



Contra  
Costa  
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: March 28, 2017

Subject: Community Choice Energy Workshop

**RECOMMENDATION(S):**

1. RECEIVE presentation on the Final Technical Study for Community Choice Energy (Technical Study) (Attachment A) prepared by the firm MRW & Associates;
2. RECEIVE presentations from MCE and East Bay Community Energy (EBCE) concerning their Community Choice Energy programs;
3. Set May 2, 2017, to CONTINUE discussion of this item and provide direction to staff.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **03/28/2017** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 28, 2017

Contact: Jason Crapo,  
925-674-7722

David Twa, County Administrator and Clerk of the Board of  
Supervisors

By: , Deputy

cc:

## FISCAL IMPACT:

### MCE, EBCE and PG&E Options

The options of joining MCE or East Bay Community Energy (EBCE), or remaining with existing PG&E service will involve no direct costs to the County or cities within the County that decide to implement one of these options. However, under these options it is unlikely the County and Contra Costa cities will be reimbursed for any of the consulting expense and County staff costs already incurred to evaluate Community Choice Energy (CCE) options, which so far total approximately \$400,000.

### Contra Costa JPA Option

Creating a new Joint Powers Authority (JPA) of the County and cities solely within Contra Costa County for the purpose of CCE would require the County and participating cities to identify a funding source to support approximately \$2 million in additional start-up costs and secure a source of credit, or "working capital," on the order of \$20 million to bridge the new JPA to the point where it generates sufficient revenue from customer electricity accounts to become self-supporting. Out-of-pocket expenses incurred by these jurisdictions would be reimbursable by the newly created JPA.

The most likely source of funding for the estimated \$2 million in additional start-up costs for a Contra Costa JPA option would be a loan from the County to the JPA, which could be repaid to the County by the JPA, potentially with interest, within the first few years after the JPA is established.

The County and/or the other member jurisdictions of the JPA would also likely be required to provide a credit guarantee for all or a portion of the "working capital" line of credit (estimated at \$20 million) which would be used to secure power purchase contracts and other necessary expenses prior to the JPA becoming financially self-sufficient.

A budget for the various start-up activities associated with implementing a new Contra Costa JPA for the purpose of CCE are outlined in more detail in Attachment B to this report, which was prepared by the County's CCE consultant LEAN Energy, based on LEAN's direct experience with start-up costs for recently created CCE JPAs in neighboring Bay Area counties.

## BACKGROUND:

### **Introduction**

On January 17, 2017, County staff and consultants presented the Draft Technical Study of Community Choice Energy (Draft Technical Study) to the Board of Supervisors (Board) for consideration. At that meeting, the Board directed County staff as follows:

- Provide presentations to interested Contra Costa cities on the Draft Technical Study
- Request that the CCE program initiated in Alameda County, East Bay Community Energy (EBCE), provide additional information to the County to clarify the membership process for Contra Costa jurisdictions interested in seeking membership in EBCE
- Accept public comments on the Draft Technical Study through the comment period ending January 31, 2017, and then work with MRW & Associates to finalize the Technical Study for presentation to the Board and Contra Costa city councils during the months of March and April 2017

At its January 17, 2017 meeting, the Board also indicated to staff that, among the CCE options evaluated in the Technical Study, the Board has a strong preference for the options that involve joining an existing CCE program (either MCE or EBCE) compared to the option of creating a new joint powers authority for this purpose within Contra Costa County.

This report begins by providing general background on the development of CCE in California and prior Board action to initiate the Technical Study in partnership with 14 cities in Contra Costa County, and then provides an update on actions taken by County staff following direction given by the Board at its meeting on January 17, 2017.

## **Community Choice Energy in California**

Community Choice Energy (CCE) is described in State law as Community Choice Aggregation. CCE involves cities, counties, or a joint powers authority (JPA) comprised of cities and/or counties, pooling ("aggregating") retail electricity customers for the purpose of procuring and selling electricity. Under a CCE program, the CCE entity would become the default electricity provider to all electricity customers within the service area. Customers would have the ability to opt out of service from the CCE program and continue to receive service from the incumbent electrical utility. Customers may also switch back later, though a nominal fee may be charged. In Contra Costa County, the incumbent electrical utility is Pacific Gas and Electric (PG&E). The incumbent utility retains responsibility for operating and maintaining the electrical transmission and distribution infrastructure.

Following the launch of CCE programs in Marin County in 2010 and Sonoma County in 2014, most other counties in the Bay Area and many counties throughout California are now in the process of studying or implementing CCE programs. Napa County joined the CCE program initiated in Marin County, MCE, in early 2016. The City and County of San Francisco launched a CCE program in May 2016, and San Mateo County launched its program in October 2016. Alameda County and Santa Clara County have both established JPAs for this purpose, with the intent to launch programs in the coming months.

## **Prior Board Action to Initiate CCE Technical Study**

On March 15, 2016, the Contra Costa County Board of Supervisors (Board) directed County staff to work with interested cities in Contra Costa County to conduct the Technical Study of Community Choice Energy. The Board directed staff to request that each participating city contribute financially towards the cost of the Technical Study in an amount proportional to the size of that city's population.

During the spring of 2016, County staff negotiated a memorandum of understanding (MOU) with the 14 cities within the County that are currently not members of a CCE program (five cities within the County are members of the CCE program initiated in Marin County known as MCE). The MOU was approved by the Board of Supervisors on June 21, 2016, and has been executed by 13 of the 14 cities named in the MOU (the city of Orinda did not execute the MOU).

Nine of the cities that are parties to the MOU are designated in the MOU as Funding Cities and have agreed to contribute financially towards the cost of the Technical Study in an amount proportionate to their population size. As described in the MOU, the Funding Cities will reimburse the County for their share of costs following completion of the Technical Study. The nine cities contributing financially towards the cost of the Technical Study are Brentwood, Clayton, Concord, Danville, Martinez, Moraga, Pittsburg, Pleasant Hill, and San Ramon. The five cities that contributed data but decided not to contribute funding for the Technical Study are Antioch, Hercules, Oakley, Orinda and Pinole.

MRW & Associates (MRW) was selected as the consultant to perform the Technical Study through a competitive process following the release of a Request for Proposals (RFP) that was administered by the County Department of Conservation and Development and the County's Purchasing Division in the Public Works Department. As specified in the MOU, responses to the RFP were reviewed by an Evaluation Committee comprised of representatives from the County Department of Conservation and Development, the County Administrator's Office, and the cities of Brentwood, Danville, and Pittsburg. The Evaluation Committee was unanimous in its selection of MRW as the most qualified of the responsive firms to perform the Technical Study.

Following the selection of MRW by the Evaluation Committee, the County negotiated a contract with MRW to perform the Technical Study. This contract was approved by the Board of Supervisors on August 16, 2016.

### **Scope of Technical Study**

Consistent with direction County staff received from the Board of Supervisors when the Board authorized the Technical Study on March 15, 2016, the scope of the Technical Study includes a comparison of three different CCE program alternatives that could be implemented by participating jurisdictions in Contra Costa County to the fourth option of remaining with existing service from PG&E. The three CCE alternatives considered in

the study are:

1. Form a new joint powers authority (JPA) of the County and interested cities within Contra Costa County for the purpose of implementing CCE;
2. Join the existing program known as MCE by seeking membership in its JPA;
3. Join the new JPA established for the purpose of CCE in Alameda County known as East Bay Community Energy (EBCE).

The technical study analyzes electrical load data that the County has requested and obtained from PG&E for the unincorporated area and the 14 participating cities. The technical study projects the electricity rates that might be charged by a new CCE program in Contra Costa County to its customers under several energy procurement scenarios and compares these projected rates to PG&E's projected rates. The study assesses the potential for a CCE program to lower greenhouse gas emissions generated from energy use within the participating jurisdictions compared to current PG&E service, and the extent to which a CCE program could stimulate economic activity within the County through reduced electricity rates and construction of local renewable energy generation facilities. Finally, the study includes a comparison among the three CCE program alternatives considered and the option of continuing with existing PG&E service, and presents the tradeoffs associated with each of these four options.

## **Main Findings of the Technical Study**

The main findings of the Technical Study (found in its Executive Summary) are as follows:

1. Jurisdictions in Contra Costa County participating in the Technical Study have several options for implementing a Community Choice Energy (CCE) program that would likely result in lower GHG emissions, increased local renewable energy generation, and increased local job creation compared to remaining with current electricity service from the Pacific Gas & Electric Company (PG&E).
2. The electricity rates charged under various CCE scenarios available to the jurisdictions covered in the Technical Study would likely be similar to or less than the rates charged by PG&E for comparable service. The degree to which CCE rates are reduced below comparable PG&E rates depends in large part on the extent to which the CCE pursues policy objectives other than rate minimization in its energy procurement practices. Competing policy objectives may include increasing the supply of locally generated renewable energy, promoting energy efficiency, and maximizing local employment generated from a CCE program.
3. Contra Costa County contains enough technically feasible locations to meet a significant proportion of electricity demand for the area studied through locally generated renewable energy. Forty percent of the technically feasible sites fall within the Northern Waterfront Economic Development Initiative area.
4. The implementation of a CCE program within the studied area is projected to create roughly 500 to 700 new jobs within Contra Costa County and the surrounding region compared to remaining with current PG&E service, depending on the CCE option implemented.

The Technical Study compares three CCE program alternatives to current PG&E service and identifies the tradeoffs associated with these four alternatives. The decision of which program alternative to implement will require policy makers to balance costs and potential risks and benefits of each option.

## **Public Comments and Changes to the Final Technical Study**

The Draft Technical Study was released to interested parties and the general public and posted on the County website on December 1, 2016. The County received public comments on the Draft Technical Study during a comment period that extended from December 1, 2016 to January 31, 2017. During this time, several organizations and individuals submitted written comments. All of the written comments on the Draft Technical Study are provided as attachments to this staff report.

In addition, during the months of December 2016 and January 2017, the County and several cities posted an on-line survey regarding CCE on their websites. Over 300 residents and businesses within the County responded to the survey. A report of the survey results can be found as Attachment K to this staff report.

In addition to answering the survey questions, over 100 survey respondents submitted narrative remarks on the Draft Technical Study and CCE generally. These comments can be found in Attachment L.

Given the large number of comments submitted on the Draft Technical Study, staff prepared a Comment Summary (Attachment M) to help organize this information, and to provide responses to several categories of questions and comments that were raised by survey respondents and other commenters.

Several of the comments on the Draft Technical Study submitted to the County resulted in MRW making changes to the Final Technical Study. These changes include:

- Responding to comments from MCE, MRW reevaluated its assumptions regarding the cost of building local renewable generating facilities, resulting in an increase in the assumed cost for such projects;
- Also responding to comments from MCE, MRW revised the discussion of governance and voting representation on MCE's Board of Directors;
- Responding to comments from the International Brotherhood of Electrical Workers (IBEW), MRW added additional information to substantiate the potential for a new CCE program in Contra Costa County to procure sufficient amounts of electricity from large hydroelectric generators to meet the GHG reduction levels projected in the Study.

## **Next Steps**

At its meeting on January 17, 2017, the Board indicated a strong preference for joining

either MCE or EBCE compared to the option of creating a new joint powers authority within Contra Costa County for the purpose of CCE. Should the Board wish to implement a CCE program within the County, the next step would be to decide if the County should begin the process of seeking membership in either MCE or EBCE, and to give direction to County staff to take the required steps to seek membership in one of these programs.

As described in the Technical Study, MRW finds that both MCE and EBCE have the potential to provide jurisdictions in Contra Costa County the commonly held objectives of a CCE program: provide electricity that is derived from renewable sources to a greater degree than current PG&E service at a competitive price, and stimulate local economic development through build-out of local renewable energy generating facilities.

The distinctions between MCE and EBCE are primarily related to organizational and governance issues. MCE is a mature organization with experienced staff, and has a track record of successful CCE program operation since 2010. However, because MCE is a well-established program and many important formative program decisions have already been made.

EBCE, by contrast, is a very new program that has not yet hired staff or begun providing electrical service to customers, and therefore has no record of performance to evaluate. However, the fact that EBCE is in its initial stages of development offers Contra Costa jurisdictions an opportunity to get in on the ground floor of creating a new CCE program.

Both MCE and EBCE would require Contra Costa jurisdictions to share governance with a large number of jurisdictions outside the County. Tradeoffs between MCE and EBCE are further discussed at length in Chapter 7 of the Technical Study.

MCE and EBCE have both provided written guidance for Contra Costa jurisdictions interested in seeking membership in their programs (Attachments N and O). Both programs are offering membership to Contra Costa jurisdictions at no charge. Both programs require jurisdictions seeking membership to complete a number of procedural steps, which include adoption of a resolution and ordinance, no later than June 30, 2017 (MCE's inclusion period deadline is May 31, 2017, but MCE staff has indicated that MCE will consider requests from Contra Costa jurisdictions to extend its deadline to June 30, 2017) and staff recommends that this extension be requested at this time.

County staff estimates it would take roughly 6 weeks to complete the required procedural steps following direction from the Board to move forward with seeking membership in either MCE or EBCE. The Board's last meeting in June 2017 is on June 20. Therefore, should the Board decide to move forward with seeking membership in either MCE or EBCE during 2017, staff recommends the Board provide such direction to staff at its meeting on May 2, 2017.

## CLERK'S ADDENDUM

***Presenters: Dan Kalb, City of Oakland Councilmember and Board of Directors of EBCE , and Albert Lopez, Planning Director for Alameda County for EBCE; Dawn Weiz, for MCE.***

***Speakers: Don Tatzin, City of Lafayette; Bruce Jensen, Alameda County planning department; Byron Pakter, Optony Inc.; Kevin Wilk, MCE; Alexandra McGee, MCE; Lisa Chang, resident of Alamo; Jenna Famular, MCE; Barbara Stebbins, EBCE; Anne Olivia, California Nurses Association; Lynda Deschabeault, Contra Costa Climate Leaders; Catherine de Neergaard, Quaker Earthcare Witness; Michael P. Cass, City of Concord principal planner; Charles Davidsen, resident of Hercules; Harry Thurston, resident of Antioch; Mathew Renner, resident of E. Richmond Heights; Carol Weed, Contra Costa Clean Energy Alliance.***

***RECEIVED presentation on the Final Technical Study for Community Choice Energy prepared by the firm MRW & Associates; RECEIVED presentations from MCE and East Bay Community Energy (EBCE) concerning their Community Choice Energy programs; AUTHORIZED the County Administrator to request a deadline extension from MCE applicable to all Contra Costa jurisdictions;and SET May 2, 2017, to CONTINUE discussion of this item and provide direction to staff.***

## ATTACHMENTS

Attachment A - Final Technical Study  
Attachment B - Budget Estimate for CCE Program Start Up  
Attachment C - MCE Comments 1  
Attachment D - MCE Comments 2  
Attachment E - IBEW Comments  
Attachment F - Jim Moita Comments  
Attachment G - Carol Weed et al Comments  
Attachment H - Sierra Club Comments  
Attachment I - El Sobrante Comments  
Attachment J - Scott Rafferty Comments  
Attachment K - CCE Survey Final Results  
Attachment L - Survey Comments  
Attachment M - Comment Summary Table  
Attachment N - MCE Inclution Letter  
Attachment O - EBCE Inclution Letter  
Attachment P - County Staff PowerPoint Presentation  
Attachment Q - EBCE PowerPoint Presentation  
Attachment R - MCE Powerpoint Presentation