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Steve Juarez, Associate Vice President and Director

July 13, 2015

The Honorable Anthony Rendon  
Chair, Assembly Utilities and Commerce Committee  
State Capitol, Room 5136  
Sacramento, CA 95814

**RE: SB 286 (Hertzberg), as amended June 2, 2015**  
***Scheduled for hearing in the Assembly Utilities and Commerce Committee***  
***on July 13, 2015***  
***Position: SUPPORT***

Dear Assemblymember Rendon,

The University of California (UC) is pleased to support SB 286 (Hertzberg). If passed, the bill would expand the existing direct access program to allow 8,000 gigawatt-hours (GWh) of new direct access customers over a period of three years. SB 286 would require that electricity under this program meet the definition of renewable energy as defined in the California Renewable Portfolio Standard (RPS).

The University has a number of DA accounts, and in 2014 UC became a registered Energy Service Provider (ESP), allowing our Wholesale Power Program to serve as the primary energy supplier to UC Irvine and its medical center, UC San Diego and its medical center, UC San Francisco and a portion of its medical center, UC Santa Cruz, UC Merced and a number of other facilities systemwide. In January 2015, the University began directly supplying electricity to these accounts as part of an initiative to become the first research university to achieve carbon neutrality by 2025.

Direct Access has allowed the University to procure cost-effective green energy for our eligible accounts—last year we made the largest solar energy purchase by any U.S. higher education institution, helping to power our campuses and medical centers more sustainably. When this solar project is completed, the new supply will allow campuses served by the Wholesale Power Program to receive energy that is 60 percent sourced from a renewable supply—far beyond current RPS standards. Furthermore, the ability for the University to enter into its own long-term contracts as an ESP has helped UC to increase transparency and control costs: we estimate the Wholesale Power Program could trim the University's power bills by as much as 10 percent in 2015.

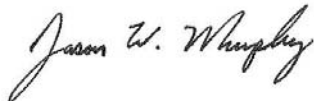
Unfortunately, only a portion of UC's accounts are eligible for participation in the wholesale program due to the current cap on DA participation and the associated limitations of the current lottery system. If DA is expanded as proposed in SB 286, the University would be in the position to offer more renewable, green energy to campuses such as UC Berkeley and UC Santa Barbara. UC is actively working to reduce its carbon footprint, and in our efforts to do so, we are building an energy portfolio that consists of both carbon-free and renewable sources of energy.

The University notes that some carbon-free sources of energy are not classified as renewable sources under current RPS, and that renewable energy requirements can be expanded without expanding the RPS protocols specifically. While SB 286 creates a new opportunity for the University to expand its Wholesale Power Program, we hope that in the future, compliance flexibility can be incorporated in to an expanded program.

The University thanks Senator Hertzberg for his efforts to expand Direct Access for nonresidential customers and his commitment to increasing the amount of renewable energy used in California. UC has created what we believe is a best practice for direct access use, and we hope the expansion of DA under SB 286 will allow the University to serve as a model for sustainable procurement for both the private and public sectors.

Thank you for your consideration of the University's views. Should you have any questions on the University's position on SB 286, please do not hesitate to contact me at (916) 445-9924.

Sincerely,



Jason Murphy  
Legislative Director

cc: Senator Bob Hertzberg  
Vice Chair and Members, Assembly Utilities and Commerce Committee  
President Janet Napolitano  
Executive Vice President and CFO Nathan Brostrom  
Executive Vice President and COO Rachael Nava  
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