



April 16, 2025

Honorable Chris Ward
State Capitol
1021 O Street, Suite 6350
Sacramento, CA 95814

Re: AB 1260 (Ward) – Oppose

Dear Assemblymember Ward:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We respectfully oppose AB 1260, as amended on April 10, 2025, because it would increase energy procurement costs by allowing developers to circumvent the competitive procurement process for generation assets to serve specific customers. This risks inflating project costs and other inefficiencies, which would be passed on to all other customers and result in increased electric rates, particularly at a time when rates are already high.

In May 2024, the CPUC adopted changes to existing community solar programs – such as the Green Tariff Shared Renewables (GTSR) and Disadvantaged Communities - Green Tariff (DAC-GT) – to streamline and improve efficiency for participating customers, developers, and utilities. These programs remain viable options for customers interested in community solar. The CPUC also adopted a model for a new Community Renewable Energy (CRE) program that fairly compensates CRE program projects based on their value to the grid and all customers.

If enacted, AB 1260 would require that compensation for CRE projects would be based on the avoided transmission, distribution, and greenhouse gas costs derived from the CPUC's Avoided Cost Calculator (ACC). However, these ACC cost components use broad estimates of the grid value of a customer-sited resource. Applying these values to community generation resources that could be located far from the load they serve will result in higher customer costs when compared to the existing competitive solicitation process for renewable generation resources.

As an example of the potential significant cost impacts of AB 1260, New York State has adopted a community generation program similar to AB 1260 that has resulted in rapid growth in installations, with 2.9 gigawatts of community solar built since 2018. Many projects are located far from major cities and population centers, diminishing the grid benefits of avoided transmission and distribution costs, which does not truly serve communities. If the CRE Program experiences adoption trends as seen by New York's Community Solar program, AB 1260 could lock in multiple gigawatts of costly

CRE program projects that would be compensated based on estimated avoided costs of transmission and distribution that are actually not avoided – costs that would be paid by non-participating customers.

Additionally, while the bill includes the participation and inclusion of low-income customers, the CRE program would still only reserve a little more than half of the project capacity for low-income customers. The other half would be available to other customers including commercial and other non-residential customers.

As amended, AB 1260 would result in overpayments for generation projects, which would require the rates of non-participating customers to increase to support the expansion of this program.

Sincerely,

A handwritten signature in blue ink, reading "Linda Serizawa".

Linda Serizawa
Director