

SB 612 (Portantino) Ratepayer Equity

PROBLEM

Over the last decade, more than 11 million investor-owned utility (IOU) customers have transitioned from IOU electric service to Community Choice Aggregators (CCAs), local government-owned utilities choosing to purchase electricity on behalf of their communities.

As part of this transition, CCA customers must share in the cost responsibility with IOU customers for the resource contracts entered into by IOUs prior to their departure for CCA service.

While CCA customers must pay their fair share of the contracts, they do not have access to any of the benefits the resources from these contracts provide as those benefits are retained by the IOU for their customers.

As a result, CCA customers must pay for redundant resources to meet compliance requirements even though they already pay for the products as part of their obligation for transitioning to a CCA. There is no good policy rationale for this inequitable treatment of CCA customers versus their IOU counterparts.

BACKGROUND

Early state mandated procurement of renewable energy by IOUs resulted in California's rapid transition to renewable energy. As renewable resources have grown to scale, both prices and market value for renewable energy have declined, leaving a significant portion of the IOU initial renewable contracts underwater. These contracts, often referred to as "legacy contracts" have produced billions of dollars of above-market costs that are recovered from all ratepayers.

While these resources produce high costs, they also produce valuable products such as renewable energy, greenhouse gas free energy, and resource adequacy, products needed by all energy providers to meet their clean energy goals and remain in

compliance with reliability requirements. However, under the current structure, these products are retained by the IOU for its own compliance purposes.

SUMMARY

This bill ensures fair and equal access to the benefits of legacy contracts resources for all customers and ensures that IOU portfolios are managed to maximize value and reduce unnecessary costs for all customers. Specifically, this bill:

- 1) Provides customers equal access to the legacy products they are paying for in proportion to what they are paying.
- 2) Requires the CPUC to recognize the value of GHG-free energy in the same way renewable energy or RA products are recognized.
- 3) Requires IOUs to annually sell any remaining excess legacy resource products not taken by former customers to the wholesale market.
- 4) Requires IOUs to transparently engage legacy resource holders in re-negotiating, buying out, or otherwise reducing costs from these contracts.

SUPPORT

California Community Choice Association
Central Coast Community Energy
Clean Power Alliance
East Bay Community Energy
MCE
Redwood Coast Energy Authority
San Jose Clean Energy
Silicon Valley Clean Energy
Sonoma Clean Power
City of Agoura Hills
City of Arcadia
City of Berkeley

Office of Senator Anthony J. Portantino
SB 612– Fact Sheet

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