



CITY OF CARSON

Legislation Text

File #: 2021-161, Version: 1

Report to Mayor and City Council

Tuesday, March 16, 2021

Consent

SUBJECT:

CONSIDERATION OF TAKING A POSITION ON SB 612 (PORTANTINO) IN THE 2021/2022 LEGISLATIVE SESSION (CITY COUNCIL)

I. SUMMARY

SB 612 (Portantino) would add new sections to the Public Utilities Code that are designed to ensure fair and equal access to the benefits of legacy resources, and ensure resources held in the Investor Owned Utility (IOU) portfolios are managed to maximize value for all customers. Among other things, the bill would provide community choice aggregators' (CCA) 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.

The Legislative and Regulatory Committee of the Clean Power Alliance (CPA) recently approved a support position on this bill. In an effort to provide a strong show of support, CPA member agencies are being asked to take a support position. A draft letter of support is attached for City Council consideration. (Exhibit No. 1)

II. RECOMMENDATION

APPROVE the City of Carson's support position on SB 612 in the 2021/2022 legislative session.

III. ALTERNATIVES

1. DO NOT TAKE a support position for SB 612.
2. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

When the original Renewable Portfolio Standard (RPS) was chaptered into law in 2002, IOUs entered into contracts to procure renewable resources and resource adequacy on behalf of their customers that were very expensive. These are described as “legacy resources.” Over the last ten years, millions of utility customers have transitioned from investor-owned utility (IOU) electric service to CCAS. When a customer transitions, the customer continues to share cost responsibility with IOU customers for the resources purchased prior to the customer’s transition to CCA service. This legacy payment is known as the Power Charge Indifference Adjustment (PCIA). Over the years, the PCIA has grown, as the gulf between the cost of the resources at the time they were contracted and the current market cost of the resources has increased.

Problem

While all customers bear cost responsibility for legacy resources, only IOU customers currently have the right to access the benefits of these contracts, such as renewable energy, resource adequacy, and greenhouse gas free energy. This inequity has long been recognized by regulators and stakeholders. Therefore, CCA customer are paying for legacy resources through the PCIA that they do not have access to. The Commission first initiated a proceeding to resolve this issue in 2017 and subsequently directed CalCCA, SCE and Commercial Energy to work out a consensus proposal. The joint proposal - reflected in this bill - was presented to the CPUC in February 2020 but has not been given any procedural consideration in ten months.

Solution

SB 612 resolves this inequity by ensuring CCA customers have the ability to access their proportionate share of the benefits of IOU legacy contracts for which they are paying, and also ensures IOUs manage their legacy contracts to maximize their value for IOU and CCA customers alike. CCA customers will continue to be responsible for their fair share of the legacy costs. Specifically, this bill:

- 1) Provides IOU, CCA, and direct access 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 direct access customers to the wholesale market in an annual solicitation.
- 4) Requires each IOU to transparently solicit interest from legacy resource contract holders in renegotiating, buying out, or otherwise reducing costs from these contracts.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Letter of Support for SB 612. (pgs. 4-5)

1.

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