



Staff Report

TO: Honorable Mayor and Members of the Town Council
FROM: Sean Rabé, Town Manager
DATE: April 13, 2021
RE: Letter of Support for SB 612

Recommendation

Staff recommends the Town Council authorize the Mayor's signature on the attached letter of support for SB 612.

Issue Statement and Discussion

The Board of Directors of Pioneer Community Energy has asked the Town to send a letter of support for SB 612 (Portantino, 2021), which aims to ensure fair and equal access to the benefits of legacy resources held in investor-owned utility (IOU) portfolios and address the management of these resources to maximize value for all customers. That draft letter is attached to this Staff report as Attachment A.

The Pioneer Board says that SB 612 is important because California's shift to renewable energy through the passage of the Renewables Portfolio Standard (RPS) in 2002 pushed IOUs into purchasing expensive, long-term renewable resources. Today, both current IOU and Community Choice Aggregation (CCA) customers foot the bill of those early "legacy" renewable contracts. Unfortunately, only IOUs and their ratepayers receive the benefits of those contracts, though CCA customers also pay for them. Pioneer Community Energy is a CCA.

According to Pioneer, SB 612 ensures that CCA ratepayers receive their fair share of the benefits due from the legacy IOU costs that they have and continue to pay for.

CEQA Requirements

There are no CEQA implications associated with the recommended action.

Financial and/or Policy Implications

None.

Attachments

- A. Draft Support Letter

April 13, 2021

Senator Ben Hueso, Chair
Senate Energy, Utilities and Communications Committee
State Capitol, Room 4035
Sacramento CA 95814

Dear Chair Hueso,

The Town of Loomis supports SB 612 (Portantino, 2021) which aims to address fairness and equity for all California electric generation ratepayers.

California's shift to renewable energy through the passage of the original Renewables Portfolio Standard (RPS) in 2002 pushed Investor-Owned Utilities (IOUs) into purchasing expensive, long-term renewable resources. Today, both current IOU and former IOU customers foot the bill of those early "legacy" renewable contracts. Unfortunately, only IOUs and their ratepayers receive the benefits of those contracts, though Community Choice Aggregators (CCA) customers also pay for them.

Over the last decade, millions of utility customers have transitioned from IOU electric service to CCAs, local government-owned utilities choosing to purchase electricity on behalf of their communities. While all customers bear responsibility for these legacy resources, only IOU customers can meaningfully access the benefits.

SB 612 simply ensures that all customers, both IOU and CCA, receive the benefits of the resources they pay for and seeks to minimize the cost burden of those legacy contracts on all ratepayers. The California Public Utilities Commission has had opportunities to repair this inequity for four years, but it has failed to do so.

The Legislature must step in.

SB 612 resolves the inequity by ensuring CCA ratepayers continue to be responsible for their fair share of legacy costs but also receive their proportionate share of the benefits. Specifically, this bill:

- 1) Provides IOU, CCA, and direct access (DA) customers equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products.
- 2) Requires the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products.
- 3) Requires IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or DA customers to the wholesale market in an annual solicitation.
- 4) Requires each IOU to transparently solicit interest from legacy contract holders to renegotiate, buy out, or otherwise reduce the costs of these old, out-of-market priced contracts.

We request support and passage of SB 612.

Respectfully,

Mayor Jeff Duncan

Cc: Senator Brian Dahle, Senator Jim Nielsen, Assemblyman James Gallagher, Assemblyman Frank Bigelow, Assemblyman Kevin Kiley, Assemblywoman Megan Dahle