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May 16, 2019

The Honorable Stephen Bradford
State Capitol, Room 2059
Sacramento, CA 95814

Re: SB 155 (Bradford) - FLOOR ALERT - OPPOSE

Dear Senator Bradford:

I am writing to communicate that Valley Clean Energy (VCE), a community choice aggregation (CCA) program serving Yolo County, respectfully opposes your bill SB 155 as drafted and requests your reconsideration of amendments that would allow us to remove our opposition. In its current form we believe SB 155 could create confusion and cloud the legislative intent of SB 350 (de León), passed by the Legislature in 2015, by converting Integrated Resource Plans (IRPs) from planning documents to procurement mandates. This would force Load Serving Entities (LSE) such as VCE to prematurely lock in procurement decisions 10 years out, resulting in higher costs for California's energy customers and increased reliance on natural gas for electricity generation in the long-term. These are exactly the opposite outcomes that we believe you support which is why we are reaching out to you.

As you know, SB 350 required the California Public Utilities Commission (CPUC) to implement a process for IRPs to ensure that load-serving entities, including all CCAs, meet targets that allow the electricity sector to contribute to California's economy-wide greenhouse gas emissions reductions goals. LSEs were required to submit their first IRPs to the CPUC in 2018, and the CPUC is currently in the process of certifying those plans.

Since the first iteration of the CPUC's IRP process/proceeding is still actively under way pursuant to SB 350, with initial LSE plans having been filed in 2018, SB 155 would introduce uncertainty into the process. The CPUC continues to refine its modeling efforts and is considering how to best identify and fill any procurement gaps, if they exist. LSEs are already required to submit biennial IRPs for



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approval or certification by the CPUC, to ensure that their planning aligns with the state's goals. We believe it would be premature for SB 155 to require the procurement of specific resources when the CPUC is still trying to figure out which resource mix is optimal and how to align LSE procurement with state goals. It should also be noted that VCE, and CCAs in general, are out performing other classes of LSE's and are years ahead of the state's RPS procurement goals.

We believe it is crucial that any IRP compliance requirements remain focused on the IRPs as planning documents. As noted, language that may unintentionally or otherwise convert IRP planning documents to procurement compliance plans would force LSEs to lock in procurement decisions 10 years out. The state benefits from allowing LSEs flexibility in how they meet the desired IRP plan's outcome to remain nimble and responsive to power market trends and proven/tested advancements in procuring and investing in lower carbon intensive energy sources. By blending both long-term renewable procurement hedging strategies and retaining the ability to pivot in our procurement tactics, VCE and other LSEs can take advantage of technological change and shifts in market prices to contain costs and increase investments in non-fossil resources over time.

For these reasons, VCE respectfully requests the following amendments:

Amendments:

Page 27, amend line 33 to read:

454.52.

(a) (1) Beginning in 2017, and to be updated regularly thereafter, the commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule for periodic updates to the **plan, and shall ensure** that load-serving entities' integrated resource plans do the following:

Page 30, amend lines 7-8 to read:

454.54.

In addition to the requirements of Section 454.52, ~~the commission shall enforce the requirement, that the~~ require as a condition of approval or certification that the integrated resource plan of each load-serving entity ~~shall~~ contributes to a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy resources in a cost-effective manner, meets the emissions reduction targets for greenhouse gases described in subparagraph (A) of paragraph (1) of subdivision (a) of Section 454.52, and prevents cost shifting among load-serving entities.



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We believe this language captures the intent of the IRP process while giving the PUC the tools they need to implement the state's important climate goals. Thank you for your consideration of our position and suggested amendments.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Sears', is written over a light blue horizontal line.

Mitch Sears
Interim General Manager
Valley Clean Energy

cc: Sen. Bill Dodd
Members of the California Senate
CalCCA

