



# AGENDA REPORT

## City Council

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**MEETING DATE:** August 21, 2019

**PREPARED BY:** Crystal Najera, CAP  
Program Administrator

**DEPT. DIRECTOR:** Karen P. Brust

**DEPARTMENT:** City Manager

**CITY MANAGER:** Karen P. Brust

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**SUBJECT:**

Supplemental information on Item 10B - Community Choice Energy Governance Analysis Report and CCE Formation.

**SUPPLEMENTAL INFORMATION:**

At the request of council members serving on the City Council Ad-Hoc Subcommittee on Community Choice Energy (CCE Subcommittee), this supplemental information is being provided to:

- 1) Address the availability of funding for CCE programming in a possible future CCE;
- 2) Include the reported outcome of the City of Carlsbad City Council decision from their meeting on August 20, 2019 on Item 15: Community Choice Energy Program Governance Analysis Report and Joint Powers Authority Formation; and
- 3) Update the Recommended Action of Item 10B to include a recommendation from the CCE Subcommittee.

**1) Funding for Future CCE Programs**

This brief analysis on funding for future CCE programs was provided by EES Consulting. It evaluates the amount of funding that may be available for a CCE program in consideration of its size.

Availability of future funding used for CCE programs is a consideration when evaluating the CCE governance options. CCE program funding is at the discretion of the JPA and is normally driven by customer preference. By definition, a larger CCE would have more customers and the potential for access to a larger funding pool for programs. Still, any program funding would be determined by the collective JPA members. Accordingly, a smaller JPA could make decisions which enable larger funding overall. The City of San Diego JPA has the potential to have access to greater funding, but this can't necessarily be assumed. Although the City of San Diego JPA does result in a larger funding pool, there would also be a greater number of customers, so there won't necessarily be more program benefits available per customer in a larger JPA. In EES's experience with JPAs, allocation of program related funds is discretionary and voting weight is crucial to equitable and efficient program administration.

For reference, two tables are provided below which include information regarding currently operational CCEs, years in service, number of customers, and the types of programs offered. Table 1 was produced by CalCCA, an advocacy group that represents the interests of community choice electricity providers throughout California. Table 2 was produced by the City of San Diego.

**Table 1: Variety of Programs offered by California CCEs**

	Apple Valley Choice Energy	CleanPowerSF	Clean Power Alliance	East Bay Community Energy	King City Community Power	Lancaster Choice Energy	Marin Clean Energy	Monterey Bay Community Power	Peninsula Clean Energy	Pioneer	PRIME	Rancho Mirage Energy Authority	Redwood Coast Energy Authority	San Jacinto Power	San Jose Clean Energy	Silicon Valley Clean Energy	Solana Energy Alliance	Sonoma Clean Power	Valley Clean Energy
Budget Billing		<i>In dev.</i>				✓													
Battery Storage Rate		<i>In dev.</i>					✓												
Demand Response		✓	<i>In dev.</i>	✓			<i>In dev.</i>	<i>In dev.</i>				✓				✓		✓	
EV Rate		✓	✓			✓	✓	✓	✓	✓		✓				✓		✓	
EV Bus Program						✓												✓	
EV Incentives						✓	✓	✓	✓						✓			✓	
EV Load Shifting			<i>In dev.</i>				✓												
Energy Efficiency						<i>In dev.</i>	✓				<i>In dev.</i>	✓						✓	
Low-Income & Multifamily EE							✓				✓	✓							
Feed-In Tariff		<i>In dev.</i>					✓	<i>In dev.</i>				✓						✓	
Fuel Switching (Electrification)							✓	<i>In dev.</i>				✓				<i>In dev.</i>		✓	
Low-Income Solar Incentives		✓	<i>In dev.</i>	<i>In dev.</i>			✓	✓	<i>In dev.</i>		✓								
On-Bill Repayment		<i>In dev.</i>					✓											<i>In dev.</i>	
Community Innovation Grants				✓					✓	<i>In dev.</i>						✓			
Customer Load Shifting		<i>In dev.</i>					✓											✓	
Microgrid Development						✓		✓				✓						<i>In dev.</i>	
Citizen Sourcing			✓			✓						✓							
Energy Education in Local Schools									✓									✓	
Dividend Program								✓											✓
Solar Referral Service			<i>In dev.</i>																
Advancing Reach Codes				✓				✓										✓	
Advanced Energy Rebuild							✓											✓	

Source: CalCCA, Date: August 2019

**Table 2: CCE Comparison**

<b>CCE (Launch Year)</b>	<b>Number of Programs</b>	<b>Years in Operation</b>	<b>Number of customer accounts</b>
Solana Energy Alliance (2018)	0	1	7,300
King City Community Power (2018)	0	1	7,500
Rancho Mirage Energy Authority (2018)	0	1	14,500
San Jacinto Power (2018)	0	1	14,500
Apple Valley Choice Energy (2017)	0	2	25,000
Lancaster Choice Energy (2015)*	7	4	50,000
Valley Clean Energy (2018)	1	1	54,200
Redwood Coast Energy Authority (2017)**	8	2	62,000
Pioneer (2018)	1	1	79,500
PRIME (2017)***	4	2	176,000
Sonoma Clean Power (2014)	13	5	225,000
Silicon Valley Clean Energy (2017)	4	2	270,000
Monterey Bay Community Power (2018)	7	1	277,000
Peninsula Clean Energy (2016)	7	3	293,000
San Jose Clean Energy (2018)	1	1	332,500
CleanPowerSF (2016)	8	3	376,000
Marin Clean Energy (2010)	13	9	470,000
East Bay Community Energy (2018)	4	1	533,000
Clean Power Alliance (2018)	6	1	972,500
<i>Carlsbad (49,000) Encinitas (26,000), and Del Mar (2,900)</i>	<i>na</i>	<i>na</i>	<i>78,000</i>
<i>Chula Vista, La Mesa, Santee</i>	<i>na</i>	<i>na</i>	<i>143,000</i>

\*Lancaster includes City programs

\*\*Redwood was an existing JPA prior to forming a CCA so programs pre-date CCA

\*\*\*Pico Rivera - number of accounts not confirmed

Source: City of San Diego, Date: August 2019

## **2) City of Carlsbad Council Decision August 20, 2019, on Item 15: Community Choice energy Program Governance Analysis Report and Joint Powers Authority Formation**

According to the video recording of the City of Carlsbad City Council meeting on August 20, 2019, the motion on Item 15 was approved with a vote of 4-0 (Mayor Matt hall absent) as follows:

Direct staff to:

- A.) Initiate negotiations with the Cities of Del Mar, Encinitas and other potential partner agencies to prepare a Community Choice Energy Authority Joint Powers Agreement, subject to the conditions outlined in the recommendations of the City Council Ad-Hoc Subcommittee on Community Choice Energy;
- B.) Prepare an ordinance implementing a City of Carlsbad Community Choice Energy program through a Joint Powers Authority, and
- C.) Return to City Council to obtain approvals and appropriations needed to establish and convene a Community Choice Energy Joint Powers Authority Board of Directors in time to approve and submit a Community Choice Energy Implementation Plan to the California Public Utilities Commission by December 31, 2019 and launch a Community Choice Energy program in 2021.

- D.) Conduct a third-party review of the Community Choice Energy Technical Feasibility Study.

As referred to in staff recommendation “A”, the City of Carlsbad City Council Ad-Hoc Subcommittee on Community Choice Energy offered the following advice and recommendation to the City of Carlsbad City Council:

*“The Carlsbad City Council Ad-Hoc Subcommittee on Community Choice Energy advises and recommends to the City Council that the City of Carlsbad negotiate and enter into a Community Choice Energy Authority Joint Powers Agreement with the Cities of Del Mar and Encinitas, on the condition that such agreement provide for the following:*

- 1. Equal Vote Protocol (No Weighted Vote),*
- 2. Equal Pre-Launch Cost Sharing Formula,*
- 3. 2021 Program Launch,*
- 4. Minimum 50% Renewables Portfolio, and*
- 5. JPA membership for the Cities of Escondido, Oceanside, San Marcos, Solana Beach and Vista shall not be denied, and shall be approved on the same terms enjoyed by the Partners in the event they request to join and agree to contribute a proportionate share of the JPA’s pre-launch operating and administrative costs, plus any direct costs associated with their incorporation into the JPA, which costs shall be eligible for reimbursement by the JPA.”*

### **3) Update to the Recommended Action for Item 10B**

The Recommended Action for Item 10B is hereby revised to include a recommended action from the CCE Subcommittee as follows:

Additional text is underlined.

#### **RECOMMENDED ACTION:**

- 1) Receive the Community Choice Energy (CCE) Governance Analysis Report (“EES Report”) completed for the Cities of Encinitas, Del Mar, and Carlsbad (Attachment 1);
- 2) Consider the City Council Ad-Hoc Subcommittee on Community Choice energy recommendation (CCE Subcommittee) as follows:

“The Encinitas CCE subcommittee consisting of Councilmember Joe Mosca and Mayor Catherine Blakespear recommends that the Encinitas City Council support the City of Encinitas joining the regional CCE program spearheaded by the City of San Diego.

The subcommittee makes this recommendation after a thorough investigation and analysis of all the factors likely to determine a successful governance structure for a CCE that includes Encinitas. The subcommittee recognizes that the consultant hired by the City of Encinitas, Carlsbad, and Del Mar has rated all four potential governance models as acceptable and feasible. The consultant has also acknowledged that there are policy decisions and a degree of subjectivity around the evaluation of which governance model ranks higher than other models.

The subcommittee’s recommendation of a regional CCE is based on the following factors:

- a) Certainty around launching the CCE before the end of the year

- b) Elimination of redundancies and the benefits of economies of scale that come from partnering with cities that create a larger rate payer base
  - c) Examples of innovations from the 19 existing state CCE programs across 160 jurisdictions come more frequently from larger programs
  - d) Reduced Encinitas staff burden and city cost associated with the regional CCE
  - e) Increased ability for the regional JPA to effect pro-environment policy change at the state level
  - f) Desire to work regionally and across city boundaries to provide maximum environmental benefits to Encinitas residents and residents countywide
  - g) Programming opportunities are maximized in the short and long term because there will be more programming money available.”
- 3) Select the preferred CCE formation option (listed in order based on EES Report results):
- a. Partner Joint Powers Authority (JPA) – Cities of Encinitas, Del Mar, and Carlsbad
  - b. Solana Energy Alliance JPA – in partnership with Solana Energy Alliance (SEA)
  - c. City of San Diego JPA – in partnership with City of San Diego
  - d. Enterprise CCE – City of Encinitas only
- 4) Direct staff to prepare CCE formation documents, including CCE enabling ordinance and negotiated JPA agreement, as applicable, and return to Council for approval in time to submit an Implementation Plan to the California Public Utilities Commission by December 31, 2019 and launch the CCE in 2021.
- 5) If the Partner JPA option is selected, direct staff to issue a Request for Proposals for contract services to prepare a CCE Implementation Plan for the Partners.