



Board of Directors

June 19, 2023

Bapu Vaitla
Davis City Council

The Honorable Eduardo Garcia
California State Assembly, 36th District
1021 O St., Ste. 8120
Sacramento, CA 95814

Richard Casavecchia
Winters City Council

Will Arnold
Davis City Council

Re: AB 1373 (Garcia) – REMOVE OPPOSITION

Jesse Loren
Winters City Council

Dear Assemblymember Garcia,

Gary Sandy
*Vice Chair
Yolo County Board of
Supervisors*

On behalf of Valley Clean Energy (VCE), a community choice aggregation (CCA) program serving Yolo County, I write to remove our opposition to your AB 1373 following amendments made to the measure on May 22, 2023. The amended version of the measure address many of our concerns but further amendments should be considered to provide critical ratepayer protections.

Lucas Frerichs
*Yolo County Board of
Supervisors*

VCE is the not-for-profit public electricity provider serving over 120,000 customers in unincorporated Yolo County and the cities of Woodland, Davis, and Winters. As a locally governed public entity we are focused on providing cost effective clean electricity while improving the communities we serve through local reinvestment of our revenues.

Tom Stallard
*Chair
Woodland City Council*

Mayra Vega
Woodland City Council

While VCE is removing its opposition, we remain concerned with the following:

1) Central Procurement. We continue to question the need for a central procurement entity as there has been no evidence provided to suggest that the existing load serving entities (LSEs) are incapable of procuring the necessary resources to meet the state’s energy needs. However, if policy makers believe that a CPE should be established, it must be designed to prevent market disruptions and it must make protecting ratepayers from unnecessary cost increases a top priority. To accomplish these goals, the bill should establish clear criteria around the types of projects that may be procured and under what conditions. The recent amendments largely address this issue by defining “clean energy resources” to include only offshore wind and geothermal resources. However, this definition should be further refined to ensure that the targeted resources are in regions where transmission infrastructure is needed. Sharpening the focus of central procurement in this way will better prevent market disruptions by ensuring the CPE’s activities do not interfere with other planned LSE procurement. It will also ensure the tool is directed toward bringing online the types of projects that offer the greatest value to the state: such as offshore wind and geothermal in the Salton Sea region.

2) Capacity Penalty Payment for Resource Adequacy Deficiencies. The bill proposes that RA non-compliant LSEs must make a capacity payment to the state’s Strategic Reliability Reserve (SRR) if the state needs to dip into the reserves. However, LSEs already pay a penalty to the CPUC for non-compliance and must pay the cost of backstop procurement to CAISO if the resource is needed. Adding the new DWR penalty as originally proposed would have resulted in customers



paying three times for the same deficiency. The recent amendments partly address the concerns with duplicative payment by essentially requiring that a non-compliant LSE pay the higher of CPUC penalties and the DWR capacity payment; it did not, however, address the potential double payment if CAISO backstop occurs. Customers should not have to pay a DWR penalty if they already paid for the CAISO backstop procurement to cover their deficiency.

We appreciate your work to bring this proposal into the policy bill process, the work you have put in to address the concerns of CCAs. We look forward to continued conversations to address our remaining concerns.

Sincerely,
Sincerely,

A handwritten signature in blue ink, appearing to read "M. Sears", is written over the second "Sincerely,".

Mitch Sears
Executive Officer
Valley Clean Energy

cc: The Honorable Bill Dodd
The Honorable Cecilia Aguiar-Curry