



Our mission

Deliver rapid greenhouse gas reductions at scale, starting in California.

Board of Directors

Susan Thomas, Chair
Efren Carrillo, Immediate Past Chair
Venise Curry, MD, Vice Chair
Larry Robinson, Secretary
Jonathan Weintraub, CPA, Treasurer
Lokelani Devone, Attorney
Tim Holmes, P.E.
Mary Luévano
Terea Macomber, MBA
Jim McGreen
Carl Mears, PhD
Aaron Schreiber-Stainthorp

Executive Staff

Ellie Cohen, Chief Executive Officer
Lois Downy, Chief Financial Officer
Ann Hancock, Chief Strategist
Jeri Howland, Director of Philanthropy
Barry Vesser, Chief Operations Officer

Strategic Advisors

Peter Barnes, Co-founder, Working Assets
Rick Brown, TerraVerde Renewable Partners
Jeff Byron, CA Energy Commissioner (Retired)
Ernie Carpenter, County Supervisor (Retired)
Kimberly Clement, Attorney
Joe Como, Former Director, CA Office of Ratepayer Advocates
John Garn, Business Consultant
Elizabeth C. Herron, PhD, Writer
Hunter Lovins, President, Natural Capitalism Solutions
Alan Strachan, Developer

Science & Technical Advisors

Fred Euphrat, PhD
Dorothy Freidel, PhD
Daniel M. Kammen, PhD
Lorenzo Kristov, PhD
Edward C. Myers, M.S.Ch.E.
Edwin Orrett, P.E.
John Rosenblum, PhD
Alexandra von Meier, PhD
Mathis Wackernagel, PhD
Ken Wells, E.I.T.
Ai-Chu Wu, PhD

Contact

www.theclimatecenter.org
P.O. Box 3785
Santa Rosa, CA 95402
707-525-1665

March 24, 2021

Honorable Ben Hueso, Chair
Senate Committee on Energy, Utilities and Communications
State Capitol, Room 4035
Sacramento, CA 95814
Via Committee Portal

RE: SB 612 (Portantino) SUPPORT

Dear Senator Hueso and Committee Members:

On behalf of The Climate Center and its thousands of statewide supporters, I am writing to express support for SB 612. This bill will ensure fair and equal access to the benefits of legacy energy contracts for all electricity customers and will ensure that investor-owned utility (IOU) portfolios are managed to maximize value and reduce unnecessary costs for all ratepayers.

Over the last decade, more than 11 million IOU customers have transitioned from IOU electricity service to Community Choice Agencies (CCAs), local government-controlled programs that purchase electricity on behalf of their communities and offer a variety of locally tailored energy programs.

As part of this transition, CCA customers must share in the cost with IOU customers for the supply 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 from these contracts 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 “bundled” counterparts.

Specifically, SB 612 will:

1. Provide CCA customers equal access to the legacy products they are paying for in proportion to what they are paying;
2. Require the California Public Utilities Commission to recognize the value of greenhouse gas-free energy provided by any load-serving entity in the same way renewable energy or resource adequacy products are recognized;
3. Require IOUs to annually sell any remaining excess legacy resource products not taken by former customers into the wholesale market;
4. Require IOUs to transparently engage legacy resource holders in re-negotiating, buying out, or otherwise reducing costs from these above market contracts.

It is important to note that points two through four above are measures that will benefit *all* ratepayers, not just CCA customers.

State mandated procurement of renewable energy by IOUs for nearly 20 years has resulted in California's rapid transition to renewable energy. As renewable energy adoption has increased, both prices and market value for renewable energy have declined, leaving a significant portion of early IOU contracts underwater. These contracts, often referred to as *legacy contracts*, impose billions of dollars of above-market costs on all ratepayers.

While these contracts are at a high dollar cost, they also bear inherently beneficial attributes such as renewable energy, greenhouse gas free energy, and resource adequacy, products needed by all electricity service 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 their own purposes, even if they are not truly needed by the IOU. SB 612 will fix this longstanding problem.

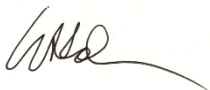
Over the past sixteen years The Climate Center has been a strong supporter and advocate of Community Choice Aggregation. We introduced CCA to Sonoma County leaders and helped lead the effort that resulted in Sonoma Clean Power in 2014 becoming the second CCA to launch in California. Over the past seven years we have worked to expand CCAs in other parts of the state. We do this because in 2005 we identified CCA as the most powerful tool available to local government to rapidly reduce greenhouse gases in the electricity sector.

As CCAs have grown, matured, and built capacity, we have seen them innovate, sharing benefits in other sectors, for example, helping to decarbonize the transportation sector with programs that support electric vehicles and charging infrastructure.

In order for California to achieve its greenhouse gas emissions reductions goals, local government must play a role. SB 612 will go a long way in helping the 170+ cities and 20+ counties that have adopted CCAs to play that role.

When SB 612 comes to your committee, we urge you and your fellow committee members to support it.

Sincerely,



Ellie Cohen
Chief Executive Officer,
The Climate Center

cc: Senator Anthony Portantino