



Board of Directors June 21, 2021

Dan Carson
Chair
Davis City Council

The Honorable Chris Holden
Chair, Assembly Utilities & Energy Committee
State Capitol, Room 5132
Sacramento, CA 95814

Wade Cowan
Winters City Council

Lucas Frerichs
Davis City Council

Re: SB 612 (Portantino) – Support

Jesse Loren
Vice Chair
Winters City Council

Dear Assemblymember Holden,

Gary Sandy
Yolo County Board of
Supervisors

On behalf of Valley Clean Energy (VCE), a community choice aggregation (CCA) program serving Yolo County, I write to express our support for SB 612 (Portantino), a bill that seeks to ensure all customers of load-serving entities receive the energy benefits they pay for by providing that investor-owned utility (IOU), Community Choice Aggregator (CCA), and direct access customers have equal right to receive energy attributes produced from legacy IOU generation assets.

Don Saylor
Yolo County Board of
Supervisors

Tom Stallard
Woodland City Council

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.

Mayra Vega
Woodland City Council

California policies have helped shape and scale the renewable energy market moving renewables from niche to mainstream. As intended, this has caused both prices and market value for renewable energy to decline, creating billions of dollars of above-market costs that need to be recovered through the Power Charge Indifference Adjustment (PCIA). The PCIA is a mechanism adopted by the California Public Utilities Commission (CPUC) to ensure that when electric customers of an IOU elect to receive service from a non-IOU provider, such as a CCA, those customers remain responsible for unavoidable above-market costs previously incurred on their behalf by the IOUs. In this case, those unavoidable above-market costs resulted from early renewable contracts signed by the IOU's. While these early renewable contracts are relatively high cost compared to the current market, they also produce valuable products and energy attributes such as renewable energy, hydroelectric energy, and resource adequacy, which are needed by all energy providers to meet their clean energy goals and remain in compliance with reliability requirements.

CCA and direct access customers, however, do not have access to most of these beneficial attributes of the resources they pay for through the PCIA. As a result, they must procure additional resources to meet California's clean energy goals and reliability requirements despite already paying for many of these resources via the PCIA. The CPUC acknowledged these issues in its 2018 PCIA decision and ordered a working group to explore the issue and develop compromise solutions, after more than a year reviewing the working group's proposed compromise settlement the Commission's recently released decision falls well short of an equitable solution. Hence legislation is needed to correct the current inequities embedded in the PCIA and SB 612 provides the solution.



Like the compromise settlement, SB 612 provides that IOU, CCA, and direct access customers have equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the cost of those products. Current law requires the benefits of these legacy resources be allocated to CCA customers as long as the customers pay for the resources, which they do via the PCIA.

By allocating the attributes of the resources that our customers pay for SB 612 will allow VCE to more effectively plan its energy portfolio to manage risk, avoid unnecessary compliance penalties, control costs, and reinvest in local programs and grid innovation to make California's electricity system cleaner and more reliable.

For these reasons, we support SB 612 and thank Senator Portantino for his leadership. We respectfully request your "Aye" vote when the bill is heard in committee.

Sincerely,

Dan Carson
Board of Directors Chair
Valley Clean Energy

cc: The Honorable Members of the Assembly Utilities & Energy Committee
The Honorable Anthony Portantino