

May 7, 2019

The Honorable Lorena Gonzalez, Chair  
Assembly Committee on Appropriations  
State Capitol, Room 2114  
Sacramento, CA 95814

**RE: AB 56 (Garcia) [ Centralized Procurement] – OPPOSE**

Dear Assemblymember Gonzalez,

The California Alliance for Community Energy writes to voice our strong opposition to AB 56, the bill authorizing centralized procurement of electricity.

The Alliance is a statewide advocacy organization that speaks to the interests of California ratepayers and communities regarding Community Choice energy programs. We work to support and defend Community Choice programs that advance local clean energy resources for the environmental, economic, and social justice benefit of our communities.

Even as amended by the Committee April 10, AB 56 remains a counterproductive, costly and unnecessary imposition of a centralized procurement authority.

The bill would strip Community Choice programs of the ability to make energy procurement decisions as mandated in AB 117 (2002). It poses a clear threat to the ability of Community Choice programs to prioritize local clean energy resources critical to developing resilient communities.

AB 56 proposes to authorize the centralized procurement of electricity by reanimating an existing but inactive entity—the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)—to meet a yet to be demonstrated need.

More specifically, the Alliance has the following concerns:

- **Unproven procurement shortfalls** – The claimed procurement shortfall in the CPUC report cited in the Committee staffs' Bill Analysis<sup>1</sup> was countered by testimony to the Senate Utilities and Energy Committee March 19, 2019, in the remarks of Dawn Weisz, CEO of Marin Clean Energy. Ms. Weisz described several flaws in CPUC-mandated IRP filing requirements which resulted in discrepancies that the CPUC now uses as evidence of “severe deficiencies” and “...trouble keeping up.”
- **Unnecessary structure** – The CPUC recently released “2030 Preferred Portfolio” (04/25/19), unanimously adopting a new Integrated Resource Plan that lays out procurement targets to reach the State's climate objectives.<sup>2</sup> Under the Plan, Community Choice entities alone have committed to meeting roughly 90 percent of the 2030 procurement needs, with more than 10,000 MW of new renewable capacity already planned. Where is the demonstrated need for a new state-level procurement entity?<sup>3</sup>
- **Overreaching authority** – AB 56 includes a broad mandate for the entity “to procure any resource to serve any public purpose as authorized by the CEC and CPUC.”<sup>4</sup> Combined with CPUC's history of bias against Community Choice agencies<sup>5</sup> this authority could easily become a

1 Assembly Utilities Energy and Communications Cmte Bill Analysis April 8, 2019, page 4, para 2).

2 “New 2030 Energy Plan Relies on CCAs to Procure 10,000 MW to Meet Climate Goals”, April 30, 2019, press release of California Community Choice Association, [here](#).

3 Assembly Utilities Energy and Communications Cmte Bill Analysis April 8, 2019, page 6, para 6).

4 Ibid, page 5-6.

5 CA Alliance for Community Choice, [“CPUC Bias Against Community Choice”, January 2019.](#)

vehicle for continuing to undermine Community Choice procurement authority and eliminate local clean energy development by deciding to centrally procure long-term contracts.

- **Costly structure** -- Recreating CAEATFA will take time and impose costs on California ratepayers that exceed the extent of the risk or the window in which it might be addressed.

Community Choice energy programs were authorized under AB 117 (2002). They have been designed and currently operate to provide reliable, clean, and affordable power while addressing local community needs.

California now has 19 operational Community Choice programs in 160 communities across California, serving 11 million customers. These programs are leading the state in meeting the State's aggressive greenhouse gas reduction targets (with 8,000 MW of new renewable energy projects in the pipeline) and in demonstrating a successful decentralized alternative to the state's faltering private monopoly utilities. They are developing innovative community-based distributed energy resource programs, steps essential to sustainably meeting California's climate goals and to securing equitable economic and social benefits for our communities.

In short, the California Alliance for Community Energy sees AB 56 as an inappropriate and unnecessary infringement on the ability of Community Choice to continue its leadership in addressing the climate crisis. We urge that it be opposed. Rather, as envisioned in the CPUC's "2030 Preferred Portfolio," we see the growing statewide network of Community Choice agencies continuing to assume its rightful role as the primary procurement vehicles for new renewable resources.

Sincerely,



Al Weinrub  
Coordinator, California Alliance for Community Energy

Cc:

Jay Dickenson, Chief Consultant, Assembly Committee on Appropriations

Members of the Assembly Committee on Appropriations

Assemblymember Chris Holden, Chair, Assembly Committee on Utilities and Energy

Kellie Smith, Chief Consultant, Assembly Committee on Utilities and Energy

Members of the Assembly Committee on Utilities and Energy