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June 24, 2011

The Honorable Alex Padilla
California State Senate
State Capitol, Room 4038
Sacramento, CA 95814

RE: AB 976 (Hall) – Public contracts: consulting services: community choice aggregators
Position: OPPOSE

Dear Senator Padilla:

The Kings River Conservation District (KRC D) and the San Joaquin Valley Power Authority (SJVPA) are in opposition of AB 976, an act to add Section 1090.2 to the Government Code, relating to public contracts.

KRC D is a public agency responsible for flood control, energy generation, environmental programs and on-farm and groundwater management. KRC D is actively involved in regional power issues and is a key player in the ongoing development of a Community Choice Aggregation (CCA) program in the central San Joaquin Valley through participation in the San Joaquin Valley Power Authority, a JPA made up of 9 municipalities including Kings County and the cities of Clovis, Kerman, Sanger, Kingsburg, Hanford, Parlier, Reedley, and Dinuba.

This bill creates a new barrier to the formation of any CCA programs. AB 976 would make the implementation of a CCA program virtually impossible by prohibiting local governments from entering into any contract with potential providers of electricity or energy services prior to the commencement of service to customers. This would prevent, for example, the creation of a power purchase agreement with a power supplier that would then be used to serve the power needs of the CCA when services commence. Clearly, it is not possible to begin serving customers without having a power supply agreement in place in advance.

CCA programs are public agencies subject to Section 1090 of the California Government Code regulating public contracting and the Ralph M. Brown Act providing transparency in government. There is no reason a CCA program should be held to a standard different from the other public agencies in the state. This attempt to curtail a local government's ability to exercise its rights under state law to establish and operate a CCA program should not be permitted.

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KRCD and SJVPA oppose AB 976, as it would handicap any CCA efforts around the state, diminishing the promise that CCA programs offer to stimulate market competition. Please contact me at (559) 237-5567 if you have any questions.

Sincerely,



David Orth, General Manager
Kings River Conservation District
San Joaquin Valley Power Authority

cc: Honorable Members of the Senate Energy, Utilities and Communications Committee
KRCD Board of Directors
SJVPA Board of Directors
The Gualco Group, Inc.