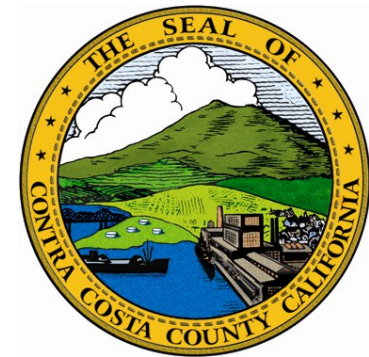


Community Choice Energy (CCE) In Contra Costa County

Board of Supervisors
March 15, 2016

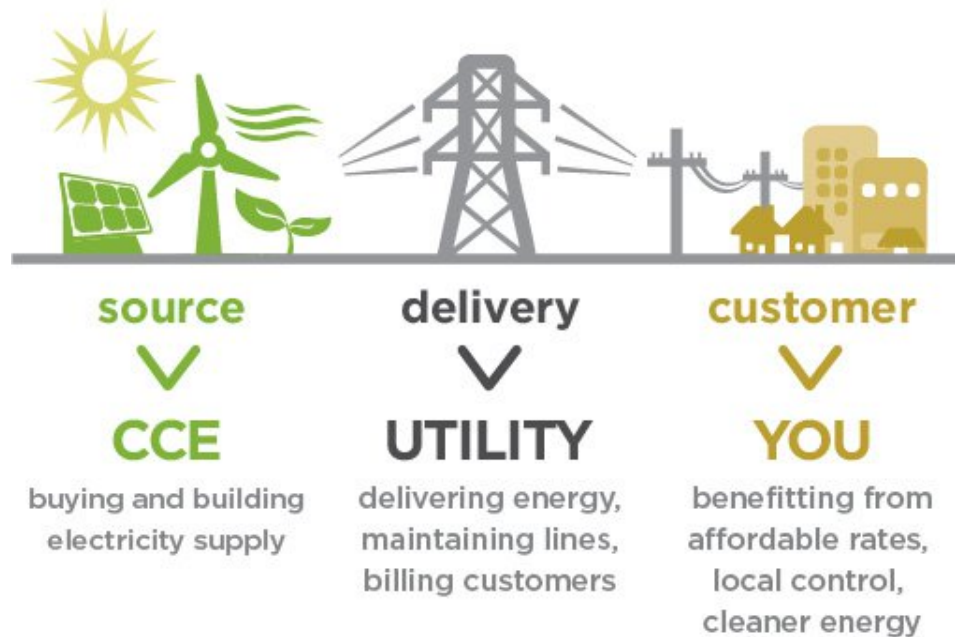




What is Community Choice Energy?

CCE enables local governments to procure and/or develop power on behalf of their public facilities, residents and businesses. It creates a functional partnership between municipalities and existing utilities. It has proven to increase renewable energy and lower greenhouse gases while providing competitive electricity rates.

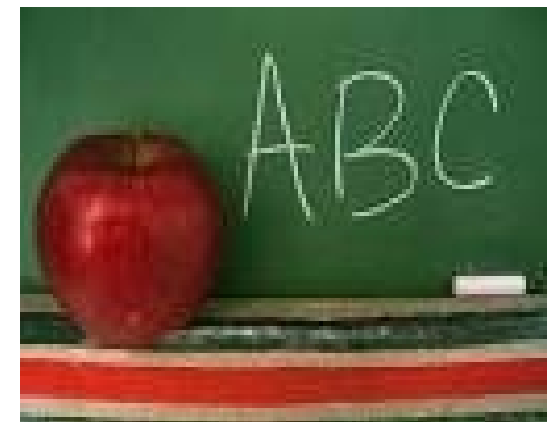
How Community Choice Energy Works



Basic Program Mechanics

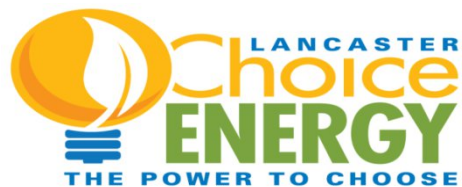


1. Form or join a Joint Powers Agency: Local governments participate by passing an ordinance and entering into a JPA Agreement
2. Utility (PG&E) continues to provide consolidated billing, customer service, grid and line maintenance.
3. PG&E programs for low income/CARE customers remain the same
4. CCE electric generation charges (including exit fee) appear as new line items on the customer bill; all other charges remain the same
5. CPUC certifies CCE Plan; oversees utility/CCE service agreement and other requirements.





3 Programs in California... so far



Launch Year	Avg. Customer Rate Savings	Power Options (current)
2010	2-5% below PG&E	56% Renewable 100% Renewable 100% Local Solar
2014	6-14% below PG&E	36% Renewable 100% Renewable
2015	3-4% below SCE	35% Renewable 100% Renewable

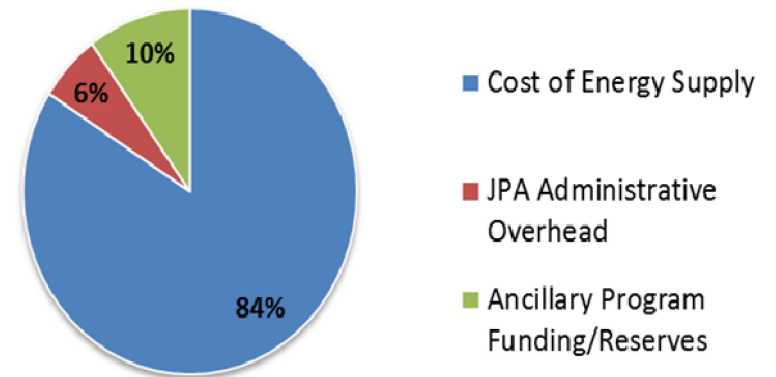
CCE Financial Performance



MCE and SCP are fiscally sound

	MCE (FY15-16)	SCP (FY15-16)
Total Projected Revenue	\$145,933,000	\$165,495,000
Expenses	\$141,433,000	\$148,588,000
Cost of Energy	\$129,522,000	\$130,100,000
Cost of Administration	7%	4.5%
Projected Net Increase in Reserves	\$4,500,000	\$16,907,000

Typical CCA Revenue Allocation

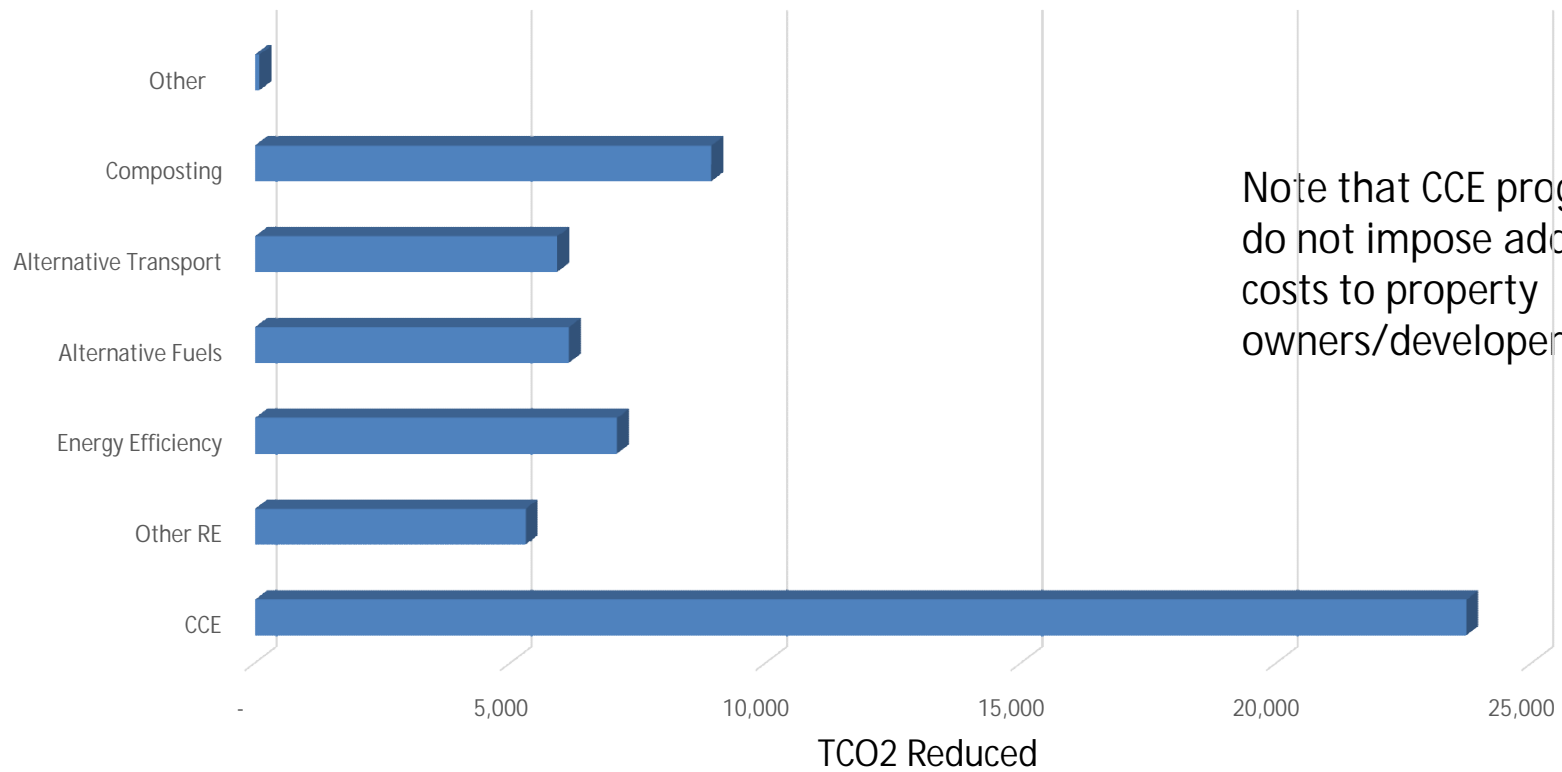


CCE & Local Climate Action Plans

Excerpt from City of San Mateo Climate Action Plan



CAP Program Options



Note that CCE programs do not impose additional costs to property owners/developers





Renewable Energy Product Options

Provider	Program	Power Options	Average Premium for Residential Customers	<u>Added</u> charge on monthly bill (assume 500 kWh/month)
PG&E	Default	30% Renewable	No premium	None
	Solar Choice	50% Solar	3.58 cents/kWh	\$8.96/month (assume 250 kWh from solar)
		100% Solar	3.58 cents/kWh	\$17.91/month (assume all 500 kWh from solar)
Marin Clean Energy	Light Green	56% Renewable	No premium	None
	Deep Green	100% Renewable	1 cent/kWh	\$5.00/month
	Local Sol*	100% Local Solar	6 cents/kWh	\$30.00/month
Sonoma Clean Power	CleanStart	36% Renewable	No premium	None
	EverGreen**	100% Renewable	3.5 cents/kWh	\$18.00/month

*100% from local solar project in Novato

**100% sourced from the Geysers geothermal facility in Sonoma County



What are the Risks...

And how are they mitigated?



Rate Competition/Market Fluctuation: Rates will vary with market conditions. Power market expertise and well crafted power RFPs are essential; Diversified supply portfolio and “value add” programs.



Customer Opt-Out: Competitive rates are a must; Articulate additional consumer and community benefits.



Political: Align CCA to local policy objectives; Appeal to both progressive and conservative minds by making the environmental AND business case.



Regulatory/Legislative: PUC decisions may adversely affect CCA; also example of AB 2145; Participate in the regulatory and legislative process.



Potential CCE Advantages

- CCE is responsive to local environmental and economic goals
- Offers consumers a choice where none currently exists
- Revenue supported, not taxpayer subsidized
- Stable, often cheaper, electricity rates
- Allows for rapid switch to cleaner power supply and significant GHG reductions; achievement of local CAP goals
- Provides a funding source for energy efficiency and other energy programs like energy storage and EV charging stations



Outreach Activities Since Last BOS Meeting

- County staff sent letters to all 16 eligible cities (Richmond, San Pablo and El Cerrito are already members of MCE) to authorize load data collection and assess interest in a technical study.
- Announced regional workshops at Dec. 3 Mayors Conference
- Three Regional Workshops
 - a) Walnut Creek (Dec. 10)
 - b) Hercules (Dec. 14)
 - c) Brentwood (Dec. 16)
- Presentations to City Councils: Concord, Clayton, Pinole, Lafayette and Brentwood



City Responses



City	Load Data Authorization	Cost Sharing for Tech Study
Antioch	Yes	No indication
Brentwood	Yes	Yes, not to exceed \$30,000
Clayton	Yes	Yes, pending more details
Concord	Yes	Yes, not to exceed \$25,000
Danville	Yes	Yes, not to exceed \$18,000
Hercules	Yes	No indication
Lafayette	Yes	No indication
Martinez	Yes	No indication
Moraga	Yes	No indication
Oakley	Yes	No indication
Orinda	Yes	Need more information
Pinole	Yes	Need more information
Pittsburg	Yes	Yes, pending more details
Pleasant Hill	Yes	Yes, not to exceed \$15,000
San Ramon	Yes	Maybe, pending more details
Walnut Creek	Yes	Yes, not to exceed \$20,000



Internal Operations Committee

- IOC directed staff to present the Board with options for further consideration:
 - Option 1: Conduct a Technical Study of the following 3 potential alternatives for implementing Community Choice Energy:
 1. A new JPA of the County and Contra Costa cities
 2. Join MCE
 3. Partner with Alameda County on joint CCE program
 - Option 2: Proceed with necessary steps to join Marin Clean Energy (MCE)
 - Option 3: Undertake an abbreviated technical study summarizing similar studies recently completed in the Bay Area and comparing tradeoffs among CCE alternatives (this option identified by staff after the Feb. 29 IOC meeting)





Option 1: Elements of a Technical Study

- Evaluate load data to determine electricity procurement requirements for a CCE
- Estimate electricity rates for different resource scenarios (50% renewable, 100% renewable option, etc.)
- Compare rates with PG&E product options
- Assess risks, such as price volatility and legal/regulatory risks
- Estimate CCE revenues and potential reserves
- Discuss opportunities for economic development, such as local renewable generation projects
- Compare tradeoffs of 3 CCE alternatives: Contra Costa JPA; partnering with Alameda Co.; joining MCE



How would a Tech Study Compare CCE Alternatives?



- Conduct a rate analysis – looking at current MCE rates (taking into account MCE’s portfolio of long-term contracts and prices MCE is paying for them) compared to current wholesale market rates
- Develop a scoring matrix for the pros and cons of each option (local governance/control, rate competitiveness, overall risk, community benefits)
- Ability to meet local goals related to rates, renewable energy procurement, economic development, etc.
- Develop comparison of environmental benefits (GHG reductions of each option compared to PG&E baseline), rate savings and surplus revenues generated under each option



Scoring the Different Options: Case of Davis



Comparative Criteria			Weight
1	Rate Competitiveness	Score - Rate Competitiveness	50%
		<ul style="list-style-type: none"> • Level of rate payer savings based on a range of future scenarios • Accretion of financial reserves for energy investment, financial and risk management 	
2	Governance & Local Control	Score - Governance & Local Control	30%
		<ul style="list-style-type: none"> • Weight of individual vote in governing board decisions • Complexity of governance structure • Ability of community to interact with governing board • Directing energy investments to meet local objectives • Adoption of planning, management and business practices consistent with local objectives • Flexibility to adopt to evolving market, regulatory, legislative conditions 	
3	Risks & Mitigation	Score - Risks & Mitigation	20%
		<ul style="list-style-type: none"> • Start-up risk • Customer opt-out risk • Operating risk • Market and counterparty risk • Management of unwinding partnerships and/or shutting down CCA • Utility opposition risk • Host entity risk 	
4	Overall Rating	Total Weighted Score	100%



Community Outreach for Tech Study

- Community Outreach has two objectives:
 - Inform the public about CCE
 - Gather public input to assist decision-makers evaluate tech study
- Community Outreach activities could include:
 - Public workshops
 - Focused stakeholder engagement
 - Web-based educational materials
 - Presentations at Mayors Conference and other venues



Schedule and Budget for Tech Study



- 10 months to work with cities to develop and complete study, and present to Board and City Councils for further direction
- Estimated cost to County: \$300,000
 - \$75,000 for consulting services to obtain load data, develop and evaluate technical study, and community outreach activities (LEAN Energy)
 - \$50,000 for County share of costs for technical study (additional \$100,000 proposed to come from participating cities)
 - \$175,000 for County project management and legal expenses
- The County would seek to recover its costs if a new CCE JPA is formed. Costs will not be reimbursed if the County does not create a new JPA.



Option 2: Join MCE - Mechanics



- County sends Letter of Interest to MCE; not subject to March 31 deadline
- County (and possibly) cities authorize load data collection
- MCE conducts load analysis (determine MW demand and MWH requirements)
- Jurisdiction(s) pass ordinance/resolution to join MCE JPA
- Timeline laid out for commencement of service and customer enrollment (including possible phasing if overall enrollment is particularly large).
- Opt-out notices sent at least 60 days prior to initial service
- Service to customers could begin when rates are at or below PG&E's
- MCE would likely allow cities to join at the same time as the County



Questions Regarding MCE



- What policy and organizational changes will MCE make as it becomes a regional agency rather than a Marin County agency?
 - Name Change?
 - Location of Board meetings and MCE offices?
 - Board membership/voting structure?
 - Limits on geographic boundary/number of potential members?
- If the County joins MCE, how would electricity costs for Contra Costa customers compare to current PG&E rates?
- What policies would MCE consider to promote economic development and encourage local renewable energy generation in Contra Costa County?
- What are the implications for Contra Costa cities if the County pursues membership in MCE?



Possible Next Steps for Considering MCE



-
- More fully develop questions the County has about MCE membership and obtain additional responses from MCE
 - Follow-up with Contra Costa cities to inform them of possibility to join MCE if County sends Letter of Interest and MCE opens new inclusion period



Option 3: Abbreviated Technical Study



- An alternative to a full technical study would be an abbreviated technical study that would summarize studies recently released by other Bay Area jurisdictions and compare tradeoffs of CCE options available to the County
- Advantages of this approach would be additional information regarding projected CCE electricity rates and revenues, economic development opportunities, risks and tradeoffs between forming a new JPA vs. joining MCE
- Such a study would likely be less expensive and require less time than a full technical study of the County's load data
- A disadvantage is that the study would not be specific to the County and therefore some of the findings would not be as precise or reliable as a full technical study



Option 3: Abbreviated Study – Next Steps



- Conduct a Request for Proposal and select a consultant
- Hold a public workshop to gather input to help inform issues to be addressed in the study
- Hold a second public workshop to present the draft study and receive public comment
- Present study and comments to Board of Supervisors
- Time to complete: 3 – 4 months
- Cost estimate: \$65,000



Thank You



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