

To: Senator Marty Block, California District 39
City Council Members, City of San Diego
California Senate Committee for Energy, Utilities & Communications

From: Executive Committee, San Diego Energy District Foundation (SDEdf)

Date: June 9, 2014

RE: Assembly Bill 2145

The SDEdf respectfully asks you to oppose AB 2145 **and** become champions for Community Choice Energy in San Diego and California. Since October 2011, SDEdf has led a vigorous educational campaign in San Diego to inform local leaders about energy choice, self-determination and competition. These benefits accrue by exercising a jurisdiction's right to form a public energy district under California Law, Community Choice Aggregation (CCA). AB 2145 amends CCA law in a way to undermine the viability of a community energy program.

The bill amends CCA law to force a Community District to commence operations with **zero** members. Thus, in the future in San Diego, every ratepayer would be obligated to opt-in to obtain energy from the local San Diego Energy District. The Energy District would be created with zero customers. That is exactly what the Utility Monopolies are seeking: zero competition.

The amendment defeats the public and its constituents seeking energy self-determination through the pooling of their buying power. A CCA is a public agency subject to existing transparency laws. It cannot "cram and slam" as accused by Assembly Member Steven Bradford. CCA formation is the voluntary exercise of the citizens of a community. A CCA empowers energy self-determination by citizens seeking economic and environmental stability.

Under current law, the consumer is fully empowered and protected. Elected officials complete CCA formation in the full light of public hearings and deliberation. A CCA reports and meets all Renewable Portfolio Standards in the same manner as each IOU buying both clean power and incentives known as Renewable Energy Credits (RECs).

The organization running the CCA is subject to government oversight by elected officials. A ratepayer may opt-out **at any time** to obtain his or her electric energy from SDG&E, SCE or PG&E. The Community Energy District is a public trust of, by and for the people. Income from energy sales remains in the community, not exported to shareholders and expensive executives. Small and large cities and the

County of San Diego, for example, would join together pooling more members for more buying power and more local job development, as is the case with Marin and Sonoma Community Choice programs.

There are many examples in government, business and nature where the existence of a group of individuals with a common interest is the sole path to creation and survival. Cities incorporate and all residents become citizens of that City. Joint Ventures and Business Teaming Agreements bring together different parties to pool talent. Packs of mammals and schools of fish bond together for protection and survival. A grouping and pooling of individuals is mandatory for the creation and survival of many organizations.

No CCA organization anywhere in the country is now up and running as the result of being formed as an "Opt-In" which this bill promotes. AB 2145 torpedoed group buying power. A vote for AB 2145 is a vote to hand the California Investor-Owned Utilities another tool to thwart competition. That was not the intent of the original Community Choice law and we believe it is not yours. AB 2145 undermines responsible choice and competition leading to a safe, secure and lower-cost energy future.

Indeed, it is the hope of everyone concerned about that energy future that you become a Champion for Energy Choice! The US military, ecologists and climatologists urge the immediate transition from combusting fossil fuels to clean, safe electricity. And, the economics and the environment are aligned! The cost of a new solar power plant is less than a natural gas plant in parts of the country. The more local energy resources we install, the more jobs we bring to the San Diego area.

Consider these beneficial facts of operating CCAs in the State of California:

- The City of San Rafael Saved \$30,000 by choosing Marin Clean Energy's Light Green 50% renewable energy in 2013.
- The City of Richmond Saved \$54,000 getting the same clean energy content.
- Projections indicate \$5.9 million in savings for Marin Clean Energy customers in 2014.
- A comparison of San Rafael's annual usage at current rates projects an even larger savings of \$47,000 in 2014.
- Richmond expects to save almost \$60,000 on its energy bills this year.

- West Contra Costa Unified School District expects an even greater savings, approximately \$66,000.
- Marin Clean Energy also offers customers increased rate stability by changing rates only once per year. (Since May 2010, MCE has changed rates four times, and PG&E has changed generation rates thirteen times.)
- Marin Clean Energy generation projects have created jobs locally and in the state using union labor. (Please see Attachment for supporting facts regarding labor practices).

In summary, an economic and environmental tipping point is at hand. Our future depends on a vigorous transition to a safe energy future. San Diegans will follow leaders taking action to create that safe and prosperous future. Appease the IOUs at grave peril to your reputation as a sustainability champion. Please do the right thing by **opposing AB 2145** and putting San Diego on a fast-track for the formation of a Community Energy District. Make the summer of 2014 the time to debate the merits of Public Energy as allowed under current law. Please be the champions we seek to launch community energy in San Diego.

Sincerely,



Lane Sharman
The San Diego Energy District Executive Committee



Michael Hetz



Erika Morgan

Attachment: Declaration of Marin Energy Authority & Labor Record

ATTACHMENT PROVIDED BY MARIN ENERGY AUTHORITY
MCE Supports Union Labor Through Power Purchases

Union Labor and Prevailing Wages in Existing MCE Generation Projects:

Tri-Dam, CA

The Tri-Dam hydroelectric facility is located on the Middle Fork of the Stanislaus River in Tuolumne County. The IBEW represents eighteen onsite operating crew members at the electric generation facility. The Tri-Dam project was a critical part of MCE's generation portfolio during its formative years in 2010 and 2011 and provided over 25% of MCE's power supply during this time frame. The Tri-Dam Power Authority requires prevailing wages be paid for all capital projects and expansions to increase production. MCE continued to receive a substantial portion of its carbon free hydropower from the facility through 2013, and expects to procure addition power as it is available.

WAPA

MCE has a contract in place for procurement of hydroelectric power from the Western Area Power Authority (WAPA). MCE is a proud customer of WAPA and the IBEW lists WAPA as a member agency that supports union labor. WAPA is one of the largest generators of carbon-neutral electricity in the United States.

Silicon Valley Power Authority, CA

The Silicon Valley Power Authority provides scheduling services to MCE for the Hay Road waste-to-energy project in Placer County. Silicon Valley Power Authority is listed by IBEW as a member agency that supports union labor.

G2 Energy, Yuba and Solano County, CA

Under contract with MCE, G2 established a new landfill gas generator in Solano County and expanded an existing landfill gas generator in Yuba County. The Solano plant provides renewable energy and local jobs through Recology. Both facilities used Performance Mechanical, Inc. (PMI), a California-based union contractor. PMI employed union members of Local #228 at both job sites. Both facilities both came on line in 2013 to serve MCE's customers and both are serving MCE customers today under long-term 20+ year contracts with MCE.

Energy 2001 (Genpower), Roseville, CA

Genpower's expansion of its Energy 2001 landfill gas generator in Placer County started serving MCE customer in October of 2012 and continues to serve MCE under a long term power purchase agreement. Genpower meets or exceeds federal prevailing wages for it operations staff. Additionally, Genpower uses Holt of California, a union facility, as their Caterpillar dealership for all parts and labor.

San Rafael Airport, CA

Project Developer used local workforce job trainees from the Marin City Community Development Corporation, helping bring new workers into the market to gain experience in the green collar workforce. More than 20 jobs were created during the 3 month construction period.

Lodi Energy Center, CA

The Lodi Energy Center LEC, began commercial operation on Sept. 17, 2012, the 280-MW Lodi Energy Center is the first “fast-start” combined cycle power plant in the U.S. The advantages of the gas turbine’s shorter startup capabilities are reduced fuel costs, lower emissions, and the versatility to effectively partner with intermittent renewable energy sources. The new power plant is located next to the city of Lodi’s municipal wastewater treatment plant and uses its treated wastewater for cooling purposes. Worley Parsons handled construction of the LEC, and ARB was the general contractor with the following major subcontractors: Cupertino Electric (all electrical work), Granite Construction (civil work), Neutron Instrumentation (instrumentation and transformer assembly), Power Industry Consultants (startup and commissioning work), and SPX (construction of the cooling tower). The LEC project had to be constructed in compliance with the public works legal requirements and included a project labor agreement ratified by 15 union locals securing a \$60 Million labor budget for 200 union workers over a two year construction period, 2010-2011.

Union Labor in New MCE Power Purchase Agreement:

In MCE’s annual “Open Season” power supply solicitation requests the following information from all supply bidders regarding past, current and/or planned efforts by developers and their contractors to:

- Employ C-10 licensed contractors and certified electricians.
- Pay the prevailing wage for electricians pursuant to the Labor Code.
- Utilize local apprentices during construction and maintenance.
- Pay workers the correct prevailing wage rates for each craft, classification and type of work performed.
- Utilize Project Labor Agreements on the proposed project or prior project developments.
- Display a poster at jobsites informing workers of prevailing wage requirements.
- Provide workers compensation coverage.

In MCE’s March 1, 2014 “Open Season” process MCE selected two short-listed candidates who have an existing project labor agreement (PLA) in place. Under a power purchase agreement with MCE these developers could build 60-80MW of new solar in the central valley of CA under these PLA’s.

Union Labor in Transmission & Distribution for Customers:

As Community Choice Aggregation programs only provide generation services, all transmission and distribution services are still provided by the incumbent utility’s

linemen, electrician, and other utility workers. Participation in MCE or other Community Choice Aggregation programs has no impact upon these jobs, which continue uninterrupted. Of the 15,000 members of IBEW, 90% work in transmission and distribution. The remaining 10% work in the generation sector.