



June 20, 2018

The Honorable Chris Holden
Chair, Assembly Utilities and Commerce Committee
State Capitol, Room 5136
Sacramento, CA 95814

Re: SB 237 (Hertzberg) – SUPPORT – June 27 Hearing

Dear Chairman Holden:

The Retail Energy Supply Association¹ (“RESA”) strongly urges support for Senate Bill (SB) 237, sponsored by Senator Robert Hertzberg, which will fully expand Direct Access to all commercial and industrial customers over a three-year period commencing July 2019. The bill will be heard in your Committee on June 27.

RESA is a non-profit trade association representing a broad and diverse group of retail energy suppliers. RESA’s founding principles are to promote and enhance competitive retail electricity markets nationwide. Such markets have out-performed the regulated utility model through enhanced efficiency, expanded renewable options and customer-focused products. SB 237 would expand Direct Access service, thereby allowing more California businesses, schools, hospitals and other institutions to control their own energy destiny. Accordingly, enactment of SB 237 would represent a significant step forward for California’s energy future.

Direct Access service was first expanded by Senate Bill (SB) 695 (Kehoe) in 2009. SB 695 allowed new non-residential customers to choose electricity service from competitive electric service providers (ESPs) subject to an overall cap. Significantly, customers responded enthusiastically to the expanded opportunity for retail choice and the cap was oversubscribed within a few seconds of being made available by the utilities. Clearly, California businesses and

¹ The comments expressed in this submittal represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

institutions want the opportunity to take control of and manage their electricity costs and energy futures. SB 237 will allow them to do so.

Moreover, the ESPs serving Direct Access customers meet the same requirements as the utilities for Renewable Portfolio Standards (RPS), Resource Adequacy (RA), and Greenhouse Gas (GHG). In fact, working one-on-one with their Direct Access customers, ESPs offer electricity and renewable energy products and services that are tailored to meet their customers' electricity needs and their individual sustainability goals. In other words, not only are ESPs required to meet the same environmental goals as the utilities, they can also help their customers surpass those minimum requirements.

In addition, Direct Access customers are required to pay the Power Charge Indifference Adjustment (PCIA, also known as the "exit fee") when they switch from utility service to Direct Access. Payment of the exit fee ensures that there is no cost shifting to customers who remain on utility service because of another customer's decision to go to Direct Access.

Direct Access service is how many organizations, such as universities, community colleges, K-12 schools, retail service companies, government facilities, supermarkets, technology companies, food processors, small business owners, and countless others have taken control of their electricity needs and costs. The ability to choose Direct Access service should be made available to all of the businesses and institutions that are vital contributors to California's economy. SB 237 accomplishes that goal.

RESA urges your support of SB 237.

Very Truly Yours.



Inger Goodman
CALIFORNIA CHAIR
RETAIL ENERGY SUPPLY ASSOCIATION

cc: Senator Robert Hertzberg
Members, Assembly Utilities and Energy Committee
Kellie Smith, Assembly Utilities and Energy Committee
Barbara Gausewitz, Assembly Republican Caucus