

DATE: June 18, 2015

TO: City Council Sustainability Committee

FROM: Director of Utilities and Environmental Services

SUBJECT: Update on Community Choice Aggregation (“East Bay Community Energy”)

RECOMMENDATION

That the Committee reviews and comments on this report.

BACKGROUND

In June 2014, the Alameda County Board of Supervisors voted to study the feasibility of establishing a county-wide community choice aggregation (CCA) program. As noted on the County’s website¹, “CCA is a program that enables local governments to aggregate electricity demand within their jurisdictions in order to procure electricity for its customers while maintaining the existing electricity provider, Pacific Gas & Electric Company, for customer billing, transmission, and distribution services.” The two main potential benefits of CCA are that electricity can be procured from renewable and green sources and that the rates paid by customers can be competitive with PG&E’s. The County intends to hire a consultant to prepare a technical study and will form a steering committee to help guide the preparation of the study and possibly assist with formation of a CCA.

Staff provided general information about CCA to the Committee on January 29, 2014² and May 7, 2014³. Following the County’s decision in June 2014 to study CCA, staff provided updates to the Committee summarizing the County’s progress on September 11, 2014⁴ and March 23, 2015⁵. The County Board of Supervisors has met several times to discuss goals and objectives for the program as well as the structure of the steering committee that will advise County staff and the County Board of Supervisors. County staff’s initial proposal was to establish a technical committee that would include city representatives and a citizens committee that would include community members. After hearing significant concern that the two committees might not have

¹ <http://www.acgov.org/cda/planning/cca/index.htm>

² See Item #5 at: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC012914full.pdf>

³ See Item #2 at: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC050714full.pdf>

⁴ See Item # 6 at <http://www.ci.hayward.ca.us/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC091114full.pdf>

⁵ See Item # 5 at <http://www.ci.hayward.ca.us/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2015/CSC-CCSC032315full.pdf>

equal influence, the Board of Supervisors decided to establish one large committee to include three appointments from each Supervisorial District, five at-large appointments, and one from each city in the County.

On March 12, 2015, each city in Alameda County received a letter from the County requesting designation of a representative to serve on the steering committee and on March 13, 2015, the County opened the application period for community members. On April 7, 2015⁶, Council adopted a resolution designating Council Member Mendall as the City's representative and Council Member Jones as the City's alternate representative on the County's steering committee. All cities in Alameda County (except for Alameda, which has its own power authority) have agreed to participate on the steering committee.

On May 1, 2015, County staff released a list of nominees and on May 5, 2015, the Alameda County Board of Supervisors received many public comments asking for more diversity on the steering committee. The Board approved the list of 21 nominations for the committee and also directed staff to re-open the application period for two weeks to allow time for more candidates to apply. On June 2, the Board approved five more nominations (one from each District) for a total of 26 members. In addition, each of the 13 cities will have a representative so that there will be a total of 39 steering committee members (see Attachment I for the committee roster).

One of the key roles for the steering committee will be to provide input on the scope of work for the feasibility study. The County released a draft request for proposals (RFP) for the study with a preliminary scope of work on April 1 so that potential consultants can begin preparing responses. The scope of work will be finalized after the steering committee has a chance to provide input. The first meeting of the committee will be June 18 at 7 p.m. at the Castro Valley library.

Also on May 5, the Board of Supervisors approved the following name and logo for the CCA effort.



DISCUSSION

Supervisor Haggerty hosted an informational breakfast on May 2 in Hayward. Mayors and Council members from all 14 cities were invited and about half of the cities were represented. Topics covered during the meeting included an introduction to CCA and its function, and Plan Bay Area.

⁶ See Item # 4 at <http://www.hayward-ca.gov/CITY-GOVERNMENT/CITY-COUNCIL-MEETINGS/2015/CCA15PDF/cca040715full.pdf>

County staff explained that the process of studying and possibly forming a CCA will occur in three Phases. The technical study will be completed during Phase 1, at the end of which, the Board will decide whether or not to proceed with Phase 2. Phase 2 would be for program development, including formation of a Joint Powers Authority (JPA). Phase 3 would include customer notifications and commencement of service. Following is a more detailed timeline for the three phases.

Phase 1

June 2015	Issue RFP for technical study
November 2015	Steering Committee reviews technical study
December 2015	Present technical study to Board of Supervisors
December 2015	Decide whether or not to proceed with Phase 2

Phase 2

Spring 2016	Form Joint Powers Authority
Summer/Fall 2016	Submit Implementation Plan to California Public Utilities Commission

Phase 3

First Half of 2017	Secure Energy Contracts
First Half of 2017	Customer Notifications
First Half of 2017	Commence Service

On May 18, 2015, staff attended a CCA Forum in Los Angeles. Most of the presentations were given by existing CCAs and CCA advocates. Following are some key take-aways organized by presenter:

Marin Clean Energy

- Began serving customers in 2010
- Average residential customer is saving \$17 per year
- Average commercial customer is saving \$130 per year
- School District is saving \$64,000 per year
- MCE has generous net metering program – they give cash to customers at end of calendar year
- MCE’s opt out rate was approximately 20% in 2010 (PG&E did significant marketing campaign against MCE during start-up)
- When MCE adds new cities, opt out rate is now 10 to 15%
- In January through March this year, MCE did more than 100 community meetings in new communities
- MCE offers Light Green (minimum 50% renewable), Deep Green (100% renewable), and Local Solar (100% local solar)
- This year’s light green option is likely to be 56% renewable
- MCE considers local power sources to be those that are within 100 miles of Marin County
- MCE prepares an annual Integrated Resource Plan, which has a ten-year outlook
- Total energy offered by potential providers has exceeded the need by 50 times (there’s plenty of renewable energy potential out there)
- New CCAs need to decide priority: do you want RPS-qualified sources or do you want low carbon? (for example, hydro-power is not RPS-qualified, but it is low carbon)
- MCE’s Director of Power Resources noted that MCE’s priority was RPS-qualified. If he could do it over again, he would prefer that priority be low carbon.

Lancaster Choice Energy

- Needed CCA to meet their Net Zero Community goal
- First stand-alone CCA city (not a JPA and not going to grow into one)
- Rates are lower than So Cal Edison
- From feasibility study to launch took 2.5 years
- Started serving customers on May 1, 2015
- Full launch in October 2015 (will start serving all customers)
- Energy efficiency programs will start in 2016

Sonoma Clean Power

- May is a good month to launch a CCA (that's when PG&E implements their summer rate increase)
- SCP default service is 33% renewable energy, which has 34% fewer GHG emissions than PG&E
- The 100% renewable energy option is from energy that is entirely produced in Sonoma County
- Other regions have indicated a desire to join SCP. Board has yet to decide. (They want to be sure to retain local control.)
- SCP is experiencing a 10 – 15% opt out rate (need to do lots of marketing to compete for customers)

San Mateo County

- Expect to have technical study by August 2015
- Outreach and program design will run until April 2016
- Hope to launch by September 2016
- First steering committee meeting will be May 28, 2015

Others Jurisdictions

- South Bay of Los Angeles area: Eight cities are on-board. They hope to launch within two years.
- San Diego has a couple of studies underway now.

While the exploratory and initial formation costs are significant, the Board of Supervisors has authorized expenditure of County funds to cover Phases 1 and 2. Phase 3 costs could be covered by the County or the County could ask participating cities to contribute. If a CCA is formed, initial costs will be recovered from ratepayers. As mentioned in previous reports, there are potential drawbacks associated with formation of a CCA. For example, it is possible that a CCA could be locked in power contracts that at some point in the future will not be competitive with PG&E. Also, while PG&E's renewable energy portfolio is currently below most CCAs, this could change in the future. Finally, if a primary goal of the CCA is to obtain electricity with a smaller greenhouse gas footprint than that available from PG&E, it will be very difficult to do given that PG&E currently obtains approximately 30 percent of its electricity from nuclear and large hydroelectric facilities. Staff will work with Council members Mendall and Jones to ensure that these issues are considered by the committee during preparation and review of the technical study.

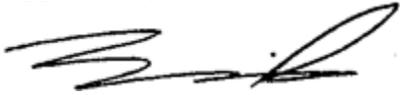
NEXT STEPS

Staff will continue to follow the County's exploratory phases of CCA, participate in steering committee meetings, and provide regular updates to the Sustainability Committee.

Prepared by: Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Utilities and Environmental Services

Approved by:



Fran David, City Manager

Attachments:

Attachment I Steering Committee Roster

**Alameda County Community Choice Aggregation (CCA)
Steering Committee Membership - CCA, East Bay Community Energy
June 2, 2015**

No.	Name	Organization (if applicable)	City	Supervisory District or City
1	Eloise Hamann	Tri Valley Progressives	Dublin, CA 94568	D1
2	Alex DiGiorgio	Farm League Design & Management	Oakland, CA 94610	D1
3	Subash Sundaresan	Organizing for America	Fremont, CA 94539	D1
4	Monica V. Padilla	Resident	Fremont, CA 94539	D1
5	Fernando Campos	Laborers Union	Oakland, CA 94621	D1
6	Jing Jing He	Asian Pacific Environmental Network	Hayward, CA 94541	D2
7	Obray Van Buren	Plumbers & Steamfitters Local 342	Hayward, CA 94541	D2
8	Frank Burton	Hayward Demos Democratic Club	Hayward, CA 94541	D2
9	Vic Rolita	IBEW	Hayward, CA 94541	D2
10	Ernest Pacheco	Communications Workers of America	Hayward, CA 94541	D2
11	Tara Marchant	Emerald Cities Collaborative	Oakland, CA 94612	D3
12	Cynthia Landry	SEIU Local 1021	Alameda, CA 94501	D3
14	Mike Croll	Operating Engineers Local 3	Alameda, CA 94501	D3
15	Byron L. Benton	IBEW/NECA	San Leandro, CA 94577	D3
16	Kurt Brinkman	Intrepid Electronic Systems, Inc.	Oakland, CA 94607	D3
13	Gerald (Jerry) Lahr	Assoc. of Bay Area Governments	Oakland, CA	D4
17	Roger Harris	City of Pleasanton Energy Committee	Pleasanton, CA 94566	D4
18	Pamela Evans	AC Green business coordinator	Castro Valley, CA 94552	D4
19	Victor K. Uno	IBEW	Oakland, CA 94619	D4
20	Catherine Brown	Trivalley Progressives	Pleasanton, CA 94566	D4
21	Joan Diamond	Resident, emp. Nautilus Inst Berkeley	Berkeley, CA 94704	D5
22	Andy Katz	EBMUD Ward 4	Berkeley, CA 94704	D5
23	Tom Dalzell	IBEW Local Union 1245	Berkeley, CA 94707	D5
24	Ashoka Finley	Energy Solidarity Cooperative	Oakland, CA 94612	D5
25	Barbara Stebbins	Clean Energy & Jobs Oakland	Berkeley, CA 94702	D5
26	Scott Haggerty	AC Board of Supervisors	Oakland, CA	Uninc Area
27	Dan Shoenholz	Dep. Dir CD - Fremont	Fremont, CA	Fremont
28	Claire Griffing	Sust. Dir. - Albany	Albany, CA 94706	Albany
29	Michael Hannon	City Council - Newark	Newark, CA 94560-3796	Newark
30	Al Mendall	City Council - Hayward	Hayward, CA 94544	Hayward
31	Dianne Martinez	City Council - Emeryville	Emeryville. CA 94608	Emeryville
32	Deborah Cox	City Council - San Leandro	San Leandro, CA 94577	San Leandro
33	Dan Kalb	City Council - Oakland	Oakland, CA	Oakland
34	Tom Bates	Mayor - Berkeley	Berkeley, CA	Berkeley
35	Avalon Schultz	Senior Planner - Union City	Union City, CA 94587	Union City
36	Tim Rood	City Council - Piedmont	Oakland, CA 94612	Piedmont
37	Steven Spedowfski	City Council - Livermore	Livermore, CA 94551	Livermore
38	Roger Bradley	Asst. to City Manager, Dublin	Dublin, CA 94568	Dublin
39	Jerry Pentin	City Council - Pleasanton	Pleasanton, CA 94566	Pleasanton

Known Alternates for Committee

Rachel DiFranco	Sust. Coord - Fremont	Fremont, CA	Fremont
Peter Maass	Mayor - Albany	Albany, CA	Albany
Alan Nagy	Mayor - Newark	Newark, CA 94560-3796	Newark
Greg Jones	City Council - Hayward	Hayward, CA 94541	Hayward
Karen Hemphill	Asst. To City Manager, Emeryville	Emeryville. CA 94608	Emeryville
Corina Lopez	City Council - San Leandro	San Leandro, CA 94577	San Leandro
Daniel Hamilton	Sust. Prog. Mgr - Oakland	Oakland, CA 94612	Oakland
Richard Sealana	Public Works Super. - Union City	Union City, CA 94587	Union City
Martha Aja	Env. Coord., - Dublin	Dublin, CA 94568	Dublin
Junius Williams			D3