

**MEMO**

**To:** City of Cupertino  
City Council

**From:** Townsend Public Affairs, Inc.

**Date:** June 1, 2021

**Subject:** Consider adopting a position on Senate Bill 612 (Portantino) Electrical corporations and other load-serving entities: allocation of legacy resources

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Bill Information

The official text of SB 612 can be found [here](#)<sup>1</sup>.

Summary

SB 612 requires the California Public Utilities Commission (CPUC) to require electric investor-owned utilities (IOUs) to offer to community choice aggregators (CCAs) and electric service providers (ESPs) an allocation of product attributes from legacy electrical resources paid for through exit fees of the departing load. The bill defines these product attributes as requirements of the Renewable Portfolio Standard Program, resource adequacy, resources that do not emit greenhouse gases (GHG), and other attributes that have regulatory compliance or other identified market value.

Specifically, SB 612:

- Requires an electric IOU, by July 1, 2022, and, not less than once every three years thereafter, to offer an allocation of each product arising from legacy resources to its bundled customers and to other ESPs and CCAs, serving-departing load customers who bear cost responsibility for those resources.
- Authorizes an LSE within the service territory of the electric IOU to elect to receive all or a portion of the vintaged proportional share of products allocated to its end-use customers and, if so, require it to pay to the electric IOU the CPUC-established market price benchmark for the vintage proportional share of products received.
- The IOU would be required to offer an LSE an allocation of eligible renewable energy resources with a remaining contract of at least 10 years. This will ensure that an entity taking on the resources would get credit for the 10-year contract compliance created in previous state legislation. Requires the CPUC to recognize and account for the value of all products in the electric IOU'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.

<sup>1</sup> [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB612](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB612)

### Status

SB 612 was approved by the Senate Appropriations Committee (5-2) on May 20<sup>th</sup>. The measure is currently awaiting consideration on the Senate Floor.

### Support

According to the bill's sponsors, "SB 612 resolves this inequity by ensuring CCA customers have the ability to access their proportionate share of the benefits of IOU legacy contracts they are paying for, and also ensures IOUs manage their legacy contracts to maximize their value for IOU and CCA customers alike. CCA ratepayers will continue to be responsible for their fair share of legacy costs under SB 612. The bill is consistent with a common-sense equitable solution previously presented to the Commission by CalCCA and other parties. It ensures fair and equal access to the benefits of legacy resources for all customers and ensures resources held in IOU portfolios are managed to maximize value for all customers."

Supporters of SB 612 include: Cities of Berkeley, Beverly Hills, Carlsbad, Carson, Daly City, Davis, Fremont, Half Moon Bay, Hayward, Oakland, Pleasanton, Rocklin, San Jose, San Mateo, Santa Barbara, and Thousand Oaks; Counties of Contra Costa, Butte, El Dorado, San Diego, San Mateo, Santa Clara, and Yolo; League of California Cities; Marin Clean Energy; Silicon Valley Clean Energy; Silicon Valley Leadership Group; and Sustainable Silicon Valley.

### Opposition

Opponents of SB 612 have expressed concerns that the bill interferes and undermines an ongoing CPUC proceeding, conflicts with, and leaves out, key provisions of an existing working group joint proposal from a CPUC proceeding, and attempts to reopen issues that have already been decided by the CPUC.

Some opponents argue that while they share concerns regarding the CPUC's excessive delays in the ongoing proceeding on this issue, they do not believe the Legislature should take actions to overturn a CPUC decision. They state that "this bill seeks to require the CPUC to adopt the preferred policy outcomes of one stakeholder group in resolving a complex set of issues."

Opponents of SB 612 include: Pacific Gas and Electric Company; Southern California Edison; and The Utility Reform Network

### Recommended Action

Adopt a support position on SB 612 and authorize the Mayor to send letters to the state legislature