



Board of Directors

March 15, 2021

Dan Carson
Chair
Davis City Council

The Honorable Ben Hueso
Chair, Senate Energy, Utilities & Communications Committee
State Capitol, Room 4035
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 Senator Hueso,

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. Even though 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 since the working group submitted its compromise settlement it has not been taken up by the Commission. The CPUC has failed to take advantage of opportunities during the last several years to address this inequity, but SB 612 provides that policy 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. Importantly, the bill also seeks to optimize the PCIA by requiring the IOUs to improve transparency if contracts for legacy resources are renegotiated. This would allow CCAs and direct access providers, whose customers pay for their proportional share of those resources through the PCIA, the ability to understand and potentially engage in those negotiations on behalf of their customers. Since, unlike IOUs, CCAs do not have guaranteed cost recovery, they have direct incentive to minimize costs associated with these legacy contracts – adding this missing element to the contract renegotiation process has the potential to drive down costs which would benefit all California electricity customers.

This additional transparency and the commonsense allocation of energy related attributes that VCE customers already pay for through the PCIA 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 Senate Energy, Utilities & Communications Committee
The Honorable Anthony Portantino