later in the year. Other mandatory and voluntary emissions reporting frameworks use a similar timeline. Between the end of the calendar year and April, PG&E and many other companies work to collect and measure their greenhouse gas emissions in a rigorous manner. Even for companies with established processes, accelerating the disclosure of emissions data to meet the deadlines for the Annual Report on Form 10-K would require significant expense, if it were possible at all.

A one-year lag would meet investor needs by ensuring that information is complete, verified, and points to longer-term trends, while avoiding any additional reporting burden or uncertainty created by reporting an estimate earlier in the process. A one-year lag would also enable emissions disclosures to be consistent with data reported to the CARB, other regulatory bodies, and voluntary emissions reporting registries.

Scope 3 Emissions: In our annual Corporate Sustainability Report, PG&E discloses Scope 3 "downstream" emissions related to electricity purchased on behalf of our customers and natural gas supplied to customers. If the Commission intends to broadly require Scope 3 disclosures, it should acknowledge the inherent limitations, provide clear guidance, and allow for reasonable flexibility.

Scope 3 emissions are, by definition, more difficult to measure and report since they are not directly under the control of a registrant. We request that the Commission provide additional guidance and consider limiting requirements regarding reporting "upstream" Scope 3 emissions from purchased or acquired fuels, goods, and services, as these emissions are not commonly reported by companies and may result in additional reporting burden and uncertainty.

While PG&E has quantified greenhouse gas emissions associated with goods and services procured in our supply chain, this analysis is based upon economic input-output data and industry-level environmental data to construct a top-down assessment based on supply chain spending. Collecting actual, more accurate emissions data from targeted suppliers represents a more ambitious undertaking, and our current ability to cause suppliers to provide this data is limited.

Additionally, disclosing upstream Scope 3 emissions associated with our natural gas supply would require us to estimate the emissions of gas producers without actual data from these suppliers. Of the natural gas we supply, we purchase only a fraction directly from the producer that owns the wells used to source the gas. We obtain most of our supply from natural gas markets where gas may change ownership several times between the producer and the ultimate buyer, making it impossible to trace its source back to the producer. We respectfully submit that such data is not likely to provide useful information to investors due to its inherent inaccuracies and recommend that the Commission reconsider its inclusion.

Financial Statements: We request additional guidance on how companies should disaggregate the impacts and expenditures related to climate-related events and transition activities in their consolidated financial statements, given the extent to which these factors are already integrated into the utility business model. This will be particularly important because this portion of the disclosures would be audited.

For example, PG&E invests significant amounts in mitigating wildfire risk, including our commitment to underground 10,000 miles of electric distribution lines. While climate change influences both the likelihood and severity of extraordinary wildfire events, other operational factors are also important in determining our wildfire risk investments and mitigation activities. It is not clear how much of PG&E's costs to underground powerlines or manage vegetation is attributable to climate change. Similarly, while PG&E has plans to repair or replace aging electric assets, extreme heat events can cause equipment to degrade more quickly. An asset upgrade may be an energy reliability investment, a resilience investment, or both. System hardening efforts such as undergrounding powerlines and upgrading assets are already part of a utility's business model, and reasonable minds could differ about how much of each cost is attributable to climate change. This type of determination would require significant application of judgment compared to the rest of the financial statements.

Unless the information is material, we recommend that registrants only be required to disclose climate-related events and transition information narratively in the Management's Discussion and Analysis section, rather than in the financial statements.

Level of Specificity for Locations: We also request that the Commission clarify the level of granularity required for the disclosure of the "location … of the properties, processes, or operations subject to the physical risk" and registrants' plans to mitigate or adapt to physical and transition climate risks. The level of information being requested in the proposed rule would be extensive and introduce an unnecessary reporting burden on registrants. We ask that the Commission consider modifying the proposed rule to request higher-level, sector-specific information that will still satisfy the needs of investors without providing as much specificity.

We support the Commission's requirement for registrants that conduct scenario analysis to disclose the impacts of climate-related risks on their businesses if material. For physical climate risk, scenario analysis is an effective way to understand the types of assets that are at risk and a general range of options for adapting to the risks. Scenario analysis can also help investors evaluate whether the steps a company is taking to address climate-driven physical risk are adequate.

We recommend that the Commission modify the proposed rule to require only high-level summaries of inputs and outputs of this type of analysis and a summary of how the results are being applied and used to inform decision making.

We appreciate the opportunity to participate in this important dialogue. We look forward to working to promote transparency and consistency across industries and companies to help better inform stakeholders about climate-related risks and opportunities.

Sincerely,

Carla Peterman

Carla Peterman