



ORA

*Office of Ratepayer Advocates
California Public Utilities Commission*

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JOSEPH P. COMO
Acting Director

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June 18, 2014

Honorable Kevin Mullin
California State Assembly
State Capitol, Room 2163
Sacramento, CA 95814

RE: AB 365 (Mullin) – Oppose unless amended

Dear Assemblymember Mullin:

The Office of Ratepayer Advocates (ORA) is the independent consumer advocate within the California Public Utilities Commission (CPUC). ORA's statutory mandate is to obtain the lowest possible rates for utility service consistent with reliable and safe service levels. ORA also advocates for customer and environmental protections in connection with utility service.

ORA respectfully opposes your AB 365 unless amended. Please know that we share your strong interest in ensuring California is a leader in distributed generation, and recognize your overall objective to encourage the development of clean onsite generation of electricity.

AB 365, as amended on June 12, 2014, would add Public Utilities Code Section 354, which would provide customers with distributed generation capacity of 20 megawatts or less with exemptions from nonbypassable charges for the electricity produced and consumed onsite. Nonbypassable charges apply to all customers and are intended to recover the costs of funding public purpose and other state-mandated programs, e.g. low income assistance, nuclear decommissioning, and the California Solar Initiative programs. Exempting customers with onsite distributed generation from specific charges would limit the CPUC's ability to design rates that fairly recover the costs of State-mandated programs while balancing other goals, such as the expansion of distributed generation.

California has a long history of supporting the development of distributed generation and has provided incentives for its adoption, such as the waiver of interconnection fees for Net Energy Metering customers. The CPUC has the appropriate expertise and stakeholder process to review all applicable costs and benefits of distributed generation, including but not limited to those described in your bill, and consider the impacts to all customers of specific exemptions. The changes proposed in AB 365 should be considered within the broader context of designing rates and a comprehensive evaluation of the costs and benefits of distributed generation. ORA recommends amending Section 354 to direct the CPUC to consider exemptions from nonbypassable charges as specified in AB 365, along with other exemptions in a new or existing proceeding.

If you have any questions or would like to discuss this matter further, please call ORA's Legislative Advisor, Rebecca Lee, at (916) 327-1407 or me at (415) 703-2381.

Respectfully,

Joseph P. Como, Acting Director
Office of Ratepayer Advocates

By
Rebecca Lee
Legislative Advisor