



April 16, 2013

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

RE: Support Assembly Bill 1350: Expansion of Direct Access

Dear Chairman Bradford:

The Retail Energy Supply Association (RESA)¹ urges your support for new legislation, Assembly Bill (AB) 1350, introduced by Assembly Member Roger Hernandez. 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. AB 1350 provides for a modest expansion of the current cap on Direct Access service, thereby allowing more California businesses, schools, hospitals and other institutions to control their own energy destiny. Accordingly, enactment of AB 1350 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. RESA commends the California legislature for enacting SB 695, which 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 institutions want the opportunity to take control of and manage their electricity costs and energy futures. Now is the time to expand the current cap so that more California businesses, schools, hospitals and other institutions can take advantage of the benefits of Direct Access. Again, AB 1350 provides for a modest expansion of the cap using the same measured approach as adopted in SB 695.

¹ RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Hess Corporation; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

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. Therefore, customers who remain on utility service are not harmed economically by Direct Access and assertions to the contrary are simply misinformation.

Direct Access service is how many organizations, such as universities, community colleges, K-12 schools, retail 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 more of the businesses and institutions that are vital contributors to California's economy and AB 1350 accomplishes that goal.

RESA urges your support of AB 1350.

Very Truly Yours.



Tim LoCascio
CALIFORNIA CHAIR
RETAIL ENERGY SUPPLY ASSOCIATION

cc: Vice Chair, Assembly Member Jim Patterson
Assembly Member Susan Bonilla
Assembly Member Joan Buchanan
Assembly Member Rocky Chavez
Assembly Member Paul Fong
Assembly Member Beth Gaines
Assembly Member Cristina Garcia
Assembly Member Jeff Gorell
Assembly Member Roger Hernandez
Assembly Member Brian Jones
Assembly Member Bill Quirk
Assembly Member Anthony Rendon
Assembly Member Nancy Skinner
Assembly Member Das Williams