Staff Report Item 12

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency (CDA)

SUBJECT: SB 618 (Bradford) - OPPOSE

DATE: April 12, 2017

Recommendation

Direct staff to send letter opposing SB 618 (Bradford-D)

Background and Discussion

In 2002, AB 117 established a community's right to aggregate the electrical load of their residents, businesses and public facilities in order to procure and develop power on their behalf. In 2015 SB 350 passed which, among other things, required the California Public Utilities Commission to adopt a process for CCAs and electric service providers to develop and file integrated resource plans (IRPs). This process is still underway. It also called for IRPs to be certified by the CPUC for compliance with state law, a requirement that CCAs supported because it did not remove local control over procurement and power resource decisions.

However, SB 618 takes this issue a big step further by granting CPUC the *authority to approve or disapprove* a CCA's IRP beyond assuring compliance with state law. This has the effect of removing local control and unduly interferes with the ability of CCAs to maintain authority over their power supply decisions and energy portfolio design, subject to state mandates applicable to all load serving entities.

Cal-CCA, the newly formed CCA trade association in California which EBCE plans to join, has taken an oppose position on SB 618. On April 4th, the bill was scheduled to be heard in Senate Energy Committee but was held. This is a positive development but there is no word as of this writing whether the bill will be amended, held indefinitely, or what its next steps will be. For this reason, we recommend that the EBCE authorize staff to prepare a letter opposing SB 618 and consider other legislative positions for Board approval at its May meeting.

Attachment A - Cal-CCA letter of opposition

California Community Choice Association

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March 1, 2017

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

Re: SB 618 (Bradford)—OPPOSE

Dear Senator Hueso,

The California Community Choice Association (CalCCA) writes to oppose SB 618 (Bradford), because it is unnecessary and contrary to the legislative and regulatory framework governing local control of Community Choice Aggregators (CCAs). The California Public Utilities Commission (CPUC) is already charged with certifying the resource plan of each CCA to ensure that it meets State law requirements.

CCAs have a mission to provide reliable, clean and affordable power while addressing the local needs of their communities. CalCCA's membership consists of 7 preoperational and 8 CCA members operating in more than 10 coastal and inland counties currently serving a peak load of 1917 MW and growing.

CCAs are local, non-profit agencies that are formed to respond to and invest in the needs of their communities. They are established by local governments to advance local policy priorities including procuring GHG-free renewable energy beyond the renewable portfolio standard, providing ratepayers with energy choice, providing less expensive energy and creating local programs for energy efficiency, storage and distributed generation, all while exercising local control over energy procurement. CCAs are governed and operated by boards consisting entirely of local elected officials who are directly accountable to their ratepayers/voters. Members of the community and public are active in this process and often show up to participate in city council meetings to hold accountable those ultimately responsible for the CCA.

In contrast, Investor Owned Utilities (IOUs) are for-profit corporations with a legal obligation to maximize profits for their shareholders. CPUC and CEC regulators exist, in part, to balance this motivation with the public interest. The CPUC must regulate IOUs to provide a degree of consumer protection including in the context of resource planning compliance with the RPS.

The CCAs were proud to support SB 350 (DeLeon, Clean Energy and Pollution Reduction Act of 2015), as it shared our mission of procuring more in-state renewable resources, while encouraging energy efficiency programs for our customers. SB 350 requires CCAs to participate in the same renewable portfolio standard program, subject to the same terms and conditions as an investor owned utility (IOU). In addition, all CCAs must submit an Integrated Resource Plan (IRP)

with the CPUC demonstrating that the CCA will meet regulatory mandates related to RPS, Greenhouse Gas reductions and Resource Adequacy. These plans are thoughtfully and substantively deliberated upon then approved by our own public governing boards in an open process.

Given CCAs are locally governed electricity providers without profit motive, SB 350 did not require CPUC approval of CCA IRPs. Rather, CCAs are required to submit these plans to the CPUC for certification. This ensures that CCAs meet the requirements of state law. Thus, like the California Energy Commission in the case of publicly owned utilities, the CPUC is already charged with ensuring that CCAs meet their statutory obligations.

SB 618 vests the CPUC with authority to approve or disapprove a CCA's IRP beyond assuring compliance with the requirements of state law. This unduly interferes with the ability of CCAs to locally control electricity procurement, subject to state mandates applicable to all load serving entities.

Finally, SB 350 became effective law on January 1, 2015, only 14 months ago. The CPUC is still in the process of implementing the CCA IRP process as directed in SB 350 and approved by the Senate. Thus, nothing has occurred since the passage of SB 350 that would warrant a change to the CCA IRP process established in SB 350. The Legislature should allow the CCA IRP process it created in SB 350 to operate before determining whether changes are needed.

For the above reasons, CalCCA must respectfully oppose SB 618 and asks that you not support the bill when it comes before your committee.

Sincerely,

Barbara Hale
President
CalCCA

Cc: Members of the Senate Energy, Utilities & Communications Committee
Jay Dickinson, Consultant, Senate Energy, Utilities & Communications Committee
Nidia Bautista, Consultant, Senate Energy, Utilities & Communications Committee
Kerry Yoshida, Republican Consultant, Senate Energy, Utilities & Communications Committee