

## **Addendum to MCE Comments re: Draft Technical Study for Community Choice Aggregation in Contra Cost County**

### **Outstanding questions to consider**

1. With regard to the Draft Study's rate comparison, what are the specific cost of power inputs (conventional, renewable and carbon free) and other programmatic cost inputs (administration and staffing, insurance, regulatory compliance, financing costs, building occupancy, etc.) used in projecting the customer rate comparisons?
2. Have the Draft Study's cost/rate assumptions been updated since PG&E's rate change on January 1, 2017, and the corresponding increase to the Power Charge Indifference Adjustment (PCIA)?
3. How would local build out of renewable energy projects be accomplished in year 1 given the need for permits, interconnection approvals, site control, financing procurement, hiring and development?
4. Which entity would provide funds or financing for local build out, and what would be the total costs of financing prior to 2027?
5. Why are GHG allowance purchases included in the report given that none of the three scenarios contemplates point source emissions from the CCA?

### **Additional issues to address**

#### **1. The Draft Study's pricing for local renewable projects in Contra Costa County does not reflect current market conditions.**

The Draft Study estimates the generation cost for local solar to be \$68/MWh. This estimate is substantially below the actual pricing MCE has encountered while developing local solar projects in the County. At this time, MCE has completed two 1 MW solar projects through its Feed-in Tariff (FIT) in Richmond, and has another 10.5 MW solar project under construction in the City. The range in cost for the FIT projects has been \$136-120/MWh, and about \$85-92/MWh for the larger project.

For this reason, it would be helpful to clarify whether the Draft Study's estimated generation costs for local development include the following:

- Land acquisition costs
- Brownfield remediation costs (where applicable)
- PG&E interconnection costs
- Union/Prevailing wage costs
- Financing costs

If these costs were omitted from the Draft Study's original estimate, please provide a revised estimate that includes them.

**2. The PPT summary of the Draft Study (presented in Concord at the January 10 City Council meeting) identifies a 'New Contra Costa CCE' as having the "Greatest potential for local economic development." But an operational program could make greater and quicker local investments, due to its established credit profile and operational programs.**

MCE's established credit profile will allow it to issue bonds and access municipal interest rates quicker than a new program that would have to develop its credit worthiness over time. This would allow MCE to develop local projects and create local construction jobs in Contra Costa County more rapidly and cost-effectively than a new or emerging program.

Additionally, MCE's operational FIT, NEM, and Energy Efficiency programs have already begun catalyzing local economic development in Contra Costa County. Examples include the following:

- In 2016, MCE offered \$250,000 in NEM 'cash-out' payments to solar customers in Richmond, San Pablo and El Cerrito;
- MCE provided \$85,000 in funding to the Rising Sun Energy Center to train San Pablo and El Cerrito youth in energy efficiency installations in 2016;
- MCE has supported RichmondBUILD's job training academy through contracts worth approximately \$100,000;
- MCE's two operational solar FIT projects supported 23 local jobs, 85% of which were minority, and 30% of which had a history with the justice system;
- MCE paid the West Contra Costa School District (WCCUSD) \$28,000 for the surplus renewable energy generated by the District's solar array in 2015;
- MCE has provided \$35,400 in solar rebates to low-income energy customers in Contra Costa County.

Please consider including this relevant data in the final version of the County's Technical Study.

**3. Draft Study does not address risk of customer confusion if separate CCA programs operate within the same County**

If two separate CCA programs operate within the County, there is a substantial risk of customer confusion. This risk is particularly acute where city borders are not contiguous, or where unincorporated areas are surrounded on many sides by incorporated jurisdictions. The City of Richmond, for example, has pockets of unincorporated areas within it. These include communities in El Sobrante, North Richmond and elsewhere. Similarly, the Walnut Knolls neighborhood of Walnut Creek is outside the City's incorporated borders, and the unincorporated community of Kensington borders El Cerrito to its west and north.

While providing service to Richmond, San Pablo, El Cerrito, Lafayette and Walnut Creek, MCE staff has frequently encountered residents who thought they lived within one of these incorporated jurisdictions, only to discover they live just outside them. Questions often arise when a group of homes receives notices in the mail about MCE service, while neighboring homes—sometimes those directly across the street—do not. If two separate CCA programs were to operate under these circumstances, it would likely exacerbate the challenge of helping customers understand rate comparisons to PG&E, as well as programmatic offerings like energy efficiency and rebates for low-income solar installations. This would introduce a barrier for customers to make informed decisions about their energy options. In its current form, the Draft Study fails to address this issue.

**4. Study does not address risk and delay costs (measured in potential greenhouse gas emissions reductions) of waiting to form or join a new CCA, rather than joining MCE’s operational program.**

According to its Climate Action Plan (CAP), Contra Costa County has a goal to reduce greenhouse gas (GHG) emissions to be 15% below 2005 levels (e.g., reduce 213,240 MTCO<sub>2e</sub>). If the County had enrolled in MCE at the start of 2015, electricity-related GHG emissions would have dropped by 57,972 MTCO<sub>2e</sub> compared to 2005. This assumes a 10% drop out rate in the first year (roughly the average for Contra Costa communities currently within MCE’s service area), with 89% of customers choosing MCE’s default 50% renewable Light Green service, and 1% choosing MCE’s voluntary 100% renewable Deep Green service. Under these conditions, the County would achieve 27% of its overall 2020 CAP emissions target within the first year of service. These figures could be increased further by encouraging more energy consumers to opt-up to MCE’s 100% renewable Deep Green service and eliminate the GHG emissions associated with their electricity usage.

On the other hand, if the County forms or joins a new CCA program, these levels of GHG reductions will not be possible until the new program is operational and enrollment rates have met those of MCE.