

May 7, 2019

The Honorable Anthony J. Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

RE: SB 155 (Bradford) – Integrated Resource Plans – OPPOSE

Dear Chairman Portantino,

The California Alliance for Community Energy urges opposition to SB 155. This Bill would expand the authority of the California Public Utilities Commission (CPUC) over Community Choice agencies in a manner that is unnecessary, counter-productive, and against the Legislative intent of AB 117 (2002), the law establishing the right of local jurisdiction to form Community Choice programs.

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.

SB 155 takes as its rationale the undeniable fact that the California electricity system is changing, as load-serving entities (LSEs) now increase in number. Yet all LSEs are already required to prepare Integrated Resource Plans (IRPs) to demonstrate their path to compliance with the State's Renewable Portfolio Standard and Resource Adequacy requirements, to meet emissions disclosure and customer protection requirements, and numerous other mandates.

SB 155 would authorize the CPUC to take additional steps, beyond those in current law, in the form of mandates for the CPUC to:

- Conduct audits of any LSE, to “assess compliance with ... RPS procurement requirements”.¹ These audits would cover both current and any prior compliance period.
- “.. issue mandates and recommendations to ensure sufficient corrective action is taken to achieve full compliance...”
- “Enforce ... a requirement that at least 65 percent of the procurement... be from contracts of 10 years or more in duration..”

The Alliance takes issue with the appropriateness of SB155’s attempt to expand CPUC authority over Community Choice programs. The CPUC already has the authority to certify IRP and RPS submissions of Community Choice entities; any deficiencies can be addressed in relevant proceedings.

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 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.

The proposed expansion of CPUC authority is an over-reach intended to undermine the ability of Community Choice programs to pursue a decentralized energy model that best meets sustainable climate action and local community needs.

¹ Senate Energy Committee Bill Analysis, April 22, 2019, page 2, paragraph 1)

In addition, we take strong exception to SB 155's requirement that 65% of the associated procurement be in contracts of 10 years or greater. The requirement for long-term contracts is arbitrary and will inhibit California's ability to meet climate action goals, currently driven by Community Choice's accelerated renewable energy procurement. It will derail development of distributed energy resources, a critical component of achieving local resiliency in the face of climate change.

Comment in the Commission's recent IRP proceeding by Protect Our Communities (POC) Foundation argues persuasively that "long term contracts are the opposite of what California needs in a rapidly changing energy landscape."² POC testified that prices for renewables – solar generation coupled with storage-- have been dropping considerably faster than CPUC modeling predicts. Rather than long-term contracts, then, prudent procurement strategies may stress flexibility, to reduce the probability that any contracts are stranded when pricing drops faster than anticipated.

In summary, the California Alliance for Community Energy sees SB 155 as a usurpation of the authority vested in Community Choice agencies to procure and manage their own obligations within state mandates, as envisioned under AB 117.

We urge the Appropriations Committee to vote to Oppose SB 155.

Thank you very much for your consideration.

Sincerely,



Al Weinrub
Coordinator, California Alliance for Community Energy

Cc:

Mark McKenzie, Staff Director, Senate Committee on Appropriations

Members of the Senate Committee on Appropriations

Senator Benjamin Hueso, Chair, Senate Committee on Energy, Utilities and Communications

Nidia Bautista, Chief Consultant, Senate Committee on Energy, Utilities and Communications

Members of the Senate Committee on Energy, Utilities and Communications

2 Protect Our Communities Foundation "Comments on the Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle", April 8, 2019, Page 6-7 Available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M279/K246/279246624.pdf>.