

April 19, 2021

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

RE: SB 612 (Portantino) – OPPOSE

Dear Chair Hueso:

Pacific Gas and Electric Company (PG&E) opposes Senate Bill (SB) 612, which would require the California Public Utilities Commission (CPUC) to disregard a years-long formal rulemaking with engagement from a wide range of stakeholders to simply adopt the desired outcome of a Community Choice Aggregation (CCA) trade association. The CPUC is considering and resolving an issue of portfolio optimization and allocation -- as soon as May 6, 2021. PG&E must oppose SB 612 because it would create an unnecessary delay in resolving portfolio optimization and allocation issues, undermine the outcome of an extensive stakeholder process at the CPUC, harm customers, and be overly complicated to implement.

On April 5th, the CPUC issued a Proposed Decision that considers the same portfolio optimization issues considered in SB 612. The Proposed Decision is based on a well-developed record and balances stakeholder interests and statutory requirements. SB 612 appears to reflect only the interests of its sponsor, the California Community Choice Association (CalCCA). If SB 612 were to pass, the Legislature would displace the judgement of the CPUC and undermine its due process.

SB 612 would harm all customers by delaying new rules for portfolio optimization and undervaluing key Renewables Portfolio Standard (RPS) attributes in PG&E's portfolio. Specifically, any delay would impact PG&E's ability to begin allocating long-term RPS attributes as proposed by the CPUC in its Proposed Decision. Timely resolution of the portfolio optimization issue is critical because a significant portion of the resources in PG&E's portfolio have long-term RPS value and SB 350's requirements for load serving entities to meet RPS with long-term resources begins this year. Like CalCCA, PG&E supports the allocation of these attributes as the best way to maximize their value to all customers.

From a reliability perspective, SB 612 would cause broad harm to PG&E bundled service customers and may have broader impacts on the resource adequacy (RA) markets. This is because under SB 612, PG&E would be obligated to allocate and sell capacity – even if PG&E needs that capacity to meet reliability obligations. This approach ignores previous actions by PG&E to “right size” its portfolio – actions that benefitted the CCA community – as well as other regulatory changes that have, in peak summer months, eliminated any excess RA from PG&E's portfolio. Beyond system reliability impacts, SB 612 creates a risk of conflicting with existing statute requiring customer indifference. If SB 612 were to pass, PG&E would immediately need to procure RA to meet its load needs, risking high prices, non-compliance, and penalties. This is incompatible with SB 350, which requires that, “Bundled customers of an electrical corporation [i.e., a utility] shall not experience any cost increase as a result of the implementation of a community choice aggregation program.”

Lastly, SB 612 is administratively burdensome and would be incredibly complex to implement. It would require coordination and development of new processes across the CPUC, California Energy Commission (CEC), and the California Independent System Operator (CAISO) to allocate RA resources.

PG&E is committed to providing customers with safe, reliable, and affordable energy, as well as supporting the state's ambitious carbon reduction goals. SB 612 violates the statutory requirement of ensuring that bundled service customers do not experience cost increases as a result of CCA formation, undermines the CPUC's longstanding stakeholder process, risks system reliability, and is unnecessarily complex.

For these reasons, PG&E opposes SB 612.

Sincerely,



DaVina Flemings
Pacific Gas and Electric Company

cc: The Honorable Anthony Portantino
Members, Senate Energy, Utilities and Communications
Hazel Miranda, Office of the Governor
Kip Lipper, Office of the Senate President pro Tempore
Gabrielle Zeps, Office of the Assembly Speaker