

Our mission

To inspire, align, and mobilize action in response to the climate crisis. We work with business, government, youth and the broader community to advance practical, science-based solutions for significant greenhouse gas emission reductions.

Board of Directors

Efren Carrillo, President
Larry Robinson, Vice President
Jim McGreen, Secretary
Jonathan Weintraub, Treasurer
Jane Bender
Tim Holmes
Carl Mears
Susan Thomas
Ann Hancock, Executive Director

Strategic Advisors

Peter Barnes, Co-founder,
Working Assets
Dave Brennan, Former
Sebastopol City Manager
Rick Brown, TerraVerde Renewable Partners
Jeff Byron, Former CA Energy
Commissioner
Ernie Carpenter, Former Sonoma
County Supervisor
Kimberly Clement, Attorney
Connie Coddling, Developer
Joe Como, Former Director, CA Office of
Ratepayer Advocates
Andy Ferguson, Communications
John Garn, Business Consultant
Elizabeth C. Herron, PhD, Writer
Hunter Lovins, President
Natural Capitalism Solutions
Alan Strachan, Developer
Greg Thomson, Pathion
Herb Williams, Government Relations
Shirlee Zane, Sonoma Co. Supervisor

Science & Technical Advisors

Fred Euphrat, Ph.D.
Dorothy Freidel, Ph.D.
Edward C. Myers, M.S.Ch.E.
Edwin Orrett, P.E.
John Rosenblum, Ph.D.
Zeno Swijtink, Ph.D.
Alexandra von Meier, Ph.D.
Mathis Wackernagel, Ph.D.
Ken Wells, E.I.T.
Ai-Chu Wu, Ph.D.

Contact

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

August 27, 2018

To: Honorable Senator Bob Hertzberg and Members of the California State Legislature

RE: SB 237 (Hertzberg) – OPPOSE

On behalf of the Center for Climate Protection, I write again in strong opposition to SB 237. This bill is bad public policy because it imperils both California's successful transition to carbon-free energy and the State's most vulnerable populations. It replaces well-regulated local electricity providers that are providing beneficial energy related programs and services to communities with for-profit companies that have no incentive to provide these benefits.

Clean energy advocates, ratepayer advocates, grassroots groups, and public electricity service providers oppose SB 237. The bill would raise the current cap on relatively under-regulated Direct Access (DA) by 4,000 GWh – approximately a 25% increase. This opens up the possibility of departure of commercial and industrial customers currently served by the well-regulated investor-owned utilities (IOUs) and Community Choice agencies (CCAs).

SB 237 backslides on California's environmental policy goals. The transient nature of both ESPs' procurement practices and customer base is at odds with California's commitment to clean energy and equity. Even though DA providers are subject to the RPS and other laws, they do not develop their own resources. They seek out short-term procurement contracts for excess capacity and energy from projects built under long-term contracts with other service providers. That procurement strategy is based on the fact that ESPs serve their customers under short-term contracts that range from month-to-month agreements up to three years.

While CCAs have accelerated progress towards the State's climate goals, meeting the legislature's targets well in advance of mandates, DA providers have demonstrated the kind of minimal compliance that limits California's progress. They tend to have a "leave the progress to others" procurement strategy, only offering short-term customer contracts that range from month-to-month agreements up to three years, with customers able to switch back to IOU service when the economics favor them doing so.

The transient nature of both ESPs' procurement practices and customer base hurts California. Without a consistent, long-term foundation, their business model fails to foster the type of lasting commitments renewable energy developers need to obtain financing and drive new resource development. If the legislature wants to expand the role that renewable and preferred

resources will play in the future, increasing DA will directly frustrate the achievement of these objectives by spreading the uncertainty inherent in their business model to other energy market participants.

SB 237 also lacks any commitment to California's communities, including its most disadvantaged populations. IOUs and CCAs serve all customers in their communities, including low-income residential customers, through direct access ESPs serve only commercial and industrial customers. Many CCAs serve their communities with programs that go beyond generation to support a range of local priorities and support State goals including programs to accelerate electric vehicle adoption, incentives to support rebuilding Zero Net Energy homes in fire ravaged areas, expanded energy efficiency and local solar programs and robust job training programs. These are all put at risk by this proposed legislation because ESPs will not be serving the needs of the broader community.

The expansion of DA would also remove critical information from public view and prevent meaningful public oversight. The procurement transactions executed by ESPs are not subject to CPUC approval or local government approval and are often shrouded in secrecy. ESPs routinely assert claims of confidentiality with respect to basic information that is publicly disclosed by IOUs, publicly-owned utilities, and CCAs. Adopting SB 237 into law would result in less transparency in energy markets and more information being deemed confidential trade secrets that cannot be shared with the public or the legislature.

Given these serious problems with the bill, I strongly urge a "no" vote. Let's keep California as a leader on climate, energy, and benefits to our most vulnerable communities. Our nation needs this example now more than ever.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann Hancock", with a long horizontal flourish extending to the right.

Ann Hancock