

Subject: Letter of support for SB 612 - Ratepayer Equity - for your use

Dear Honorable PCE Board Members and Alternates,

At the March 25 PCE board meeting, we made the request that PCE jurisdictions send in a letter of support for SB 612, which is the bill sponsored by CalCCA which allows CCAs access to resources that our customers pay for through the PCIA.

Attached is a letter template for your use to indicate your support. If your jurisdiction is willing, please transfer this to your city/town letterhead for signature and submittal. I have also attached the summary of this bill for your information.

For Senator Hueso and submitting to the Senate Energy, Utilities & Communications Committee, the best avenue is to use the letter submission portal - [portal](#). For the others cc'd, they should be sent to the Chief of staff as well as the issue area staff, details below. Please also copy me at PCE so that we know which PCE jurisdictions have sent in letters.

- Sen. Becker
 - Bryan King (Chief of Staff) - Bryan.king@sen.ca.gov
 - Ken Branson - Ken.Branson@sen.ca.gov
- Sen. Wiener
 - Krista Pfefferkorn (Chief of Staff) - Krista.pfefferkorn@sen.ca.gov
 - Tate Hannah - tate.hannah@sen.ca.gov
- Asm. Berman
 - Harry Ermoian (Chief of Staff) - Harry.Ermoian@asm.ca.gov
 - Kaitlin Curry - Kaitlin.curry@asm.ca.gov
- Asm. Mullin
 - Hugh Bower (Chief of Staff) - Hugh.Bower@asm.ca.gov
 - Meegen Murray - Meeegen.murray@asm.ca.gov
- Asm. Ting
 - Iren Ho (Chief of Staff) - Irene.ho@asm.ca.gov
 - Shy Forbes - Shy.forbes@asm.ca.gov

If all of this is too much, and you would like PCE to submit this letter on your jurisdiction's behalf, please send it back to me and we will get it submitted right away to Senator Hueso, the Chair of the Committee and to the other cc's on the letter.

Thank you for your support of this important piece of legislation.

Best regards,

Jan Pepper
Chief Executive Officer
Peninsula Clean Energy
jpepper@peninsulacleanenergy.com

Insert Date

The Honorable Ben Hueso
Chair, Senate Energy, Utilities & Communications Committee
State Capitol, Room 4035, Sacramento, CA 95814

Re: SB 612 (Portantino) – Support

Dear Senator Hueso,

On behalf of _____ (**insert jurisdiction**), I write in support of SB 612 (Portantino), a bill that seeks to ensure all customers of load-serving entities receive the energy benefits they pay for by providing that investor-owned utility (IOU), Community Choice Aggregator (CCA), and direct access customers have equal right to receive energy and attributes produced from legacy IOU generation assets.

City/County is a member of Peninsula Clean Energy Authority, a joint powers authority running a community choice aggregator (CCA) program serving roughly 750,000 Californians in San Mateo County (and in 2022, the City of Los Banos). As a locally governed public entity, PCE is focused on providing cost effective clean electricity while improving the communities it serves through local reinvestment of PCE's revenues.

California's IOUs' early procurement of renewable energy generation resources allowed the state to be a leader in a clean electricity grid. The high prices paid early on have created billions of dollars of above-market costs that need to be recovered through the Power Charge Indifference Adjustment (PCIA). The PCIA is a mechanism adopted by the California Public Utilities Commission (CPUC) to ensure that when electric customers of an IOU elect to receive service from a non-IOU provider, such as a CCA, those customers remain responsible for resource costs previously incurred on their behalf by the IOUs. These resources produce valuable products such as renewable energy, greenhouse gas-free energy, and resource adequacy, which are needed by all energy providers to clean energy and reliability requirements.

Our constituents, as PCE customers, however, do not have access to any of these beneficial resources they pay for through the PCIA, and, as a result, PCE must procure additional resources to meet the state's clean energy and reliability requirements. Over a year ago, CalCCA (including PCE) and other IOUs proposed a solution to the CPUC to fix this inequity, but the CPUC has failed to act. Hence legislation is needed to expeditiously correct this inequity.

SB 612 provides that IOU, CCA, and direct access customers receive equal right to legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products. Further, the bill seeks to optimize the PCIA by requiring the IOUs improve transparency.

We created PCE in order to control the decisions and reduce the costs for the electricity provided to our residents and businesses; SB 612 increases our ability to do just that.

For these reasons, we support SB 612 and thank Senator Portantino for his leadership. We respectfully request your "Aye" vote when the bill is heard in committee.

Sincerely,

cc: The Honorable Josh Becker
The Honorable Scott Wiener
The Honorable Marc Berman

The Honorable Kevin Mullin
The Honorable Phil Ting

SB 612 (Portantino) Ratepayer Equity

PROBLEM

Over the last decade, more than 11 million investor-owned utility (IOU) customers have transitioned from IOU electric service to Community Choice Aggregators (CCAs), local government-owned utilities choosing to purchase electricity on behalf of their communities.

As part of this transition, CCA customers must share in the cost responsibility with IOU customers for the resource contracts entered into by IOUs prior to their departure for CCA service.

While CCA customers must pay their fair share of the contracts, they do not have access to any of the benefits the resources from these contracts provide as those benefits are retained by the IOU for their customers.

As a result, CCA customers must pay for redundant resources to meet compliance requirements even though they already pay for the products as part of their obligation for transitioning to a CCA. There is no good policy rationale for this inequitable treatment of CCA customers versus their IOU counterparts.

BACKGROUND

Early state mandated procurement of renewable energy by IOUs resulted in California's rapid transition to renewable energy. As renewable resources have grown to scale, both prices and market value for renewable energy have declined, leaving a significant portion of the IOU initial renewable contracts underwater. These contracts, often referred to as "legacy contracts" have produced billions of dollars of above-market costs that are recovered from all ratepayers.

While these resources produce high costs, they also produce valuable products such as renewable energy, greenhouse gas free energy, and resource adequacy, products needed by all energy providers to meet their clean energy goals and remain in com-

pliance with reliability requirements. However, under the current structure, these products are retained by the IOU for its own compliance purposes.

SUMMARY

This bill ensures fair and equal access to the benefits of legacy contracts resources for all customers and ensures that IOU portfolios are managed to maximize value and reduce unnecessary costs for all customers. Specifically, this bill:

- 1) Provides customers equal access to the legacy products they are paying for in proportion to what they are paying.
- 2) Requires the CPUC to recognize the value of GHG-free energy in the same way renewable energy or RA products are recognized.
- 3) Requires IOUs to annually sell any remaining excess legacy resource products not taken by former customers to the wholesale market.
- 4) Requires IOUs to transparently engage legacy resource holders in re-negotiating, buying out, or otherwise reducing costs from these contracts.

SUPPORT

California Community Choice Association
California Choice Energy Authority
Central Coast Community Energy
Clean Power Alliance
East Bay Community Energy
MCE
Pioneer Community Energy
Redwood Coast Energy Authority
San Jose Clean Energy
Silicon Valley Clean Energy
Sonoma Clean Power
City of Agoura Hills
City of Arcadia

Office of Senator Anthony J. Portantino
SB 612– Fact Sheet

Contact: Ben Edelstein– (916) 651-4025 or Ben.Edelstein@sen.ca.gov

City of Berkeley
City of Hayward
City of Oakland
City of San Jose
City of Santa Monica
City of Thousand Oaks
City of West Hollywood

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