

File No. 210613

Committee Item No. _____

Board Item No. 32

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: June 8, 2021

Cmte Board

- | | | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Senate Bill No. 612 - 5/20/21</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>League of CA Cities - Letter of Support - 4/6/21</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>League of CA Cities - Letter of Support - 5/18/21</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>California State Association of Counties position</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: Jocelyn Wong
Prepared by: _____

Date: June 4, 2021
Date: _____

1 [Supporting California State Senate Bill No. 612 (Portantino) - Allocation of Legacy
2 Resources]

3 **Resolution supporting California State Senate Bill No. 612, authored by Senator**
4 **Anthony Portantino, which would require electric investor-owned utilities to offer**
5 **community choice aggregators and electric service providers an allocation of certain**
6 **electrical resources paid for through exit fees of the departing load.**

7
8 WHEREAS, The California Public Utilities Commission (CPUC) has regulated investor-
9 owned utilities (IOUs) for nearly a century but has only begun regulating Community Choice
10 Aggregators (CCAs) since 2010, and today there are over 20 CCAs operating in the state with
11 over 11 million customers; and

12 WHEREAS, CCAs allow ratepayers to purchase renewable energy generated locally
13 and weigh in on rate increases, encourage competitive prices, and can offer a generation mix
14 with higher percentage of renewable sources; and

15 WHEREAS, In 2007 San Francisco passed an ordinance to establish a CCA program
16 known as the CleanPowerSF Implementation Plan and in May 2016, CleanPowerSF began
17 serving its first customers and today serves over 376,000 residential and commercial
18 customers; and

19 WHEREAS, Power Charge Indifference Adjustment (PCIA) charges, or exit fees, are
20 charged to former rate payers to compensate for lost costs associated with customers
21 departing IOUs for CCAs; and

22 WHEREAS, PG&E's PCIA rates have increased significantly, whereas CleanPowerSF
23 generation rates have decreased, thus raising the monthly cost of a CleanPowerSF
24 customer's bill to be higher than a PG&E customer's bill; and

25

1 WHEREAS, CleanPowerSF is taking proactive measures to keep customer bills
2 affordable including absorbing the cost of the PCIA and proposing rate reductions; and

3 WHEREAS, California’s CCAs have criticized PCIAs arguing that the calculations lack
4 transparency and are not audited, utilities cannot be held accountable for high fees, and the
5 CPUC has not taken action to mitigate costs and risks associated with exit fees that might
6 bankrupt CCAs; and

7 WHEREAS, State Senator Anthony Portantino authored Senate Bill No. 612 which
8 aims to create fair and equal access to the benefits of legacy contract resources for all
9 customers and ensures the benefits of PCIA be shared among CCA customers; and

10 WHEREAS, Senate Bill No. 612 corrects the inequitable treatment of CCA customers
11 and ensures CCA customers can benefit from the same resource contracts as IOU
12 customers; and

13 WHEREAS, The State Legislation Committee of San Francisco voted to support
14 Senate Bill No. 612 during its meeting on April 14, 2021; now, therefore, be it

15 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
16 supports Senate Bill No. 612 as amended on May 20, 2021 and urges the California State
17 Legislature to pass this bill; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors hereby directs the Clerk of the
19 Board to transmit a copy of this Resolution to the California State Senate and the California
20 State Assembly as well as the Bill’s primary sponsor.

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22
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24
25

AMENDED IN SENATE MAY 20, 2021

AMENDED IN SENATE MAY 4, 2021

AMENDED IN SENATE APRIL 13, 2021

AMENDED IN SENATE MARCH 9, 2021

SENATE BILL

No. 612

Introduced by Senator Portantino

**(Coauthors: Senators Allen, Becker, Limón, McGuire, Skinner,
Stern, and Wiener)**

(Coauthors: Assembly Members Bauer-Kahan, Berman, Bloom,
Boerner Horvath, Chiu, Kalra, Lee, Levine, *Low*, Mullin, Muratsuchi,
Robert Rivas, Stone, Ting, *Villapudua*, and Wood)

February 18, 2021

An act to add Section 366.4 to the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 612, as amended, Portantino. Electrical corporations and other load-serving entities: allocation of legacy resources.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

Existing law requires the commission to authorize and facilitate direct transactions between electric service providers and retail end-use customers, but suspends direct transactions except as expressly authorized. Existing law expressly requires the commission to authorize direct transactions for nonresidential end-use customers, subject to an

annual maximum allowable total kilowatthour limit established, as specified, for each electrical corporation, to be achieved following a now-completed 3-to-5-year phase-in period. Existing law requires the commission, on or before June 1, 2019, to issue an order specifying, among other things, an increase in the annual maximum allowable total kilowatthour limit by 4,000 gigawatthours and to apportion that increase among the service territories of the electrical corporations. Existing law requires the commission, by June 1, 2020, to provide the Legislature with recommendations on the adoption and implementation of a 2nd direct transactions reopening schedule and requires that the commission make specified findings with respect to those recommendations, including that the recommendations do not cause undue shifting of costs to bundled service customers of an electrical corporation or to direct transaction customers.

Existing law authorizes a community choice aggregator to aggregate the electrical load of interested electricity consumers within its boundaries and requires a community choice aggregator to file an implementation plan with the commission in order for the commission to determine a cost-recovery mechanism to be imposed on the community choice aggregator to prevent a shifting of costs to an electrical corporation's bundled customers. Existing law requires that the bundled retail customers of an electrical corporation not experience any cost increase as a result of the implementation of a community choice aggregator program and requires the commission to ensure that the departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load.

Pursuant to existing law, the commission has adopted decisions and orders imposing certain costs that are collected as a nonbypassable charge on distribution from customers of an electrical corporation that depart from receiving bundled electrical service from an electrical corporation to instead receive electric service from an electric service provider or a community choice aggregator.

This bill would require an electrical corporation, by July 1, 2022, and not less than once every 3 years thereafter, to offer an allocation of certain electrical resources to its bundled customers and to other load-serving entities, including electric service providers and community choice aggregators, that serve departing load customers who bear cost responsibility for those resources. The bill would authorize a load-serving entity within the service territory of the electrical

corporation to elect to receive all or a portion of the vintaged proportional share of those legacy resources allocated to its end-use customers and, if it so elects, would require it to pay to the electrical corporation the commission-established market price benchmark for the vintage proportional share of the resources received. The bill would require the commission to recognize and account for the value of all products in the electrical corporation’s legacy resource portfolio in determining the nonbypassable charge to be paid by bundled and departing load customers to recover the costs of legacy resources.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of a commission action implementing its requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 366.4 is added to the Public Utilities
2 Code, to read:

3 366.4. (a) For purposes of this section, the following
4 definitions apply:

5 (1) “Departing Load customer” means a customer of an electrical
6 corporation that departs from receiving electric service from an
7 electrical corporation to instead receive electric service from
8 another load-serving entity.

9 (2) “Legacy resource” means any generation resource or
10 agreement to purchase electricity for delivery to end-use customers
11 in California that was procured by an electrical corporation solely
12 on behalf of the electrical corporation’s end-use customers it served
13 at the time of procurement and that is eligible for recovery to
14 prevent cost shifting among the customers of load-serving entities.

1 (3) “Load-serving entity” has the same meaning as defined in
2 Section 380.

3 (4) “Product” means electrical resources procured to meet the
4 resource adequacy requirements of Section 380, electrical resources
5 procured to meet the requirements of the California Renewables
6 Portfolio Standard Program (Article 16 (commencing with Section
7 399.11)), ~~including the attributes of these resources required to~~
8 ~~comply with paragraph (1) of subdivision (b) of Section 399.13,~~
9 and electrical resources that do not emit greenhouse gases.

10 (5) “Vintage” means the cost responsibility allocated by the
11 commission, for purposes of legacy resource cost responsibility,
12 to departing load customers, which the commission allocates to
13 those departing load customers corresponding to the year the
14 customer departs from receiving electric service from the electrical
15 corporation.

16 (b) (1) By July 1, 2022, and not less than once every three years
17 thereafter, the commission shall require an electrical corporation
18 to offer an allocation of each product arising from legacy resources
19 to its bundled customers and to other load-serving entities serving
20 departing load customers who bear cost responsibility for those
21 resources.

22 (2) The electrical corporation shall offer this allocation in an
23 amount up to each customer’s proportional share of legacy
24 resources in the customer’s vintage, as determined by the
25 commission.

26 (3) The electrical corporation shall offer the products for a term
27 and in a manner that maximizes the value of the legacy resources
28 and promotes stable long-term resource and reliability planning.

29 (c) (1) A load-serving entity within the service territory of the
30 electrical corporation may elect to receive all or a portion of the
31 vintaged proportional share of products allocated to its end-use
32 customers and shall pay to the electrical corporation the
33 commission-established market price benchmark for the vintage
34 proportional share of products received.

35 (2) *The electrical corporation shall offer an allocation of eligible*
36 *renewable energy resources with a remaining contract or*
37 *ownership term of at least 10 years to load-serving entities for a*
38 *duration equal to the remaining term. A load-serving entity may*
39 *apply these allocated resources to its long-term procurement*
40 *requirement pursuant to subdivision (b) of Section 399.13.*

1 (d) The commission shall recognize and account for the value
2 of all products in the electrical corporation's legacy resource
3 portfolio in determining the nonbypassable charge to be paid by
4 the bundled and departing load customers to recover the costs of
5 legacy resources.

6 SEC. 2. No reimbursement is required by this act pursuant to
7 Section 6 of Article XIII B of the California Constitution because
8 the only costs that may be incurred by a local agency or school
9 district will be incurred because this act creates a new crime or
10 infraction, eliminates a crime or infraction, or changes the penalty
11 for a crime or infraction, within the meaning of Section 17556 of
12 the Government Code, or changes the definition of a crime within
13 the meaning of Section 6 of Article XIII B of the California
14 Constitution.

O



April 6, 2021

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

**RE: SB 612 (Portantino) Electrical Corporations and Other Load-Serving Entities:
Allocation of Legacy Resources
Notice of SUPPORT (As Amended 03/09/21)**

Dear Senator Hueso,

The League of California Cities (Cal Cities) is pleased to **support** SB 612 (Portantino), related to the allocation of legacy resources and Community Choice Aggregators (CCAs).

Specifically, SB 612 would ensure fair and equal access to the benefits of legacy resources and ensure resources held in Investor-Owned Utilities (IOU) portfolios are managed to maximize value for all customers. Currently, CCA customers in IOU territory continue to pay for legacy resource products that were procured on their behalf, even though only IOU customers have the right to access the benefits of these contracts. This change would not only ensure fair and equal access to these resources, but will save CCA's and their customers millions of dollars.

This measure also would require the California Public Utilities Commission (CPUC) to recognize the value of greenhouse gas free energy and any new products in assigning cost responsibility for above-market legacy resources. Any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers, could also return to the wholesale market in an annual solicitation.

Overall, Cal Cities believes this will help CCAs save their customers money, while continuing to provide clean, reliable energy. Cal Cities continues to support fair competition in statewide energy markets for CCAs and works to ensure that legislation and regulatory policies protect CCA customers from improper cost allocations. SB 612 would address longstanding inequities that have unfairly increased costs to CCA's and their customers.

For these reasons, the League **supports** SB 612 (Portantino). If you have any questions, do not hesitate to contact me at (916) 658-8218.

Sincerely,

A handwritten signature in blue ink that reads "Derek Dolfie".

Derek Dolfie
Legislative Representative

cc: The Honorable Anthony Portantino
Members, Senate Energy, Utilities & Communications Committee
Nidia Bautista, Chief Consultant, Senate Energy, Utilities & Communications Committee
Kerry Yoshida Consultant, Senate Republican Caucus

2020-2021

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May 18, 2021

The Honorable Anthony Portantino
Chair, Senate Appropriations Committee
State Capitol Building, Room 4203
Sacramento, CA 95814

**RE: SB 612 (Portantino) Electrical Corporations and Other Load-Serving Entities. Allocation of Legacy Resources
Notice of SUPPORT (As Amended 05/04/21)**

Dear Senator Portantino,

The League of California Cities (Cal Cities) is pleased to **support** your SB 612, related to the allocation of legacy resources and Community Choice Aggregators (CCAs).

Specifically, SB 612 would require the California Public Utilities Commission (CPUC) to require investor-owned utilities (IOUs) to offer to CCAs and electric service providers (ESPs) an allocation of product attributes from legacy electrical resources paid for through exit fees of the departing load.

Currently, CCA customers in IOU territories continue to pay for legacy resource products procured on their behalf, even though only IOU customers have the right to access the benefits of these contracts. Additionally, any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers, could return to the wholesale market in an annual solicitation. SB 612 seeks to provide fairness by ensuring that both IOU and CCA customers are treated equally.

Cal Cities continues to support fair competition in statewide energy markets for CCAs and works to ensure that legislation and regulatory policies protect CCA customers from improper cost allocations. SB 612 moves the state towards addressing longstanding inequities that have unfairly increased costs to CCA's and their customers.

For these reasons, the League **supports** SB 612 (Portantino) and thanks you for your leadership on this issue. If you have any questions, do not hesitate to contact me at (916) 658-8218.

Sincerely,



Derek Dolfie
Legislative Representative



cc: The Honorable Anthony Portantino
Members, Senate Appropriations Committee
Ashley Ames, Chief Consultant, Senate Appropriations Committee
Kirk Feely, Consultant, Senate Republican Caucus

Lew, Lisa (BOS)

From: BOS Legislation, (BOS)
To: Groth, Kelly (BOS)
Subject: RE: Supervisor Chan Introductions for 5/25/21

From: Groth, Kelly (BOS) <kelly.groth@sfgov.org>
Sent: Tuesday, May 25, 2021 5:28 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Cc: Chan, Connie (BOS) <connie.chan@sfgov.org>
Subject: Re: Supervisor Chan Introductions for 5/25/21

Hi Lisa,

Confirming these matters are routine, not contentious in nature, and of no special interest.

The League of California Cities is in support of SB 612, attached are their letters sent to the Senate Energy, Utilities and Communications Committee and Senate Appropriations Committee. The California State Association of Counties has not taken a position.

Thank you,
Kelly

Kelly Groth | 明美

Legislative Aide
Office of Supervisor Chan
District 1, San Francisco Board of Supervisors
(415) 554-7413

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Chan

Subject:

Supporting California State Senate Bill No. 612 (Portantino) – Allocation of Legacy Resources

The text is listed:

Resolution supporting California Senate Bill No. 612, authored by Senator Anthony Portantino, which would require electric investor-owned utilities (IOUs) to offer community choice aggregators (CCAs) and electric service providers (ESPs) an allocation of certain electrical resources paid for through exit fees of the departing load.

Signature of Sponsoring Supervisor:



For Clerk's Use Only