

7.i. Oppose Letters – Members/Caucus

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California State Senate

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September 14, 2009

Governor Arnold Schwarzenegger
State Capitol, First Floor
Sacramento, CA 95814

RE: Recommended Veto of AB 920 (Huffman)

Dear Governor Schwarzenegger:

I write to respectfully request your veto of Assembly Bill 920, which fundamentally changes the intent of the net energy metering program statute from a program that facilitates onsite electricity generation and consumption to a program that supports onsite customer-generators being paid as wholesale power producers.

Customers already receive significant ratepayer support to be onsite customer-generators, and net surplus compensation would add another layer of benefit to solar customers.

At the time the Legislature established the ratepayer-subsidized California Solar Initiative (CSI), it was recognized that net-metering results in cost shifts from the participating customers to non-participating customers. For example, net-metered customers make use of the utility's transmission and distribution system, utility metering, and so on, but do not necessarily pay their share of the costs of those services. Accordingly, the Legislature required the California Public Utilities Commission (CPUC) to report to the Governor and Legislature on the costs and benefits of net-metering to participating customers with recommendations for more equitable mechanisms.

The report's is due January 1, 2010. Without proper knowledge, the State risks blindly "doubling down" on a costly ratepayer-subsidized program that promotes highly inefficient small-scale solar systems. Justice is supposed to be blind, but legislative policy-making is not.

For these and numerous other reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Hollingsworth".

Dennis Hollingsworth
Senate Republican Leader

DH:wet

7.ii. Oppose Letters – Organizations/Local Gov't



Mountain Utilities



October 2, 2009

The Honorable Arnold Schwarzenegger
Governor
State Capitol
Sacramento, CA 95814

Re: AB 920 (Huffman) – Veto

Dear Governor Schwarzenegger:

We are writing on behalf of the California Association of Small and Multi-jurisdictional Utilities (CASMU) to request you veto AB 920 (Huffman). CASMU supports promoting additional cost-effective renewable resource development. However, AB 920 adds yet another layer of complexity and cost to an already full menu of options for small renewable generators.

CASMU is a group consisting of investor-owned utilities that provide retail electric service to California customers and collaborate on common legislative, regulatory, and legal interests. CASMU members include Bear Valley Electric Service, Mountain Utilities, Pacific Power, and Sierra Pacific Power Company, each serving fewer than 60,000 California customers.

Federal and state laws already provide incentives for the procurement of small renewable energy resources. At the federal level, the Public Utilities Regulatory Policy Act of 1978 (PURPA) established standards for mandatory utility acquisition of eligible renewable resources. At the state level, California established a "feed in tariff" to purchase electrical output from public water and wastewater agencies (AB 1969), and in 2008 the California Public Utilities Commission (CPUC) approved the final tariffs. The CPUC, in implementing AB 1969, also expanded the applicability of feed in tariffs beyond public water and wastewater agencies for the major energy providers in California – allowing a larger group of renewable developers' access to the tariff. During the 2008 legislative session, this requirement was expanded to all electric customer generation up to 1.5 megawatts in capacity.

We believe the current feed in tariff program should be given the opportunity to mature and demonstrate its benefits prior to expansion of the feed in tariff program to all utilities and to renewable developers with larger generation capacity. In addition, we believe a gradual roll-out to all utilities will let any flaws associated with the policy be uncovered, before developing a new or expanded proposal for other customers and resources.

The Honorable Arnold Schwarzenegger
October 2, 2009
Page two

Our utilities have relatively few California customers, and the costs for supporting an additional program to provide incentives for renewable development will be disproportionately larger for our customers than for the utilities that have a large customer base over which to spread costs.

We, therefore, respectfully request you veto AB 920.

Sincerely,

/s/

**Keith Switzer, Vice President Regulatory Affairs, Golden State Water, Bear Valley
Electric Service
John Dutcher, Vice President for Regulatory Affairs, Mountain Utilities
Scott D. Bolton, Director, Government Affairs, Pacific Power
Judy Stokey, Director, Governmental Affairs, Sierra Pacific Power Company**

**For more information, please contact: Bear Valley (David Morse 530.756.5033);
Mountain Utilities (John Dutcher 707.426.4033); Pacific Power (Delancy Hunter 916.447.4099); or
Sierra Pacific (Katherine Brandenburg 916.443.0381).**



**Pacific Gas and
Electric Company.**

Ed Bedwell
Director
State Government Relations

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September 18, 2009

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: AB 920 (Huffman) - Recommended Veto

Dear Governor Schwarzenegger:

On behalf of Pacific Gas and Electric Company (PG&E), I would like to take this opportunity to request your veto of AB 920 relating to excess energy sales from customers who participate in net metering programs.

In 2006 you signed SB 1 (Murray - Chpt. 132) which has resulted in a dramatic increase in the number of customers participating in the state net metering program. As part of that legislation and others previously enacted, the state has provided the rules governing the appropriate level of incentives for customers installing solar energy systems, including direct financial incentives to help pay for the system, and the availability of net metering. Current law provides that systems enjoying the benefits of net metering, where a retail bill credit is provided when the unit is generating more than the building requires, must be sized so as to not exceed the customers' annual energy requirement. At the end of a 12 month period of time, any excess power is essentially forfeited.

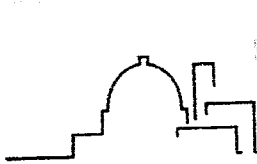
The Legislature enacted such treatment because of the inherent cost shifts associated with net metering as the program exists for solar customers. That is, such customers receive full *retail* credit for the generation they produce and not simply the *generation* value for such power. This policy allows those customers who have the financial resources to install such units, and who receive direct financial incentives to help pay for these systems, to essentially avoid paying the appropriate costs associated with the transmission and distribution of power that they consume, thus shifting that burden to all other customers. We were willing to support that policy so long as the non-participating customers were not also asked to shoulder any additional costs in the form of cashing out the solar customers for any excess generation that does occur as part of net metering. To put the cost shift into perspective, a solar customer in our service territory receives full retail credit of anywhere from 29.7 cents per kWh to 60.8 cents per kWh for generation they produce.

AB 920 would eliminate that delicate balance which was supported by PG&E and the solar industry by requiring non-participating customers to incur even higher costs by cashing out solar customers for any excess generation they may have produced during the year. Given the fact that these non-participating customers are not receiving any direct value for helping to support the solar systems installed by others - including the renewable credits (which are retained by the system owner) -- we believe that it is unfair to ask them to shoulder any additional financial burden from any surplus power that might be produced from these systems.

Thank you for your consideration of our request for a Veto on AB 920. If you have any questions regarding our opposition to the bill, please feel free to contact me.

Sincerely,

cc: Michael Proso, Office of the Governor
John Moffatt, Office of the Governor



SACRAMENTO MUNICIPAL UTILITY DISTRICT
The Power To Do More.

P.O. Box 15830, Sacramento, CA 95852-1830; 1-888-742-SMUD (7683)

September 17, 2009
GM09-222

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol Building
Sacramento, California 95814

RE: AB 920 (Huffman) - Oppose

Dear Governor Schwarzenegger:

The Sacramento Municipal Utility District (SMUD) opposes AB 920 (Huffman) which expands the current net-metering program for wind and solar.

SMUD is a strong advocate of solar energy but as a customer-owned utility, we have the responsibility to protect our customers interests, and ensure continued delivery of affordable, reliable, and clean electricity.

Mandating the utility to purchase the excess solar energy through net metering is not an efficient way for utilities to buy power and does not provide the flexibility we need to meet our goals and responsibilities. Net metering is currently a manual settlement for billing purposes and because solar power is intermittent, the utility may not need the energy when it is produced. SMUD believes the current size-to-load requirement coupled with the net metering credit adequately address the situation where excess solar generation is produced.

Should a customer want a larger PV system, SMUD offers a standard contract which helps manage the output of the PV system's performance, and placement on the grid.

For these reasons, SMUD opposes AB 920, and asks for your veto. Should you have questions, I am available at your convenience.

Sincerely,

John DiStasio
General Manager & Chief Executive Officer

John DiStasio, General Manager & Chief Executive Officer
DISTRICT HEADQUARTERS • 6201 S Street, Sacramento CA 95817-1899