



California Wind Energy Association

April 19, 2019

The Honorable Laura Friedman
Chair, Assembly Committee on Natural Resources
Legislative Office Building
1020 N Street, Room 164
Sacramento, CA 95814

RE: AB 56 (Garcia) – OPPOSE UNLESS AMENDED

Dear Chair Friedman:

The California Wind Energy Association (CalWEA) is a 19-year-old trade association representing wind energy and related companies focused on the California market, primarily consisting of owners and operators of wind energy projects located in California.

I write on behalf of CalWEA to oppose Assembly Bill 56 (Garcia) unless amended to substantially narrow the scope of activities that could potentially be assigned to the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA). Currently, the bill would enable CAEATFA to contract for energy on behalf of investor-owned utilities (IOUs), community choice aggregators (CCAs), and electric service provider (ESP) customers if a resolution is adopted by the CPUC based on needs determined in its Integrated Resource Planning process or to meet resource adequacy or reliability needs.

AB 56 is a response to valid concerns regarding the impact of the fragmentation of electricity resource procurement decisions on the reliability of our electric system and the timely achievement of the state's Renewables Portfolio Standard (RPS) and greenhouse-gas (GHG) reduction requirements, given the recent proliferation of load-serving entities. However, local governments have created CCAs with an understanding of their state-law RPS and GHG obligations and associated non-compliance penalties, and there should be an expectation that they will fulfill those obligations or suffer the consequences. Further, while the bill would enable the CAEATFA to procure on behalf of CCAs and assign cost responsibility to the CCAs' end-use retail customers to assure cost recovery of investments made on their behalf, CCAs already have the ability to seek financial backing from their customers through their joint powers authorities if they deem that backing to be necessary.

Regarding reliability, the Legislature has already created a backstop mechanism to ensure system reliability by authorizing the IOUs to procure system and local reliability resources and to recover associated costs on a non-bypassable basis from all customers through the Cost Allocation Mechanism.

Therefore, it is premature to add yet another entity in an already complex field of actors in the electricity market. Moreover, it is premature to assume that the IOUs will become “wires only” companies, given the nascent stage of CCAs. Finally, the time that would be required to equip the CAEATFA with the necessary capabilities is likely to be longer than needed to address resource needs that could arise in the near term.

CalWEA recommends that the concerns that AB 56 seeks to remedy be addressed by providing the CPUC with greater oversight authority over the planning and procurement activities of CCAs and ESPs, as other pending legislation would accomplish, and by utilizing existing reliability backstops as needed.

CalWEA does, however, see one potential role that CAEATFA could valuably play: it could assume existing utility contracts that could potentially be defaulted upon as a result of a utility bankruptcy that could jeopardize system reliability and achievement of the state’s clean-energy goals. For that reason, CalWEA could support this bill if its scope is narrowly focused to provide the agency with authority under such a potential circumstance.

Sincerely,



Nancy Rader
Executive Director

cc: Members and Staff, Assembly Natural Resources Committee
Assembly Member Ben Hueso
