



Wednesday, July 30, 2014

The Honorable Mike Gatto
California State Assembly
Chair, Assembly Appropriations Committee
California State Capitol, Room 2114
Sacramento, CA 95814

Re: SB 1139 (Hueso) – Oppose

Dear Assemblyman Gatto:

The Western Power Trading Forum (WPTF) is a broad-based membership organization dedicated to encouraging competition in Western states electricity markets. Our goal is to reduce the long-run cost of electricity to consumers throughout the region, and maintain the current high level of system reliability, while encouraging the development of competitive electricity markets throughout the Western states. Today, I am writing to express WPTF's opposition to SB 1139, which will be heard in your committee on August 4, 2014.

SB 1139 would require California's load serving entities that fall under the jurisdiction of the California Public Utilities Commission (CPUC) to procure an additional 500 MW of geothermal energy by the end of 2024. The entities that would be subject to this mandate would include investor-owned utilities (IOUs), electric service providers (ESPs), and community choice aggregators (CCAs). This bill leaves it to the CPUC to determine whether investment in these new facilities would count toward those entities' compliance with California's renewable portfolio standard (RPS). A new mandate that singles out geothermal resources will unnecessarily raise costs for the customers served by the IOUs, ESPs, and CCAs in two ways. First, by effectively electing a technology winner, rather than allowing the competitive markets to determine a "best-fit" technology, competitive markets for all forms of resources are undermined. Second, the fact that the investment may not carry with it any RPS benefit will, in effect raise the costs of this expensive new resource by eliminating one of the key value drivers of in-state geothermal resources.

As stated above, as an organization, WPTF supports competitive markets. The passage of SB 1139 would not only undermine the competitiveness of the California energy market, it would also be very costly for consumers.

For the reasons provided above, WPTF urges you to oppose SB 1139. Should you have any questions, please do not hesitate to contact me at 650-444-2706.

Sincerely,


Gary Ackerman
Executive Director

cc: The Honorable Ben Hueso, Senator; Honorable Members, Assembly Appropriations Committee; Tresha Petit-Phar, Secretary, Assembly Appropriations Committee; Jennifer Louie, Appropriations Consultant, Assembly Republican Caucus