



June 13, 2014

- Campbell
- Cupertino
- Gilroy
- Los Altos
- Los Altos Hills
- Los Gatos
- Milpitas
- Monte Sereno
- Morgan Hill
- Mountain View
- Palo Alto
- San Jose
- Santa Clara
- Saratoga
- Sunnyvale

The Honorable Alex Padilla, Chair
Senate Energy, Utilities and Communications Committee
State Capitol, Room 4038
Sacramento, CA 95814-4900

**Re: AB 2145 (Bradford): Electricity: Community Choice Aggregation (CCA) – OPPOSE
Set in the Senate Energy, Utilities & Communications Committee on June 23, 2014**

Dear Chairman Padilla and Committee Members,

On behalf of the Cities Association of Santa Clara County, I write to you to express adamant opposition to Assembly Member Bradford's AB 2145.

The Cities Association of Santa Clara County is a collaboration of the 15 cities in Santa Clara County and advocates to enhance the quality of life for the people of our county. As our cities continue to identify ways of achieving sustainability and reducing greenhouse-gas (GHG) emissions to meet the requirements of AB 32 & SB 375, CCA is an option to be considered as a means to achieve greater GHG reductions than all other available approaches combined when updating Climate Action Plans. Community Choice Aggregation allows a city to enter into energy purchase agreements from renewable sources, which residents can voluntarily utilize. It has the proven ability to reduce electricity rate and rapidly green the grid.

AB 2145 proposes to limit local energy choice, violates the original intent of AB 117, thwarts California's environmental goals, infringes upon local government decision-making, and will effectively destroy the future of CCA in the state of California.

AB 2145 Limits Consumer Choice

Utility customers in California do not vote (or opt-in) to choose their utility company. The monopoly structure of the California's investor owned utilities prohibits it. The majority of residential customers in California who could be served by a Community Choice program have no say in their energy provider, nor the energy resources that are procured on their behalf. The State should not undermine the intent of AB 117 that provided for local energy choice, nor should it value the monopoly position of investor-owned utilities over the interests of a local government that has chosen to exercise its statutory right in creating a local, public, not-for-profit agency to provide an energy alternative.

Like CCA statutes in every other state, California's AB 117 structures CCA as opt-out programs. The opt-out approach gives customers full choice but also provides greater certainty in the market and, importantly in California, helps level the playing field for small CCAs attempting to compete in a monopoly market of very large, well-capitalized utilities. Indeed, the inherent market power of investor owned utilities against CCAs, and the use of that market power to prevent them, was recognized by the legislature in the passage of SB 790 (2011).

To date, monopoly utility providers have dominated the industry, leaving little to no opportunity for smaller market entrants to viably exist. AB 2145 serves the interests of for-profit, shareholder-centric utilities by deeply harming a CCA's ability to achieve local scale and economic viability. ***Make no mistake that an opt-in requirement for CCAs will return California to a monopoly reality -- no consumer choice, less market innovation, and fewer opportunities to achieve aggressive greenhouse reduction targets.***

AB 2145 Thwarts California's Environmental Goals

Due to its extremely limiting nature, a CCA opt-in program would not allow for the dramatic increase in renewable energy purchases and greenhouse gas reductions that are present in current and potential CCAs throughout California. For example, Marin Clean Energy provides more than twice the amount of renewable energy as PG&E (much of it sourced in California) and MCE's most recent published emissions rate is 19% lower than PG&E's. Sonoma Clean Power has offered a 100% renewable energy product to its customers sourced from an in-County geothermal facility. In fact, AB 2145 runs directly counter to the State's AB 32 GHG reduction goals. Why? Because an opt-in approach severely limits the viability of a CCA and defaults the vast majority of would-be CCA customers to utilities with lower renewable supply portfolios, higher emissions rates, and less local accountability to rapidly switch to clean power resources.

AB 2145 Infringes Upon Local Control and Accountability

AB 2145 is an attack on a local government's statutory right to pursue CCA in a manner that allows it to exist at the local level, respond to community goals, and still compete with large monopoly utilities. AB 2145 is a repeat attempt to kill CCA in California, similar to that of AB 976 (2011) and Proposition 16 (2010), both of which failed. The issues present in Proposition 16 that supported monopoly protection have already been addressed and rejected by California voters. AB 2145 is another blatant attempt to limit energy choice and local decision-making. It should be opposed.

AB 2145 is a Red-Herring Bill

In order to stop the expansion of CCA in California, AB 2145 creates the perception of a problem where none exists. As mandated by AB 117, a formal opt-out process begins after months (even years) of local CCA development, local press, and public outreach. Every utility customer is given multiple ways over a *minimum* four-month public noticing process to make a choice when a CCA begins offering service in a new community. At least four opt-out notices are served upon every customer in a CCA jurisdiction, which is

in addition to all the other public outreach mentioned above. Moreover, customers can easily opt out at any time after the formal public noticing process. There is no such requirement or frankly, opportunity, for customers of existing monopoly utilities.

In Conclusion

As an organization that prioritizes sustainability and reducing green-house-gas (GHG) emissions in the region and that state, we urge you to oppose AB 2145; in doing so, you will be protecting the interests of California consumers and the right of local governments to choose CCA as an energy alternative on behalf their communities.

Sincerely,



Steve Tate

President, Cities Association of Santa Clara County
Mayor, City of Morgan Hill

cc:

Cities Association Board of Directors

Honorable Members, Senate Energy, Utilities and Communications Committee

Kellie Smith, Chief Consultant, Senate Energy, Utilities and Communications Committee

Kerry Yoshida, Policy Consultant, Senate Republican Caucus

The Honorable Steven Bradford, Chair, Assembly Utilities and Commerce Committee