



May 10, 2022

Assemblymember Chris R. Holden
Chair, California State Assembly, Committee on Appropriations
1020 N Street, Suite 8220
Sacramento, CA 95814

RE: AB 2316 (Ward) – SUPPORT

Dear Chair Holden,

On behalf of the undersigned organizations, we write to convey our strong support for AB 2316 (C. Ward), the Community Renewable Energy Program legislation. AB 2316 would provide an opportunity to address five issues at once: 1) expanding access to the benefits of distributed energy resources (DERs) to everyone, especially to low income and disadvantaged communities; 2) ensuring ratepayers only pay for the value of DERs; 3) deploying the types of projects the California grid needs: clean generation during the summer evenings when the grid is strained; 4) providing family-sustaining jobs in the clean energy economy; and 5) providing a compliance option for meeting the state's building code. We write to you seeking your, and the Committee's, support for this bill.

Clean Energy Options for those Left Out are Needed At Scale

While California has 45% of households living in homes they rent, and over 70% of low-income households renting their homes, the state needs a program that can scale to provide equitable access to clean energy and its benefits, including financial savings, while providing benefits to non-participating ratepayers as well. AB 2316 provides this solution by leveraging the best practices of the most successful community renewable energy programs in the country,

including New York's avoided cost-based compensation and low income and storage requirements from New Jersey and Massachusetts.

This Bill Creates No Cost Shift

AB 2316 directly tackles program costs by providing both participating and non-participating ratepayers with net benefits. The program's credit rate must be based on avoided costs. The California Public Utilities Commission (Commission) along with investor-owned utilities (IOUs) and other stakeholders, spent over a decade developing California's Avoided Cost Calculator (ACC) for determining the costs and benefits of DERs, and to directly address the issue of cost-shift. There is no requirement to establish a new ratepayer fund to support this program, and any incentives established would be solely for low-income participation and only available if "qualifying funds are available." Our coalition supports the use of general funds that would further enhance the benefits for low-income participation associated with this community renewable program. Finally, utility administration costs associated with the program will be recovered by participants, as clarified through amendments adopted by the Assembly Committee on Utilities and Energy (U&E Committee) to 2827.2(c)(13).

The Bill is Not Duplicative of Existing Programs and Addresses Long-Running Problems in California's Failed Attempts at Community Renewables

Additional U&E Committee amendments ensure that AB 2316 would not result in a redundant program for California by incorporating Section 2827.2 (b)(1)(B) and (C), which direct the Commission to "implement the program as part of a proceeding to evaluate the reasonableness of other voluntary customer renewable energy subscription programs," and to ensure the resulting portfolio of programs will "efficiently serve distinct customer groups, minimize duplicative offerings, and promote robust participation by low-income customers."

That said, none of California's IOU community renewables programs in existence today currently provide, or are capable of providing, the comprehensive and scalable solutions envisioned in AB 2316. California's primary attempt at establishing a competitive community renewable energy program, the Enhanced Community Renewables (ECR) portion of the Green Tariff Shared Renewables (GTSR) program, sits idle nine years after the passage of its enabling legislation (SB 43, Wolk, 2013) without a single project in operation, much less a single subscriber served. Despite numerous failed efforts by the solar industry and advocates to improve this program through the Commission, GTSR remains crippled by outdated statutory constraints that result in an unfinanceable rate structure, and that didn't anticipate the need for energy storage or the need to include participation opportunities for those in community choice aggregators (CCAs). Furthermore, while attempts by the IOUs to suspend or terminate their GTSR programs have failed (see Commission denials to SDG&E¹ and SCE²), current legislation

¹ See Commission's 2022 rejection of SDG&E's AL-3920, which requested a "rapid suspension" of its GTSR program: <https://tariff.sdge.com/tm2/pdf/3920-E.pdf>

² See Commission's 2019 rejection of SCE's AL-2722-E, which requested the termination of its GTSR program: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M316/K479/316479825.PDF>

that unanimously passed out of the Assembly, AB 2838³ (O'Donnell), would ensure any future attempt by the IOUs would be successful.

California's Disadvantaged Communities-Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs are somewhat like the GTSR program, but targeted specifically toward top 25% disadvantaged communities. These programs rely on unsophisticated rate structures that do not encourage the use of energy storage. The Commission's "mechanism" to reduce "the cost burden placed on non-participants" is to simply limit the capacity that could be developed as part of these programs⁴, which has in turn made them extremely modest in size. Further, these programs are only designed to serve top 25% disadvantaged communities which represents a portion, but not all, of the low-income customers in the state and precludes its ability to support requirements associated with the building code.

The PUC Needs Legislative Direction and This Bill is Consistent with the Options Before the Commission

An IOU "application" process in 2022 to evaluate the DAC (and possibly GTSR) programs was suggested in the Commission's December 2021 Proposed Decision as the place where discussions for community renewables can occur. The signatories of this letter are not confident that the forthcoming application process will produce an outcome that comes anywhere near the comprehensive solution that would be established through AB 2316 due to the constraints listed above and the IOUs' documented hostility to the programs. Indeed, the consideration of community renewables program modifications through a utility application is a problematic forum since the application processes are dictated at the outset by the IOUs. It is possible that the Commission acts on its record in the net metering proceeding to adopt a community renewable program. However, what limited statutory direction the Commission has had on community renewables to date has led to failed programs and there is no guarantee the Commission will determine it believes it should act on the options before it, let alone has the authority to. This bill, based on the same concepts proposed in the net metering proceeding, gives both the unambiguous authority to the Commission to create a functioning community renewable energy program, best practices to draw from, and ample discretion to shape the details of the program.

This Program Achieves More Than Just Expanding Access

AB 2316 meets California's energy equity challenges head on, with the creation of a program that expands access to the benefits of distributed energy resources particularly for those most underserved while also relying on a compensation structure that is sensitive to the dynamic needs of the state's electricity grid. In addition, AB 2316 would unlock distributed renewable

³ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB2838

⁴ See pg. 12 of a 2022 independent evaluation report of the programs commissioned by the Commission: http://live-evergreen-economics.pantheonsite.io/wp-content/uploads/2022/04/DAC-GT-and-CSGT-Evaluation-Final-Report_033122.pdf

energy development that will increase system reliability during the evening peak and reduce the need for polluting gas-fired plants. This would not only benefit everyone with cleaner air and more reliable energy, but would also help us advance our climate goals, all while creating high-quality and competitive jobs in California.

Sincerely,

Charlie Coggeshall
Coalition for Community Solar Access

Amee Raval
Asian Pacific Environmental Network

Alexis Sutterman
California Environmental Justice Alliance

Merrian Borgeson
Natural Resources Defense Council

Susannah Churchill
Vote Solar

Melissa Romero
California Environmental Voters

Erin Rodriguez
Union of Concerned Scientists

Nancy Rader
California Wind Energy Association

Stephen Campbell
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