

**DATE:** September 11, 2014

**TO:** City Council Sustainability Committee

**FROM:** Director of Utilities & Environmental Services

**SUBJECT:** Update on Community Choice Aggregation (CCA)

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **BACKGROUND**

As represented by its supporters, Community Choice Aggregation (CCA) enables a city, county or a group of cities and counties to arrange the purchase and/or generation of electricity on behalf of customers within the jurisdiction. The purpose of a CCA can be to secure electricity at competitive prices, secure electricity from cleaner sources to reduce greenhouse gas emissions, and/or to create local green jobs. The formation of CCAs in California was made possible by Assembly Bill 117 in 2002. The law states that utility customers within the jurisdiction will be included in the CCA unless they choose to opt out.

On January 29, 2014, staff presented the Committee an overview of CCA<sup>1</sup>. At this meeting, the Committee expressed an interest in receiving presentations from CCA advocates and PG&E. Consequently, a special meeting was held on May 2, 2014<sup>2</sup> that included presentations from Seth Baruch, President of Carbonomics, Alex DiGiorgio, Community Affairs Coordinator for Marin Clean Energy, and Greg Hoaglin, Executive Manager for PG&E.

At the May 2 meeting, the Committee approved a motion to recommend that City Council begin the process of studying CCA in cooperation with other cities, the County, and perhaps the Energy Council. As part of this study, the Committee recommended that the City request load data from PG&E, hopefully in coordination with other cities and the County to share costs.

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<sup>1</sup> See Item #5 at: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC012914full.pdf>

<sup>2</sup> See Item #2 at: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC050714full.pdf>

## DISCUSSION

Since the May 2 Committee meeting, the following activities have taken place, which will help to clarify the City's next steps.

Alameda County Authorization of a CCA Feasibility Study – At their June 3, 2014 meeting, the Alameda County Board of Supervisors authorized expenditure of up to \$1,325,000 for County staff to “pursue actions to establish a new Joint Powers Agency (JPA) agency to implement a Community Choice Aggregation program for Alameda County.” (Attachments I and II). The bulk of this money will go toward preparation of a feasibility study.

County staff expects to complete these actions over the next 18 months, including:

- Conducting outreach to other jurisdictions and entities for participation,
- Forming a steering committee,
- Procuring load data from PG&E,
- Hiring and retaining consultants to help prepare the Feasibility Study,
- Analysis and review of the Feasibility Study,
- Public outreach,
- Bid solicitation to interview and select probable energy providers, and
- Development of an implementation plan that will ultimately need to be submitted to the CPUC.

The County does not anticipate requesting any funds from interested cities during the first phase of the program. If the first phase results in a positive feasibility analysis and the Board of Supervisors agrees to continue, the second phase of the program would be to establish and staff the JPA, with an estimated cost of \$1,910,000. Attachment III provides a summary of the total estimated budget for the Alameda County CCA Program.

On July 25, 2014, the County contacted the City to request a letter of consent and permission from the City Manager to allow the County Administrator to obtain Hayward's electric load data from PG&E (Attachment IV). The City Manager replied to the County with a letter of support for the load data request on July 29 with the stated understanding that the City will incur no cost for obtaining or analyzing this data (Attachment V).

Energy Council's Role – The Energy Council formed last year pursuant to a joint Exercise of Powers Agreement entered into by most cities in Alameda County and the County itself. It has the expressed purpose of providing a means by which member agencies can more effectively develop and advance the use of clean, efficient, and renewable resources. The Energy Council's JPA does not give it the power to “operate” a CCA.

The July 15, 2014 meeting of the Energy Council included an agenda item to discuss the Energy Council's Role in CCA in light of the County's recent actions. StopWaste staff recommended several next steps (Attachment VI). The Board directed staff to prepare a letter to the County for its

September meeting to request that Energy Council Board and Technical Advisory Group representatives serve as members of a CCA steering committee during formation of the CCA.

*Update on AB 2145* – In February, Assembly member Steven Bradford introduced a bill that, in its original form, would have made formation of a CCA significantly more challenging. Marin Clean Energy and LEAN (Local Energy Aggregation Network) Energy US encouraged cities to formally oppose AB 2145. In April, staff drafted and Mayor Sweeney signed a letter of opposition. Since then, the bill passed both the Assembly and the Senate Appropriations Committee. In the process, the bill was amended to strike its most controversial measure. The original bill changed CCA from an opt-out program to an opt-in program. That measure was removed by the Senate’s Energy Committee.

Despite this amendment, AB 2145 retained measures that would have made the formation of a CCA more challenging, including restricting the expansion of a CCA to a geographic area of three contiguous counties and requiring that every solicitation of customers by a CCA contain information comparing the electric supply rate of the electric utility to the supply rate of the CCA.

The bill passed out of committee to the Senate floor on August 14. In response, staff drafted and Mayor Halliday signed an updated letter of opposition on August 27 (Attachment VII). The bill ultimately died when it failed to make it off the Senate Floor at the close of the 2014 legislative session.

## **ECONOMIC IMPACT**

There will be no economic impact from the Committee accepting this report. According to the white paper titled *East Bay Community Choice Energy – from concept to implementation*, authored by Carbonomics and the Local Clean Energy Alliance, both CCA advocates, an East Bay CCA could create thousands of local jobs. The Alameda County feasibility study may identify more specific impacts on the local economy. For example, Marin Clean Energy (MCE) offers a standard contract, called a Feed-In Tariff, to anyone in Marin County or Richmond wishing to sell power from small-scale renewable energy projects. Their Feed-In Tariff was behind a 972 kilowatt rooftop solar project at the San Rafael Airport in 2012. Over the next 18 months, MCE expects to complete several more solar and methane capture projects in Novato and Richmond<sup>3</sup>. The extent to which jobs could be created in Hayward would depend on the number and size of electricity generation facilities constructed in Hayward.

## **FISCAL IMPACT**

There will be no fiscal impact to the City from the Committee accepting this report. Alameda County is incurring all costs related to the feasibility study and does not anticipate requesting any funds from interested cities during the first phase of its CCA program.

If the Board of Supervisors decides to continue to a second phase, County staff estimates that the cost to establish and staff the JPA will be an additional \$1,910,000, though this cost is difficult to

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<sup>3</sup> <http://www.mcecleanenergy.org/local-projects/>

estimate pending the feasibility study. These start-up costs would ultimately be recoverable from rate-payers.

**NEXT STEPS**

Staff will continue to update the Committee on the progress of the County’s Feasibility Study and on AB 2145.

*Prepared by:* Mary Thomas, Administrative Analyst I

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager

Attachments:

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|----------------|--|
| Attachment I   | Letter to the Alameda County Board of Supervisors Regarding the Proposed CCA Program |
| Attachment II  | Alameda County Board of Supervisors CCA Initialization Resolution                    |
| Attachment III | Summary of Estimated Budget for Alameda County CCA Program                           |
| Attachment IV  | Alameda County CCA Load Data Permission Request                                      |
| Attachment V   | City of Hayward Support for Load Data Request  |
| Attachment VI  | July report on the Energy Council’s Role in CCA                                      |
| Attachment VII | Updated Letter of Opposition to AB 2145  |



## ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

AGENDA ITEM No. \_\_\_\_\_  
June 3, 2014

**Chris Bazar**  
Agency Director

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May 22, 2014

Honorable Board of Supervisors  
Alameda County Administration Building  
Oakland, CA 94612

Dear Board Members:

**SUBJECT: PROPOSED COMMUNITY CHOICE AGGREGATION (CCA)  
PROGRAM – REQUEST FOR AUTHORIZATION TO PROCEED**

**RECOMMENDATIONS:**

1. Authorize County staff to pursue actions that could result in formation of a new Joint Powers Agency (JPA) agency to implement a Community Choice Aggregation program for Alameda County, including outreach to jurisdictions, steering committee formation, load data procurement, hiring and retention of consultant(s) as necessary to help prepare the Feasibility Study, Feasibility Study preparation, peer review of the Feasibility Study, public outreach by staff and consultants, bid solicitation, and development of implementation plans.
2. Authorize the expenditure of up to \$1,325,000 for the tasks described in Item 1 above, without appropriation of new funds.

**BACKGROUND:**

The Alameda County Board of Supervisors Transportation and Planning (T&P) Committee has directed County staff to bring the concept of Community Choice Aggregation (CCA) program to the full Board for its consideration. This issue has been heard before the T&P Committee at two hearings in 2014, as well as by all Board members at your May 2014 retreat.

California State Assembly Bill 117 (AB 117), passed and signed into law in 2002, gave California cities and counties the ability to aggregate the electric loads of residents, businesses and public facilities to facilitate the purchase and sale of electrical energy in a more competitive market. As a result of the California energy crisis of 2000-2001, issues such as reliability and energy independence moved to the forefront, along with price stability and renewable energy (The Goldman School of Public Policy, University of California, Berkeley, Community Choice Aggregation: The Viability of AB 117 and its Role in California's Energy Markets, June 13, 2005). Community Aggregators or CCAs have the options of supplying power through wholesale purchase contracts and spot market purchases and/or through ownership and operation of generating plants. However, the responsibility for all aspects of power delivery (transmission, distribution, metering, billing, and customer service) remains with the utility (Bay Area Economic Forum, The Economics of Community Choice Aggregation: The Municipalization of Local Power Acquisition and Production, June 2007).

Existing Community Choice Aggregation programs in other states, as well as studies performed specifically for local California communities, indicate substantial cost savings benefits for

consumers and communities. CCAs can also offer energy independence, price stability and more efficient Energy Efficiency programs. Increased reliance on renewable and alternative energies, and boosts to local employment may also be considered beneficial. (Goldman School of Public Policy, 2005)

### **SUMMARY/ANALYSIS:**

A CCA would allow an entity, either a jurisdiction or a JPA, to become an energy purveyor and to purchase electrical energy on the wholesale market from any source, including fossil fuel, nuclear or renewable sources, and small-producer energy (such as home solar energy). The CCA would compete with traditional private utilities such as PG&E to provide electrical power to the end users within its boundaries. Upon formation of the CCA and approval by the CPUC, all users within the boundary would be enrolled as customers, with the option to opt-out and return as a customer to the prior energy provider. A customer of the CCA would then get a combined CCA/Utility billing for actual electricity used, for ongoing maintenance and usage. Ideally under a CCA, the combined bills would be competitive with those of the private utility company, and could potentially be lower.

A CCA entity could take net revenues and either use them to reduce overall electric bills, invest in local renewable energy sources and installations, or provide grants to lower-income homeowners and businesses to install renewable energy on their properties.

Like a private utility, a CCA must meet State Renewable (Energy) Portfolio Standards (RPS), which is basically the minimum fraction of a purveyor's overall energy portfolio that must come from renewable sources. Right now, the RPS for California is set at minimum 33% renewable by the year 2020 and for each year after that. Ideally, a CCA could economically exceed this RPS requirement, and offer its customers a higher blend of renewable energy.

(CPUC website, <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/33RPSProcurementRules.htm>, modified June 17, 2013).

### **Starting up a CCA Program:**

There are several tasks involved in starting up a CCA program, with associated costs. These are:

1. Feasibility Study – Study to demonstrate whether the program can meet its stated goals, and the economic feasibility of providing the benefits the program is to achieve.
2. Raising Initial Set-Up Costs – The action would entail costs to develop the business/feasibility study, and also legal fees associated with setting up the Joint Powers Agency/Authority (JPA).
3. Forming a Joint Powers Authority – A CCA program would be established to implement the aforementioned business plan. The program would be organized under a Joint Powers Authority (JPA) that would register with the CPUC and be responsible for managing the program.
4. Community Choice Agency - An initial task of the JPA Board of Directors would be to create a Community Choice Agency under the direction of a Chief Executive Officer or Executive Director to be appointed by the Board, with legal and regulatory support provided by in-house legal counsel.
5. Bid Solicitation – The bid process entails interviewing and selecting probable energy providers with which to negotiate power prices and purchases, and so enter into agreements with them.
6. Implementation Plan - The CPUC, which ultimately must approve the Community Choice program, requires that the CCA JPA submit an Implementation Plan that covers all aspects of the set-up and operation.

7. **Program Roll-Out:** Once all of the above steps are completed, the agency will need to undertake a series of start-up activities that will likely begin 6-12 months prior to the first power sales. These activities include hiring staff; setting renewable and local portfolio goals (percentage of power from renewable and local sources), planning of market procurement as a bridge source of energy until the most desirable local and renewable sources can be contracted, planning for local build-out and phasing-in of customers, satisfying capital requirements, setting initial rates, customer outreach, marketing and information.

### **Benefits and Risks:**

A CCA program could achieve a number of benefits:

- Substantial total energy demand reduction through energy efficiency, conservation, and demand response.
- Large increases in local renewable energy resources.
- The creation of many skilled jobs as a result of enhanced investment in renewable energy
- Substantial reductions in greenhouse gas emissions.
- Stabilization and possibly reduction of electricity rates.

CCA establishment is not without risk. Good management and experience can mitigate most of them, but the following risks should be specifically noted:

- *Competitive Rates:* Can the program provide power with the desired renewables mix at a competitive price? Can demand reduction and local renewables be developed at an overall system cost that provides electricity prices competitive with the incumbent utility?
- *External Risks:* It is possible that third-party energy suppliers could default or for some reason not provide the renewable energy that was originally contracted for, forcing the CCA agency to enter the potentially expensive short-term market to meet customer needs. If prices increase when the CCA is in the market for new or replacement contracts, it could require the CCA to raise rates. Conversely, if the program locks in long-term contracts and the overall price for power subsequently falls, it could be holding a higher-cost portfolio.
- *Contracting for Power at the Right Levels:* It is possible for the CCA to buy too much or too little electricity, requiring either excess sales into the market or more spot-market purchases from the market.
- *Unfavorable Regulatory Changes:* It is always possible that the CPUC could institute policies that are unfavorable to an East Bay program. These could range from higher bonding or PCIA (Purchased Cost Indifference Amount) charge calculations to additional reporting requirements. The PCIA surcharge itself – an extra fee that CCA customers pay – could vary from year to year, and while it is expected to decline, regulatory action could change that.

While all of these risks can be mitigated, they cannot be eliminated completely. It should be noted, however, that many municipal utilities in California, including that of the City of Alameda, have operated for decades and successfully managed commodity, credit and operational risks.

### **Financing:**

Based on discussions with Sonoma County staff regarding their experience establishing a CCA program, staff estimates that the total cost to establish a CCA for Alameda County to be approximately \$3,225,000 over a three-year period. Of that amount, approximately \$1,325,000 in staff, consultant and other costs would be needed to gather data, seek input from interested jurisdictions and other parties, hold public meetings and conduct a feasibility study and analysis over a period of approximately 18 months. This

Alameda County Board of Supervisors  
Proposed Community Choice Aggregation (CCA) Program – Request for Authorization and Funding  
May 22, 2014  
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first-phase cost could be temporarily absorbed by CDA through a combination of re-allocating expenditure priorities, re-assigning some existing staff, utilizing currently vacant positions in different portions of the Agency, and fee credit payment funds from the Surplus Property Authority. These start-up expenditures may be partially or completely recoverable, should the project result in a functioning CCA, through a “buy-in” requirement from other jurisdictions into the JPA and/or through rate-payers.

Assuming that the first phase of this program results in a positive feasibility analysis and the Board agrees to continue, the second phase of the program would be to establish and staff the JPA, with an estimated cost of \$1,910,000. Because these costs are clearly recoverable from rate-payers, the funds for this portion of the program could be in the form of a loan from the Surplus Property Authority, utilizing funds generated by fee credit payments made by developers of Authority properties in Dublin (this is a variable cash flow source that is coming in now due to the improvement in the economy). Upon repayment of the loan (with interest), the funds would then be deposited in the County’s Emerald Fund.

After the CCA program is successfully established and operating, it would become self-sustaining and able to provide all the electrical needs of the CCA community at a reasonable price and with a large fraction of renewable energy. It would also provide full recovery of start-up costs. However, as stated above, start-up financing would be necessary to begin the process. It is difficult to say with high precision what those costs would be pending the feasibility study, but millions of dollars would be required, which the CCA Agency would need to recoup via sales revenues in order to pay back loaned money.

### **ENVIRONMENTAL ANALYSIS**

Staff has tentatively determined that this proposal is statutorily exempt from analysis under the California Environmental Quality Act (CEQA) for the reason that it is not a project. CEQA Guidelines, Section 15378(b)(5), states that a project does not include "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environment." Forming or joining a CCA presents no foreseeable significant adverse impact to the environment over the existing condition because state regulations such as the Renewable Portfolio Standard (RPS) and Resource Adequacy (RA) requirements apply equally to CCAs as they do to Private Utilities.

Very truly yours,

Chris Bazar, Director  
Community Development Agency

Attachments:

**THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA,  
STATE OF CALIFORNIA**

**THE FOLLOWING RESOLUTION WAS ADOPTED                      NUMBER R-14-XXX**

**RESOLUTION OF INTENT TO STUDY THE FEASIBILITY OF  
COMMUNITY CHOICE AGGREGATION FOR ALAMEDA COUNTY**

**WHEREAS**, The Alameda Board of Supervisors has demonstrated its commitment to an environmentally sustainable future through its policy goals and actions, including energy reduction, clean energy programs, and the expansion of local renewable power supply; and

**WHEREAS**, The Alameda County Board of Supervisors has examined and identified Community Choice Aggregation as a key strategy to meet local clean energy goals and projected greenhouse gas reduction targets; and,

**WHEREAS**, Community Choice Aggregation is a mechanism by which local governments assume responsibility for providing electrical power for residential and commercial customers in their jurisdiction in partnership with local commercial energy purveyors and owners of transmission facilities, which in the case of Alameda County is Pacific Gas & Electric Co.; and,

**WHEREAS**, Community Choice Aggregation, if determined to be technically and financially feasible, could provide substantial environmental and economic benefits to all residents and businesses in Alameda County; and,

**WHEREAS**, Community Choice Aggregation also provides the opportunity to fund and implement a wide variety of energy-related programs of interest to the community, including renewable energy; and,

**WHEREAS**, in addition to technical and financial feasibility, it is important to determine whether there is adequate public support for Community Choice Aggregation; and,

**WHEREAS**, determining technical feasibility and public support requires the analysis of energy load data from PG&E and a focused public education and outreach effort.

**NOW THEREFORE,**

**BE IT RESOLVED THAT** The Board of Supervisors does hereby Authorize County staff to pursue actions to establish a new Joint Powers Agency (JPA) agency to implement a Community Choice Aggregation program for Alameda County, including outreach to jurisdictions, steering committee formation, load data procurement, hiring and retention of consultant(s) as necessary to help prepare the Feasibility Study, Feasibility Study analysis, peer review of the Feasibility Study, public outreach by staff and consultants, bid solicitation, and development of implementation plans.

**BE IT FURTHER RESOLVED THAT** the Board of Supervisors does hereby Authorize the expenditure of up to \$1,325,000 for the tasks described above.

**BE IT FURTHER RESOLVED THAT** the Board of Supervisors does hereby direct the Community Development Agency Director to work with the County Auditor and County

Administrator to analyze total process cost and probable sources for both this phase and future phase of Community Choice Aggregation program establishment, and to ensure consistency with County Policy.

**ALAMEDA COUNTY BOARD OF SUPERVISORS**

**THE FOREGOING** was **PASSED** and **ADOPTED** by a majority vote of the Alameda County Board of Supervisors this **3rd day of June, 2014** to wit:

**AYES: Supervisors Carson, Chan, Miley, Valle**

**NOES:**

**EXCUSED: Supervisor Haggerty**

\_\_\_\_\_  
**PRESIDENT, BOARD OF SUPERVISORS**

**ATTEST:**  
**(Name)**, Clerk  
**Board of Supervisors**

By: \_\_\_\_\_  
**Deputy**

File: \_\_\_\_\_  
Agenda No: \_\_\_\_\_  
Document No: **R-2014-**\_\_\_\_\_



I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Supervisors, Alameda County, State of California

**ATTEST:**  
**(Name)**, Clerk  
**Board of Supervisors**

By: \_\_\_\_\_

## Summary of Estimated Budget for Formation of Community Choice Aggregation (CCA) Program for Alameda County

### **A - Initiation of the Concept:**

***Initial County Staff- Organization and Coordination -*** **\$50,000**

Includes education, training, task assignment for three to four County employees over a two-three month period.

***Outreach to Other Jurisdictions and Entities for Participation -*** **\$125,000**

Staff would work independently and with the Board and Public Interest Groups to contact, explain and provide information to all other Alameda County jurisdictions (incorporated cities) to increase awareness and rally support for the CCA concept, and work with those cities' staff to secure authorizations from those cities to proceed on their behalf. Staff would also provide templates and consulting support for individual cities to provide permission for the County to request utility load data as required by CCA law. Expected time frame 6 - 9 months, can begin almost immediately

***Costs and Coordination of Load Data Requests from PG&E for Analysis – Preliminary Phase - \$100,000***

Load data requests from PG&E cost several hundreds up to a thousand dollars apiece for multiple load categories; Alameda County is a diverse County, and including cities may have up to 50 or more categories of load data for all types of land uses ranging from residential to commercial, industrial and agricultural, along with many variations including low-income load data. For each city, a pro-forma letter request from that city's City Manager should be submitted to the County so that the County can request the various load data from PG&E for the entire participating area. In some cases, different cities will have the same load data categories, so a single request to PG&E will help to coordinate and reduce costs. Permission from cities should be submitted as soon as County and cities have reached formal decisions to participate. Permission from cities requires only a City Manager's letter.

***Hiring, Retention and Management of Consultant for Load Data Analysis, Feasibility Study and Bid Solicitation -*** **\$400,000**

A technical consultant will need to be retained to assimilate and analyze the load data to synthesize inputs to the feasibility study to be prepared in Step 2 of the Preliminary process. Staff management will be necessary to help keep the analysis relevant and targeted to jurisdictions in the County, and to continue to coordinate with each jurisdiction choosing to participate in the CCA.

***Total for Initiation Phase:*** **\$675,000**

**B - Feasibility Study and Related Activities*****Feasibility Study -* **\$150,000****

This is the actual analysis that allows the Lead Agency to determine whether a CCA can actually be administered in a way that is both cost-effective to the Agency and economically justifiable to its future customers. It depends upon the analysis of the Load Data procured from PG&E in the previous phase, along with the economics of the customer base itself experience of other jurisdictions. This will require staff to hire and retain and manage a consultant for this purpose, possibly the same consultant as the one hired to analyze the Load Data, but covered by the same staff cost.

***Peer Review of Feasibility Study -* **\$50,000****

A “Second Set of Eyes” that are trained to recognize possible errors, pitfalls and missed facts in the primary Feasibility document. This has proven valuable for others, notably Sonoma County.

***Public Outreach by Staff and Consultants -* **\$300,000****

The program, including the Feasibility Study, will require roll-out to the General Public for review and comment before a decision is made to adopt the Study and bring the CCA Agency, whatever form it may take, to fruition. This will include preparation of presentations and presentation at public workshops and hearings by staff and consultants.

***Bid Solicitation Process and Energy Provider Selection -* **\$75,000****

This task involves both the consultant and County staff. It includes selecting a group of likely renewable and traditional energy providers, requesting bids for energy provision, conducting interviews and selecting an appropriate group of energy providers from among the larger group. As an example, Sonoma County started with a dozen prospective energy producers, and ultimately selected four of them to participate in the CCA. Also includes consultant time to prepare load data information for prospective bidders, which is different from that for the feasibility study.

***Business and Implementation Plans -* **\$75,000****

This process is required by law, and critical to the success of the CCA. These plans must be drawn up based on the Feasibility Study, and must be approved by State PUC before they may be implemented. There is a pro-forma chart to fill out for this task, and once the load data analysis, feasibility study and bid solicitation steps are successfully completed, this is a relatively simple task. The same consultant may be used to help prepare these plans. State PUC staff handle the forms once they are submitted, with no further action by the County other than responding to comments. The State then approves the plan.

***Total for Feasibility Study and Implementation Plan Phase: **\$650,000*****

**C - Post Feasibility Study – Start-Up Costs for JPA Assumes Positive Outcome of Study:**

In order to create the CCA Agency, whether a JPA or some other entity, the following actions and costs would be necessary; this list is not all-inclusive, and may involve other activities not listed here.

**Staffing and Professional Services-** **\$1,200,000**

A probable minimum for effectively beginning an Agency that can manage the purchase and sale of energy. Includes lining up financing for initial energy purchases, if necessary. Each of the following tasks will be subordinate to the staffing step.

**Marketing and Communications -** **\$150,000**

**Data Management -** **\$180,000**

**PG&E Service fees -** **\$40,000**

**PG&E Fees for follow-up load data requests -** **\$40,000**

These types of data will need to be revisited on a semi-regular basis in order to maintain consistency and competitiveness.

**Miscellaneous Administrative and General Costs -** **\$250,000**

**Financial Security and Bond Carrying Costs -** **\$50,000**

This category of costs is necessary to guard against default.

**Total Start-Up Costs for New Agency post-Feasibility Study -** **\$1,910,000**

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**TOTAL ALL =** **\$3,235,000**

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**Notes –**

These cost do not include costs incurred by the CCA \*after\* it has begin operations and before it begins to sell electricity at a profit. These costs, which staff cannot estimate at this time but which may be on the order of \$20,000,000, include:

- Electricity Purchases
- Renewable Energy Purchases
- Electric Generation
- Transmission and Grid Services
- Legal
- Working Capital Requirements (estimated in the millions of dollars, roughly equal to one month's revenue of the CCA)
- Billing, Metering and Data Management
- Uncollectable Amounts
- Program Reserves (how much in the CCA account)
- Bonding and Security Requirements – possibly as high as \$1,000,000 or more.
- PG&E Surcharges – Monthly surcharges on customer's bills to make up for PG&E lost revenues as a result of previous long-term purchases of energy.

Assuming that the CCA Agency operates as expected, all of the costs described here would be recoverable, some within the first year and the rest within a few years, from revenues of energy sales to customers.

These also do not include revenues as a result of jobs created in the renewable energy sector, or long-term benefits realized from GHG reduction.



## C O U N T Y   A D M I N I S T R A T O R

SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

July 25, 2014

Dear Colleagues:

The Alameda County Board of Supervisors, at its June 3, 2014 meeting, directed County staff to begin the process of establishing a Community Choice Aggregation (CCA) program for Alameda County and any qualified municipal jurisdictions within the County who may wish to participate through the creation of a new Joint Powers Authority (JPA). California State Assembly Bill 117 (AB 117), passed and signed into law in 2002, gave California cities and counties not currently served by a public utility the ability to aggregate the electric loads of residents, businesses and public facilities to facilitate the purchase and sale of electrical energy in a more competitive market.

The first part of the County CCA development process involves conducting a technical Feasibility Study for the potential CCA program. The Feasibility Study requires, among other things, electrical load data from PG&E for all qualified communities within the County who may be interested in joining the JPA. The electrical load data must be requested from PG&E by the County Administrator's office; and for each city that may wish to participate, a letter of consent and permission must be provided by the City Manager of that city. For purposes of conducting a comprehensive study, we would like to include load data from all Alameda County cities (with the exception of Alameda, which runs its own utility) as well as the unincorporated County. I have included a draft response letter for your use with this request, which would fulfill the consent and permission requirements under the law. There is no obligation to participate in a future CCA program, nor is there any cost to you related to the Feasibility Study. If you choose to authorize your community's load data, we request your response no later than Tuesday, September 2, 2014 to allow us move forward with the next steps in this process. Please let us know if this deadline is problematic and we will do everything we can to accommodate your timeline.

Alameda County will conduct the Feasibility Study at its own expense, with no cost to your City. Furthermore, permission to request your community's electrical load data from PG&E in no way obligates your City to participate in an Alameda County CCA going forward; legal requirements for confidentiality of the electrical utility customers will be fully observed.

If the Feasibility Study indicates that a CCA could be implemented in Alameda County in a cost-effective manner, and following further Board of Supervisors approval, every City whose City Manager responded to this request for load-data authorization will be invited to participate further in the formation of a JPA to establish and administer the CCA program. During this process, County staff will conduct periodic public meetings to inform staff members and elected officials from each City – as well as members of the public – about progress of the effort and to receive public input on the goals of the potential CCA program.

To further the discussion, I request that County staff be invited to attend a future meeting of the City/County Managers Association, to make a presentation about the potential CCA program in Alameda County. In the meantime, we have attempted to anticipate some of your questions in the

attached FAQ. Thank you for your consideration in this matter. If you have any questions or comments in the interim, please contact me or Bruce Jensen with the County Community Development Agency, at (510) 670-6527 or [bruce.jensen@acgov.org](mailto:bruce.jensen@acgov.org).

Very truly yours,



Susan S. Muranishi,  
County Administrator

SSM:CB:AN:nr

c: Each Member, Board of Supervisors  
County Counsel  
Director, CDA  
Interim Director, GSA



CITY OF  
**HAYWARD**  
HEART OF THE BAY

July 29, 2014

Ms. Susan S. Muranishi, Administrator  
County of Alameda  
1221 Oak Street, Room 555  
Oakland, CA 94612

Subject: Support for Load Data Request

Susan:

I have reviewed your letter dated July 25, 2014 in which you explain that Alameda County is asking for authorization to request that PG&E supply to the County of Alameda all electric energy use data, (i.e. electricity consumption and load data for all customer classes) for all customers that reside within the County's unincorporated land area and within the jurisdictions of cities within the County who elect to approve this request. The City of Hayward supports this request and authorizes the County of Alameda to receive the data and analyze the data on behalf of the City of Hayward.

We understand that this data will be used to analyze the feasibility of electrical procurement options through a potential Community Choice Aggregation (CCA) program that could cover all or part of Alameda County and contiguous areas of adjacent counties. We understand that by approving this request from Alameda County, the City of Hayward is not obligated to pursue any alternative electricity procurement option. We further understand that the City of Hayward will incur no cost for obtaining or analyzing this data; and that all fees associated with this data request and the resulting decision analysis, up to and including all analysis needed to determine the feasibility of the City of Hayward participating in the proposed Joint Powers Authority for the purposes of implementing a CCA program, will be paid for by Alameda County.

Sincerely,

Fran David  
City Manager  
ICMA-CM

cc: Mayor and City Council  
Michael Lawson, City Attorney  
Kelly McAdoo, Assistant City Manager  
Alex Ameri, Director, Utilities & Environment  
Tracy Vesely, Director of Finance




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**Date:** July 15, 2014

**TO:** Energy Council

**FROM:** Gary Wolff, Executive Director

**BY:** Wendy Sommer, Deputy Executive Director  
Karen Kho, Senior Program Manager

**SUBJECT:** Community Choice Aggregation (CCA) – Energy Council’s Role

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**BACKGROUND:**

At the last Energy Council meeting in June, the Board received an overview presentation of Community Choice Aggregation (CCA) from Seth Baruch of Carbonomics and Tom Kelly of KyotoUSA. The handouts and PowerPoint presentation can be found here: [www.stopwaste.org/docs/CCA-Handouts\\_6\\_25\\_14.pdf](http://www.stopwaste.org/docs/CCA-Handouts_6_25_14.pdf)

CCA is one way for local governments to reduce their carbon footprint and to meet their Climate Action Plan goals. There currently are 2 operating CCAs: Marin Clean Energy and Sonoma Clean Power. The success of the Marin and Sonoma CCAs has spurred jurisdictions throughout California to consider forming CCAs.

In the East Bay, the cities of Berkeley, Oakland and Emeryville conducted a CCA business plan in 2008, followed by the City of Berkeley’s report of Benefits and Risks of Implementing CCAs in 2010. East Bay Municipal Utility District discussed the possibility of becoming a CCA in 2012. None of these efforts led to the formation of an East Bay CCA. As a result, some Alameda County jurisdictions have considered joining an existing CCA to accelerate the transition time to clean power procurement and reduce the risks involved in formation of a new CCA. The City of Albany officially expressed its interest in joining the Marin CCA and received a grant to fund its membership analysis with Marin Clean Energy.

Last month, the Alameda County Board of Supervisors authorized up to \$1,325,000 to explore the establishment of a new CCA JPA for Alameda County. This effort would include outreach to jurisdictions, steering committee formation, load data procurement and development of a

feasibility study. The first phase of this project is scheduled to be completed in approximately 18 months. The County will be contacting cities regarding their interest in the next few weeks. The County does not anticipate requesting any funds from interested cities for the first phase of the program.

### **DISCUSSION:**

As the interest grows throughout the County, it is a good time for the Energy Council to explore its potential roles as they relate to CCAs. The current Energy Council JPA specifically states that the Energy Council shall not have the power to operate as a community choice aggregator as that term is defined in Public Utilities Code section 331.1. Unless the Board chose to remove that clause from the JPA, which would require adoption by each member agency governing board, Energy Council will not engage in power procurement and rate setting activities. So far, Energy Council staff are supporting member agencies in their consideration of CCAs by disseminating relevant reports and studies and facilitating conversations at the monthly Technical Advisory Group meetings.

### **Coordination of Energy Efficiency Programs**

Energy Council staff have identified potential overlap with CCAs on the delivery of energy efficiency programs. If some jurisdictions in Alameda County opt to join an existing or newly forming CCA, there is a risk of both fragmentation and duplication in energy efficiency program delivery. In addition to the primary function of power procurement, CCAs can apply to the California Public Utilities Commission (CPUC) for funding to implement energy efficiency programs. All of the current Energy Council projects are also funded from utility ratepayer funds. Energy Council staff met with Marin Clean Energy and Sonoma Clean Power staff to discuss potential coordination if any Energy Council member agencies were to elect to join an existing CCA JPA.

The overlap between different CPUC funded energy efficiency programs (CCAs, Regional Energy Networks, Local Government Partnerships, Investor Owned Utilities/PG&E) could create confusion for customers. For example, the Energy Council implements a multifamily rebate program for the nine-county Bay Area Regional Energy Network. However, this program is not offered in Marin County because the Marin Clean Energy operates its own multifamily program. In the City of Richmond, which is a member of the Marin Clean Energy, both programs are offered. However, the Public Utilities Commission has expressed concern over double-dipping.

In order to minimize confusion for customers and increase the region's competitiveness for funding, the Council could request that member agencies joining a CCA designate the Energy Council as the coordinator of the energy efficiency programs in Alameda County. This could be

followed by creating memorandums of understanding with CCA operators regarding energy efficiency programs. For example, Sonoma Clean Power intends to focus on its core procurement activities while other organizations within the County deliver energy efficiency programs.

#### Leveraging Agency Expertise

Our agency has had 15+ years of experience delivering technical assistance to member agencies, partnering with building professionals and educating homeowners. We are able to leverage other StopWaste programs to offer multiple benefits to our constituents. Some examples:

- In the delivery of multifamily technical assistance, staff has been able to educate property owners on mandatory recycling requirements as well as energy retrofit opportunities.
- In developing new energy and water efficiency programs, the agency is looking to leverage existing client bases, such as schools, industrial kitchens and landscape contractors.
- With our marketing and outreach experience, we were able to leverage the statewide Energy Upgrade California program by offering local programs that benefit our member agencies. For example, we partnered with the City of Dublin on the Dublin Energy Challenge, where residents sign up for a free Home Energy Analyzer to help reduce energy use while benefiting the Friends of the Dublin Library.

#### Technical Advisory Group (TAG) Discussion

The TAG discussed the potential scope of the Energy Council's involvement, including:

- Advising the County on big picture and key policies in CCA formation
- Focusing on areas of programmatic overlap, including providing technical input

Because the County process is still under development at this point, and it is unclear which cities will join the County CCA, it seems that Energy Council focus should be on the coordination of areas of overlap. TAG is very interested in being closely informed of the process and creation of a County CCA steering committee.

#### Potential Next Steps:

- Request County staff to provide regular updates on CCA formation to the Energy Council Technical Advisory Group.
- Request that member agencies joining a CCA designate the Energy Council as the coordinator of the energy efficiency programs in Alameda County.

- Create a Memorandum of Understanding with CCAs operating in Alameda County to allow Energy Council to better target and coordinate the delivery of energy efficiency programs within Alameda County.
- Recommend to the County that the Energy Council Board and Technical Advisory Group representatives serve as members of a CCA JPA Board or advisory committee to increase coordination on energy policy and programs.
- If a County CCA is formed, work with the County to execute a Power Purchase Agreement with Green Ridge to provide wind energy generated at the Authority's property at Altamont.

**RECOMMENDATION:**

Staff requests that the Board consider the different next steps outlined above and provide input and direction to staff.



August 27, 2014

The Honorable Ellen M. Corbett  
Senate Majority Leader  
State Capitol, Room 313  
Sacramento, CA 95814

The Honorable Darrell Steinberg  
Senate President Pro Tem  
State Capitol, Room 205  
Sacramento, CA 95814

**Re: AB 2145 (Bradford) OPPOSE**

Dear Senator Corbett and Senator Steinberg:

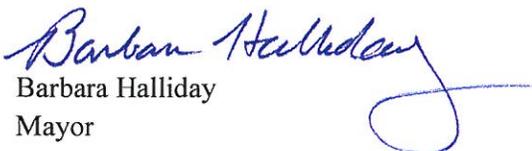
I am writing to express the City of Hayward's opposition to the amended AB 2145. The City of Hayward is currently working with other cities in Alameda County to explore the feasibility of establishing a CCA and AB 2145 would increase costs and uncertainty for an Alameda County CCA if one were formed. I understand that the bill has recently passed out of Committee and will be heading to the Senate floor for a vote. The City of Hayward urges you to completely oppose AB 2145.

The three-county restriction in AB 2145 would increase rates and costs to municipalities attempting to establish Community Choice programs. AB 2145 would prevent cities and counties from grouping together to serve larger numbers of customers in order to buy and generate energy at lower bulk rates and compete on electricity prices with the monopoly utilities. The monopoly utilities have no such geographic restrictions.

A CCA should allow for local control and local accountability. AB 2145 takes customer relations oversight away from local accountable elected officials, and places it in the vast state-level bureaucracy of the CPUC. Setting up a state-level bureaucracy for complaint resolution would delay timely resolution of customer communications and concerns.

AB 2145 would interfere with Hayward's and California's ability to meet its climate action goals, which are crucial to our economy and the sustainability of the planet. The City of Hayward urges you to completely oppose AB 2145, and support allowing local agencies to evaluate and pursue CCA based on local policy direction. Thank you for consideration of our position.

Sincerely,

  
Barbara Halliday  
Mayor

Cc:

Assembly Member Steven Bradford  
Hayward City Council  
Fran David, Hayward City Manager

OFFICE OF MAYOR BARBARA HALLIDAY

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