



STAFF REPORT

Meeting Date: June 17, 2014
To: Honorable Mayor & City Council
From: Cheryl Friedling, Deputy City Manager for Public Affairs
Subject: Recommendation from the Legislative Committee to Oppose Assembly Bill 2145

Attachments:

1. Memorandum from Shaw/Yoder/Antwih Regarding AB 2145
2. May 28, 2014 Press Release – Office of Assemblyman Steven Bradford

INTRODUCTION

The Legislative Committee (Councilmembers Brien and Mirisch) met on June 13, 2014 to review Assembly Bill 2145. This bill, sponsored by Assemblyman Steven Bradford (D. Gardena), would significantly impact local choice and control relating to the provision of electricity within cities and counties. The Legislative Committee recommended that the full City Council oppose AB 2145.

This bill has passed in the State Assembly, and is scheduled to be heard in the State Senate on June 23. It is opposed by the League of California Cities, the California State Association of Counties, and numerous individual municipalities, counties and regional public agencies.

DISCUSSION

Since 2002, cities and counties may arrange to provide electricity within their jurisdiction through a contract with an electricity provider other than the investor-owned utility that would otherwise serve that local area. This is referred to as 'community choice aggregation.'

Community choice aggregation programs are governmental entities formed by cities and counties to serve the energy requirements of the local residents and businesses. These community choice aggregators are intended to provide communities with lower rates, local renewable energy, and jobs.

This bill would significantly alter the way community choice aggregation programs operate by changing customer enrollment from an 'opt out' to an 'opt in' approach.

Community choice aggregation programs would be negatively impacted by this change, as they rely on the 'opt out' method to provide greater enrollment certainty and helps them compete with the large investor-owned utilities.

Community choice aggregation programs currently provide a minimum four-month public notice process notifying customers of the community choice aggregation program prior to the start of service, and giving customers the ability to opt-out.

AB 2145 is sponsored by the Coalition of California Utility Employees and supported by a coalition of labor organizations. The electrical worker unions, in particular, lose jobs when local governments organize themselves to form community choice aggregation programs. This Coalition of California Utility Employees is sponsoring this legislation to make it more difficult to establish these alternative purchasing arrangements and to preserve jobs. The investor-owned utilities – including Southern California Edison, PG&E and Sempra – have been critical of community choice aggregation programs.

FISCAL IMPACT

The fiscal impact of this legislation is unknown at this time.

RECOMMENDATION

That the City Council oppose AB 2145 and actively oppose the legislation, sending correspondence to legislators and utilizing the City's Sacramento lobbyist to oppose the bill.

Cheryl Friedling
Approved By



Attachment 1



SHAW/YODER/ANTWIH, inc.
LEGISLATIVE ADVOCACY • ASSOCIATION MANAGEMENT

June 12, 2014

To: Cheryl Friedling, Deputy City Manager
City of Beverly Hills

From: Andrew K. Antwih, Partner
Shaw / Yoder / Antwih, Inc.
Christopher Castrillo, Legislative Assistant
Shaw / Yoder / Antwih, Inc.

Re: AB 2145 (Bradford) Electricity: community choice aggregation

Summary: AB 2145 would significantly alter the way Community Choice Aggregation (CCA) programs operate by changing customer enrollment from an “Opt-Out” to an “Opt-In” approach. This has negative consequences for these programs. CCA’s rely on the “opt-out” method to provide greater enrollment certainty and helps them compete with the large investor owned utilities. CCAs currently provide a minimum 4 month public noticing process notifying customers of the CCA prior to start of service and giving them the ability to opt out.

Background: AB 2145 is sponsored by the Coalition of California Utility Employees (CCUE). The bill is also supported by a coalition of labor organizations including the Central Labor Federation, the State Building and Construction Trades Council. The sponsors of AB 2145 (CCUE), argue that CCAs routinely promise to build local renewable energy supplies to create local jobs but the promise of jobs has not materialized.

The electrical worker unions lose jobs when local governments organize themselves to form CCA arrangements. They are sponsoring this bill to make it harder set up these alternative purchasing arrangements. The IOUs (So Cal Edison, PG&E and Sempra) have also been critical of CCA.

About CCAs: Since 2002 and in the wake of the 2001 Energy Crisis, cities and counties may arrange to provide electricity within their jurisdiction through a contract with an electricity provider other than the investor-owned utility (IOU) that would otherwise serve that local area. This is referred to as community choice aggregation (CCA).

CCAs are governmental entities formed by cities and counties to serve the energy requirements of their local residents and businesses. Community choice aggregators are intended to provide communities with lower rates, local renewable energy, and jobs. However the accuracy of these claims – particularly with respect to their renewable energy portfolio – are challenged by the proponents of this measure.

Impact on Beverly Hills: If the City of Beverly Hills has a CCA program or is considering such a program – we expect this bill would have negative consequences. By switching to an “Opt-In” model, it becomes more difficult for these smaller CCA’s to attract customers and compete in marketplace dominated by the large investor owned utilities. The “opt-in” model effectively reduces customer enrollment from the get-go which has a significant negative effect on start-up costs and long-term economic outlook for CCAs.

Status and Location: This bill has been double referred to the Senate Committees on Energy, Utilities and Communications and the Senate Environmental Quality. A hearing date is pending.

Support and Opposition: See attached list

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**Support and Opposition List – AB 2145 (Bradford) Community Choice
Aggregation**

Support (based on most recent AB 2145 list):

California Labor Federation
State Building and Construction Trades Council of
California
Pacific Gas & Electric Company (PG&E)
Coalition of California Utility Employees (CUE)
(Sponsor)
Individual Letters (310)

Oppose (based on most recent AB 2145 list):

California State Association of Counties
League of California Cities
Sierra Club California
Los Angeles County Board of Supervisors
TURN - The Utility Reform Network
Alliance for Retail Energy Markets
Haight Ashbury Neighborhood Council
Marin County Board of Supervisors
Shell Energy North America
Sungevity, Inc.
Sunnyvale
City of San Pablo
Climate Protection Campaign
County of Marin
Sonoma County Board of Supervisors
Sonoma County Regional Climate Protection
Authority (RCPA)
Santa Cruz County Board of Supervisors
Community Environmental Council
San Francisco Green Party
School Project for Utility Rate Reduction
Richmond
Western Power Trading Forum
Public Interest Coalition
Town of Fairfax
Solar Energy Industries Association (SEIA)
Asian Pacific Environmental Network
California Solar Industries Association
Our City San Francisco
Environmental Health Coalition
Office of Ratepayer Advocates (ORA)
Sustainable Marin
Marin Clean Energy (MCE)
350 San Francisco
Napa County Supervisor, District 1, Brad
Wagenknecht
Carbon Free Mountain View

Enlightenment Energy
Geenlining Institute
Individual Letters (31)
LEAN Energy US
Local Clean Energy Alliance of the San Francisco
Bay Area
Monterey Regional Waste Management District
(MRWMD)
OurEvolution Energy & Engineering
Pacific Energy Advisors, Inc.
Resilient Neighborhoods
San Diego Clean Energy
San Francisco Clean Energy Advocates Alliance
SolEd Benefit Corporation
Sonoma Clean Power
Sonoma Water Agency
Thomas Cromwell, Mayor, City of Belvedere

Attachment 2



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Press Releases

Assembly Strengthens Consumer Protections with Reform of Community Power

© May 28, 2014



The Assembly today approved reforms to the state's Community Choice Aggregator (CCA) laws governing the creation of community power collectives.

AB 2145, by Assembly Member Steven Bradford (D-Gardena), provides consumers with better information about their power supply choices.

The bill requires a CCA implementation plan to include an estimated rate comparison between the CCA and the local investor-owned utility (IOU) for the next five years, and annual greenhouse gas rates for electricity delivered to customers for the previous two years.

"By giving customers more and better information about their choice between a CCA and an IOU, the customer can make a better decision for their family," Bradford said. "Too often, CCAs can greenwash their power sources by purchasing carbon credits to mask the fact that they are actually buying their power from dirty sources. Californians deserve better."

The bill also gives customers the choice to opt-in to a CCA when it is formed. Current law allows a CCA to automatically enroll customers without their knowledge, relying on them to opt-out if they wish to remain with the local utility.

"This bill is about community choice, not community force," Bradford continued. "Customers with the right information will make the right choice—but they need to make that choice for themselves, not be forced into it by someone else."

The bill now heads to the Senate.

Assembly Member Steven Bradford represents the 62nd Assembly District, comprised of the cities of Hawthorne, Lawndale, Inglewood, and El Segundo, and the communities of North Gardena, Westchester, Venice, and Del Rey, and parts of Westmont and Park Mesa Heights, and Los Angeles International Airport (LAX).

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