

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/01/2014
POSITION: Oppose

BILL NUMBER: AB 2145
AUTHOR: Bradford, Steven

BILL SUMMARY: Electricity: community choice aggregation.

The bill revises provisions of the Public Utilities Act governing the formation and operation of Community Choice Aggregation (CCA) programs. The bill expands CCA to include a joint powers agency formed to provide electric service. The bill also limits the geographical area covered by a CCA to three contiguous counties. The bill provides that the three-county limitation does not apply where an ordinance authorizing community choice aggregation outside the three contiguous counties was adopted prior to January 1, 2015. In addition, the bill requires CCAs and investor-owned utilities to submit a five-year electric supply rate forecast for their customers and subjects CCAs to the same expedited PUC complaint procedures as investor-owned utilities.

FISCAL SUMMARY

The California Public Utilities Commission estimates the costs associated with the bill are 1.75 positions and \$197,000 PUC Utilities Reimbursement Account to review the incremental increase in filings, tariff changes, code of conduct changes, and to handle complaints.

The bill contains a crimes and infractions disclaimer, noting no state reimbursement will be required for any costs incurred by local government because the bill creates or eliminates a crime, or changes the penalty for a crime or infraction. While the Department of Finance is sensitive to the impact of new crimes on local criminal justice stems as counties implement public safety realignment, the likelihood of new criminal convictions from this bill is very small.

COMMENTS

Finance is opposed to this bill because it sets an arbitrary three-county cap on CCA expansion and could disproportionately affect less populous or more geographically isolated counties.

A CCA program allows cities and counties to join, or aggregate, the buying power of individual customers to secure alternative energy contracts on a community-wide basis.

The author's office states the bill is meant to address the issue that the CCAs are not required to provide full disclosure regarding rate setting and cost allocation among ratepayers. While the bill requires CCAs to submit a five-year electric supply rate forecast, it is unclear how the bill addresses this concern because rates are highly unpredictable.

Analyst/Principal (0621) K. Madison/E. Moratti	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)

AUTHOR

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code	
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2014-2015	FC	2015-2016	FC	2016-2017
8660/PUC	SO	No	C	99	C	197	C	197 0462
<u>Fund Code</u>	<u>Title</u>							
0462	Publ Utilities Comm Utilities Reimb Acct							