

TOWN OF WOODSIDE

Report to Town Council

Agenda Item 5

From: Kevin Bryant, Town Manager

February 24, 2015

SUBJECT: RESOLUTION APPROVING PARTICIPATION TO STUDY THE FEASIBILITY OF COMMUNITY CHOICE AGGREGATION FOR SAN MATEO COUNTY

RECOMMENDATION

It is recommended that the Town Council adopt the attached resolution, which authorizes the Town Manager to provide the appropriate documents to allow San Mateo County and/or its technical consultants to request energy usage/load data from Pacific Gas and Electric Company so that it may be analyzed as part of a countywide Community Choice Aggregation feasibility study.

BACKGROUND

At their December 9, 2014 meeting, the San Mateo County Board of Supervisors directed County staff to begin exploring the possibility of establishing a Community Choice Aggregation (CCA) program for unincorporated San Mateo County and interested cities. California Assembly Bill 117, passed in 2002, allows California cities and counties to pool the electric load of their residents, businesses and public facilities in order to purchase and develop clean electricity. There are currently two CCAs operating in Northern California, Marin Clean Energy and Sonoma Clean Power. The City of Lancaster, in Los Angeles County, is also starting a CCA. There are several other jurisdictions throughout the State investigating CCAs.

DISCUSSION

The first step in investigating a CCA program in San Mateo County is the preparation of a technical study that will assess: the current electrical load; the number of potential customers; projected economic impacts; and various clean energy options and greenhouse gas reduction scenarios. The technical study will also be helpful in determining whether or not the CCA can provide electricity rates that are competitive with those offered by PG&E. The technical study requires, among other things, electrical load data from PG&E for all cities and towns within the County who may be interested in joining a CCA program.

The San Mateo County Office of Sustainability has requested that all 20 cities and towns within the County authorize the release of their load data to the County for the purpose of conducting a county-wide technical study. If the Town Council adopts the draft resolution, the Office of Sustainability will include the Town in its load data request to PG&E.

As of the drafting of this report, 11 of the 20 cities in the County have authorized the release of load data to the County. An additional five jurisdictions have the release of load data scheduled for Council consideration.

It is important to note that participation at this stage of the CCA exploration process would not bind the Town to participate during later stages.

CONCLUSION

The attached resolution will authorize the Town Manager to provide the appropriate documents to allow San Mateo County and/or its technical consultants to request energy usage/load data from Pacific Gas and Electric Company.

Attachments

1. Resolution
2. Community Choice Aggregation Presentation to Council of Cities, January 30, 2015
3. Correspondence from Gita Dev, February 17, 2015

RESOLUTION NO. 2015 -

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WOODSIDE
APPROVING PARTICIPATION TO STUDY THE FEASIBILITY OF COMMUNITY CHOICE
AGGREGATION FOR SAN MATEO COUNTY**

WHEREAS, the County of San Mateo has identified Community Choice Aggregation as a promising 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 Pacific Gas & Electric Company, Inc. (PG&E); 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 the Town of Woodside; 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; 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 stakeholder education and outreach effort.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the Town of Woodside, California, that:

1. The Town of Woodside indicates its commitment to participate in the pre-development and feasibility exploration phase of Community Choice Aggregation in partnership with San Mateo County without obligation of the expenditure of General Funds unless otherwise authorized by the Town Council.
2. The Town Manager is authorized to provide the appropriate documents to allow the County and/or its technical consultants to request energy usage/load data from Pacific Gas & Electric Company so that it may be analyzed as part of a countywide CCA technical study.
3. The Town may choose to participate on an inter-jurisdictional CCA Steering Committee (if one is formed) and may authorize staff to participate in the preparation of the CCA technical study and explore funding opportunities for early planning and development costs.
4. Adoption of this resolution in no way binds or otherwise obligates the Town of Woodside to participate in Community

Choice Aggregation, unless it so chooses by passage of a
Town ordinance.

* * * * *

Passed and adopted by the Town Council of the Town of Woodside,
California, at a meeting thereof held on the 24th day of February,
2015, by the following vote of the members thereof:

AYES, and in favor thereof, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

Mayor of the Town of Woodside

ATTEST:

Clerk of the Town of Woodside

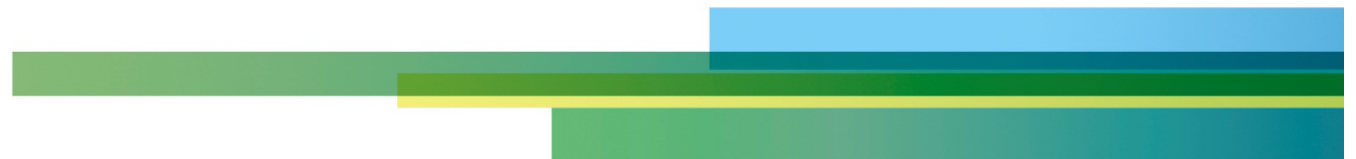


Community Choice Aggregation

**A Local Energy Model to Green the Grid, Offer Consumer Choice,
and Boost Local Economies**

January 30, 2015

San Mateo County Council of Cities



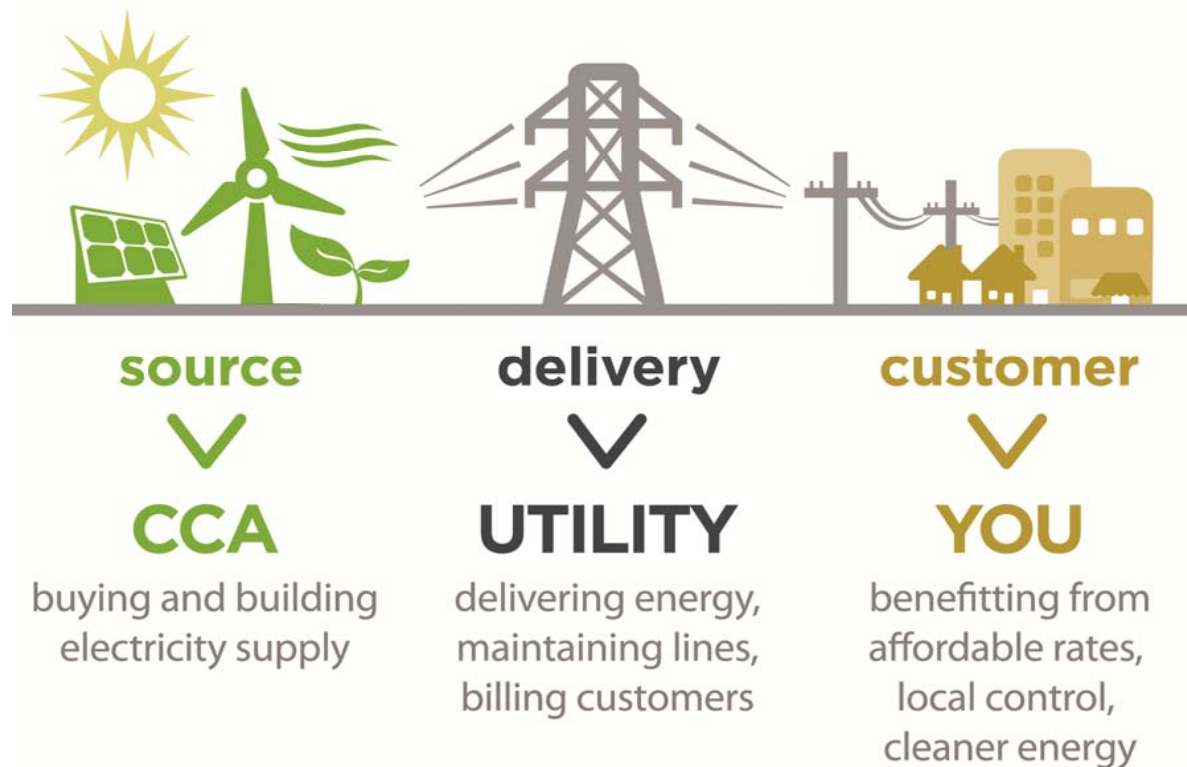
How Does It Work?



CCA leverages the market power of group purchasing and local control.

CCA allows communities to pool their electricity demand in order to purchase and potentially develop power on behalf of local residents, businesses, and municipal facilities.

How Local Energy Aggregation Works



Why is CCA So Powerful?

- Responsive to *local* environmental and economic goals
- Offers consumers a choice where none currently exists
- Revenue supported, not taxpayer subsidized
- Stable, often cheaper, electricity rates
- Allows for rapid switch to cleaner power supply and significant GHG reductions
- Provides funding for energy efficiency and innovative energy programs like energy storage and EV charging stations

Basic Program Features



“CCA: The Biggest Change You’ll Never Notice”

- JPA or special district can operate a CCA in CA; local governments participate by passing an ordinance
- Utility (PG&E) continues to provide consolidated billing, customer service, line maintenance
- CCA electric generation charges appear as a new section of customer bill; all other charges are the same
- CCA is an opt-out program; Customers receive *minimum 4 opt-out notices over 120 days and can return to PG&E service any time.*
- CPUC certifies CCA Plan; oversees utility/CCA relationship and other requirements.



Sample Energy Bill – Marin Clean Energy

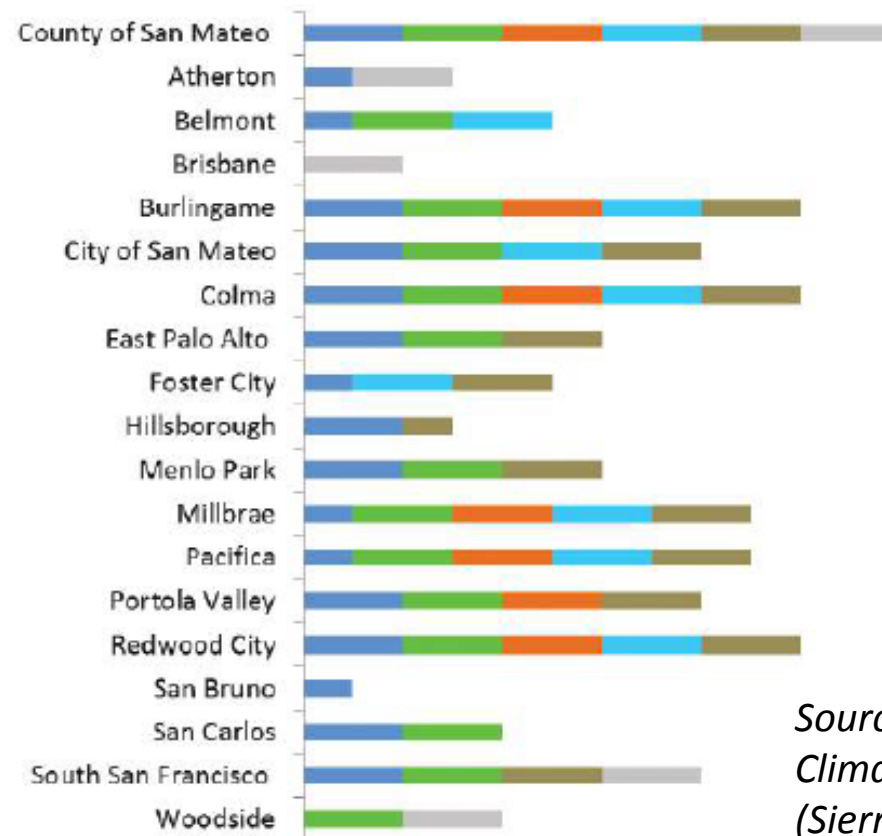


ENERGY STATEMENT		Account No: 1234567890-1
www.pge.com/MyEnergy		Statement Date: 10/01/2013
		Due Date: 10/22/2013
Service For: MARY SMITH 1234 STREET AVENUE SAN RAFAEL, CA 94804	Your Account Summary Amount Due on Previous Statement 82.85 Payments Received Since Last Statement 82.85 Previous Unpaid Balance \$0.00 Current PG&E Electric Delivery Charges \$39.32 MCE Electric Generation Charges \$42.81 Current Gas Charges \$27.20 Total Amount Due \$109.33 Total Amount Due \$109.33	
Questions about your bill? 24 hours per day, 7 days per week Phone: 1-866-743-0335 www.pge.com/MyEnergy		
Local Office Address 750 LINDARO STREET, STE 160 SAN RAFAEL, CA 94901		
Page 1	ENERGY STATEMENT www.pge.com/MyEnergy	Account No: 1234567890-1 Statement Date: 10/01/2013 Due Date: 10/22/2013
Important Messages Your charges on this page are separated into delivery charges and generation charges. Delivery charges are for the service of the electric power line and are billed by PG&E. Generation charges are for the electric power generated by MCE and are billed by MCE. These two charges are for different services. Electric power line safety PG&E cares about your safety. Please keep antennas at least 10 feet away from overhead power lines. For more information, call 9-1-1 and then PG&E at 1-800-743-5000.	Details of MCE Electric Generation Charges 10/01/2013 – 11/01/2013 (31 billing days) SERVICE FOR: 1234 STREET AVENUE Service Agreement ID: 0123456789 ESP Customer Number: 0123456789 10/01/2013 – 11/01/2013 Rate Schedule: RES-1 DEEP GREEN - TOTAL 508.000000 kWh @ \$0.0100 \$5.08 GENERATION - TOTAL 508.000000 kWh @ \$0.07400 \$37.59 Net charges \$42.67 Energy Surcharge \$0.14 Total MCE Electric Generation Charges \$42.81	Service Information Total Usage 508.000000 kWh For questions regarding charges on this page, please contact: MCE 781 LINCOLN AVE STE 320 SAN RAFAEL CA 94901 1-888-632-3674 www.mceCleanEnergy.com Additional Messages For questions regarding your charges on this page, please contact your Third Party Energy Service Provider.
		Page 2

CCA Responds to Local CAP Goals



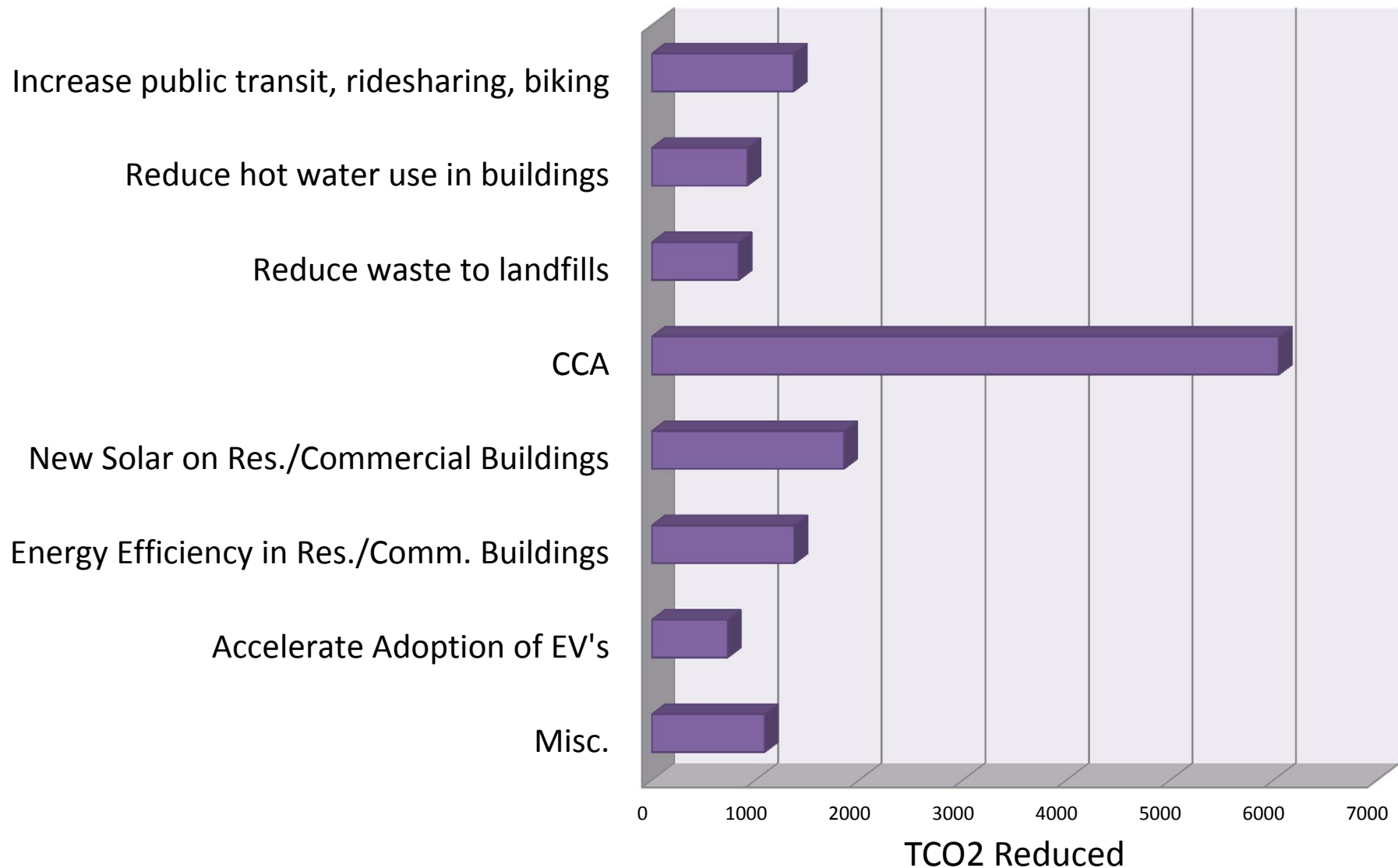
Commitment to Climate Action



Source: Local Government
Climate Action Survey, 2014
(Sierra Club, Loma Prieta Chapter)

And Supercharges GHG Reduction

Excerpt from Town of San Anselmo's CAP (2010)



Overview of CCA Economics

- Average start-up investment: \$1.5-\$3.5M depending on program size
 - Start-up costs fully recoverable from early operating revenues
- Financing is available for initial energy contracts and working capital
- CCAs have public agency bonding authority to initiate local power projects.
- Low overhead -- no shareholder profits or multi-million \$\$ salaries
- CCA's estimated gross annual value in San Mateo County = \$356M*

** San Mateo County 2013 electrical consumption = 4.5M kwh x .079/kwh which is MCE's current E-1 residential rate. Annual revenues likely higher with commercial customers included.*

CCAs Can Save Cities & Citizens Money



Marin and Sonoma's electric rates are lower than PG&E. Thus...

- MCE's residential customers saved nearly \$6M in 2014; greater savings expected in 2015
- Phase I customers (commercial) in Sonoma saved \$6M in the first seven months of service.
- Sonoma's current rates are 5-8% lower than PG&E's rates; greater savings expected in 2015.
- The City of San Rafael (municipal operations) saved \$47,000 in 2014
- The City of Richmond (municipal operations) has saved \$40,000 since joining MCE
- West Contra Costa Unified School District is projected to save \$60,000 per year from its operations in Richmond and San Pablo



Case Study – Marin Clean Energy



- May 2010: service starts for Phase I customers
- As of 2014: 125,000 customers; 77% of customer base
- Service area includes City of Richmond and Marin County
- 13-Member Board of Directors
- 177 MW new renewable energy in development for MCE customers, including 20 MW of local solar (enough clean power for 85,000 homes)
- 131 M tons of GHG reductions to date (2010-2013 reporting periods)
- 1,800 jobs created/supported by MCE; most in construction sector
- MCE customers saved \$5.9 million in 2014

2015 MCE Residential Cost Comparison



508 kWh E-1/Res-1	PG&E 22%	MCE Light Green 50%	MCE Deep Green 100%	MCE Local Solar 100%
Delivery	\$44.37	\$44.37	\$44.37	\$44.37
Generation	\$49.50	\$40.13	\$45.21	\$72.14
PG&E Fees	-	\$6.27	\$6.27	\$6.27
Total Cost	\$93.87	\$90.77	\$95.85	\$122.78

- Delivery rates stay the same
- Generation rates vary by service option
- PG&E adds exit fees on CCA customer bills
- Even with exit fees, total cost for Light Green is less than PG&E

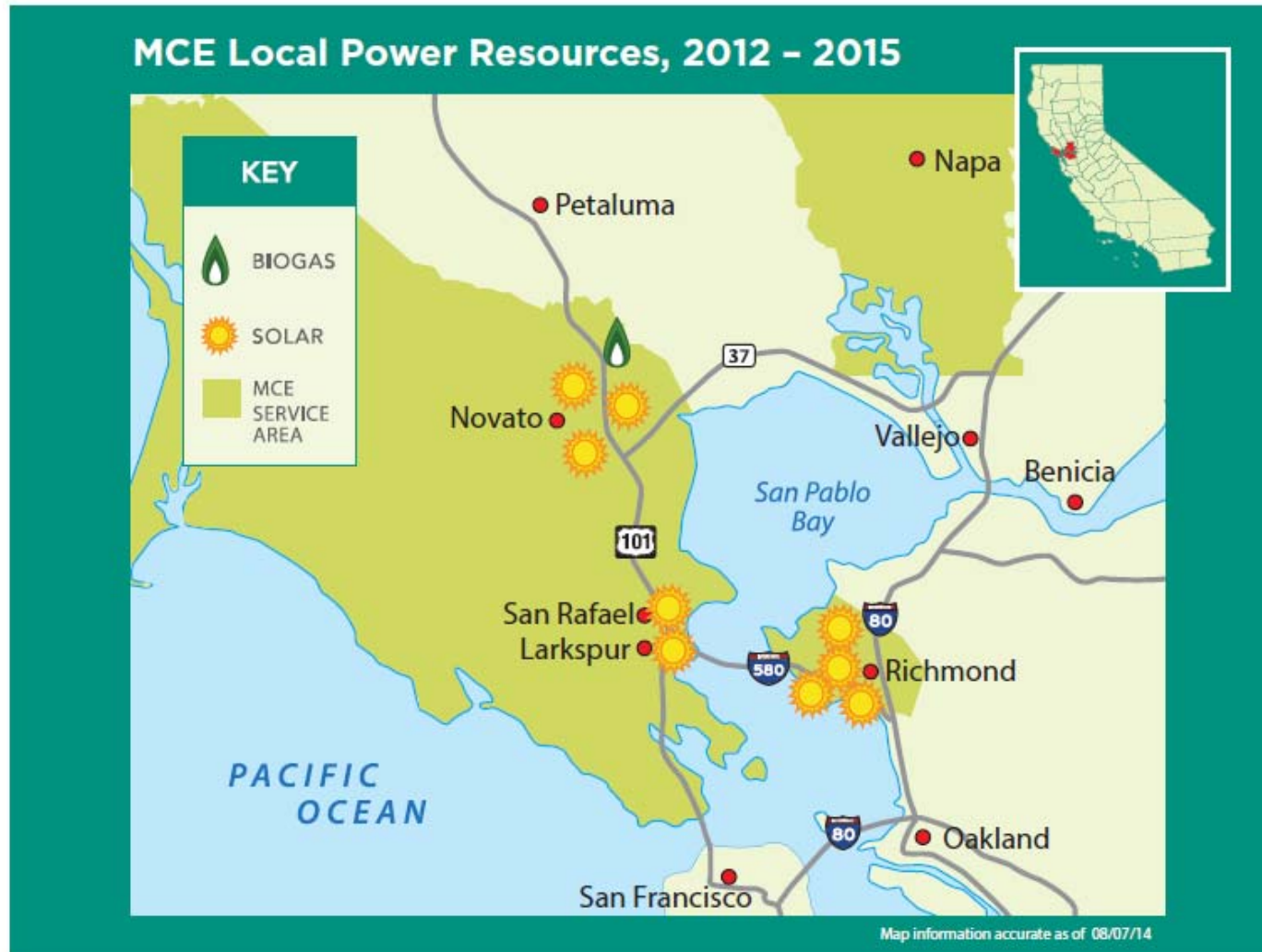
2015 MCE Commercial Cost Comparison



<i>1,405 kWh A-1/Com-1</i>	PG&E 22%	MCE Light Green 50%	MCE Deep Green 100%	MCE Local Solar 100%
Delivery	\$154.70	\$154.70	\$154.70	\$154.70
Generation	\$142.54	\$111.00	\$125.05	\$199.51
PG&E Fees	-	\$15.45	\$15.45	\$15.45
Total Cost	\$297.24	\$281.15	\$295.20	\$369.66

- Delivery rates stay the same
- Generation rates vary by service option
- PG&E adds exit fees on CCA customer bills
- Even with exit fees, total cost for Light Green *and* Dark Green is less than PG&E

CCA Facilitates Local Renewable Power



Sonoma Clean Power



- May 2014: service starts for 22,000 commercial customers
- December 2014: Roll out to 140,000 residential customers
- SCP has 92.6% of customer base (avg. 7.4% opt out rate)
- Service area includes unincorporated Sonoma County all of its cities
- Average rates 5%-8% lower than PG&E
- Phase I customers saved \$6M in first seven months of program
- Product Options: CleanStart @ 33% and Evergreen @ 100% CA qualified renewable power
- 100% renewable product sourced from Calpine/local geo- thermal plant
- 70MWs new solar for SCP customers recently announced

SCP Residential Cost Comparison



Example Residential Electric Charges	PG&E*	CleanStart	EverGreen
Based on a home using 500 kWh per month on the RES-1 (E-1) rate			
	28% [†] Renewable Energy	33% Renewable Energy	100% Renewable Energy
Electric Generation (all customers)	\$46.01	\$35.50	\$53.00
PG&E Electric Delivery* (all customers)	\$54.25	\$54.25	\$54.25
Additional PG&E Fees (SCP customers only)	\$0.00	\$5.82	\$5.82
	Average Total Cost \$100.26	Average Total Cost \$95.57	Average Total Cost \$113.07

*PG&E fees are calculated by Sonoma Clean Power using rate data provided by PG&E effective on August 1, 2014.

[†]Based on 2014 forecasted data, as reported by PG&E. The Power Content comparison, linked at left, contains 2013 actual data for PG&E.

SCP Commercial Cost Comparison



Example Commercial Electric Charges	PG&E*	CleanStart	EverGreen
Based on a business using 1,500 kWh per month on the COM-1 (A-1) rate			
	28%[†] Renewable Energy	33% Renewable Energy	100% Renewable Energy
Electric Generation (all customers)	\$145.82	\$114.24	\$166.74
PG&E Electric Delivery* (all customers)	\$159.47	\$159.47	\$159.47
Additional PG&E Fees (SCP customers only)	\$0.00	\$15.47	\$15.47
	Average Total Cost \$305.28	Average Total Cost \$289.17	Average Total Cost \$341.67

*PG&E fees are calculated by Sonoma Clean Power using rate data provided by PG&E effective on August 1, 2014.

[†]Based on 2014 forecasted data, as reported by PG&E. The Power Content comparison, linked at left, contains 2013 actual data for PG&E.

CCA: What are the Risks...

And how are they mitigated?



Rate Competition/Market Fluctuation: Power market expertise and well crafted power RFPs are essential; Long and short term contracts; Diversified supply portfolio and “value add” programs.



Customer Opt-Out: Competitive rates are a must; Articulate additional consumer and community benefits; Opt-outs in CA typically in 10%-20% range.



Political: Align CCA to local policy objectives; Appeal to both progressive and conservative minds by making the environmental AND business case; Local education and advocacy is key.



Regulatory/Legislative: PUC decisions may adversely affect CCA, and proposed bills (eg: AB 2145) can change the original statute; Participate in the regulatory and legislative process.

Now is the Time... The 3 Year Outlook



- ✓ Historic gas lows help achieve competitive pricing
- ✓ Solar tax credit shrinking or expiring at end of 2016
- ✓ Utilities are fully resourced through 2018-2020; excess power available
- ✓ Capacity charges currently low
- ✓ Affordable financing available



Next Steps in San Mateo County



- CCA workshops on Wednesday, 1/28 – please join us!
- Add to outreach database and connect with key stakeholders
- Return to Board of Supervisors in late-February
 - Study authorization, potential funding and approval of plan to move forward
- Countywide Technical Study



What We're Asking From the Cities



- Indicate your interest by authorizing electrical load data for CCA Technical Study
 - via City resolution or letter
- Help us identify key stakeholders or groups in your area
- Attend CCA briefings; participate in future steering committee if formed
- *No anticipated cost to the Cities*





NOW is the time to take
control of your local
energy future.

CCA is the path forward.

For More Information...

County of San Mateo, Office of Sustainability
sustainability@smcgov.org

LEAN Energy US
shawnmarshall@LEANenergyus.org
sbaruch@carbonomicsonline.com





Loma Prieta Chapter serving San Mateo, Santa Clara & San Benito Counties

February 17, 2015

Re: County Feasibility Study on Community Choice Aggregation

Dear Mayor Shanahan and Members of Woodside Town Council,

The Sierra Club Loma Prieta Chapter urges the Town of Woodside to join the County in its effort to form a Community Choice Aggregation (CCA).

Last year, our chapter completed a survey of the progress made by all our towns and cities on the peninsula, towards their goals in Climate Action Plans, designed to roll back the city's carbon footprint. The most striking finding was that, while every action taken was a positive step toward greenhouse gas reduction targets, moving to a CCA was by far the most effective means towards realistically achieving these goals,

Under a CCA, electricity needs would be aggregated to create the customer base of the CCA. Currently the electricity market is completely controlled by PG&E. If San Mateo County formed a CCA it would be as a non-profit which would take over the buying and selling of electricity from PG&E. Transmission and distribution would still belong to PG&E.

There are three clear reasons to form a CCA:

- 1- To spur the use of **clean energy to reduce** carbon in the environment and avoid catastrophic climate change.
- 2- **Provide choice** with competitive rates to ratepayers.
- 3- Catalyze innovation at the local level, incenting jobs and revenue, through **buyback programs**.

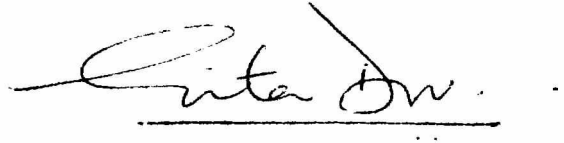
With a CCA you can develop programs responsive to local environment and economic goals for greenhouse gas (GHG) reductions as communities and customers get choice. A CCA is entirely revenue supported through the rate payer base; there are no additional tax payer moneys involved.

Marin was the first CCA formed in California. They were cash positive after three months with a surplus of 7% of total revenue to reinvest in local technology for storage, efficiency, and electric vehicle charging. Marin is currently 20% less greenhouse gas intensive than PG&E.

Lastly, it is important to note that authorizing the sharing of load data with the County for the technical study does not obligate Woodside to join the eventual CCA.

We hope that Woodside will elect to join in the feasibility study with the County of San Mateo.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gita Dev", is written over a horizontal line. The signature is fluid and cursive.

Gita Dev, Woodside resident
Climate Action Leadership Team
Sierra Club Loma Prieta

Cc Gladwyn d'Souza and Sue Chow, Co-Chairs, Climate Action Leadership Team, SCLP
Michael Ferreira, Conservation Chair, SCLP
John Cordes, Executive Director, SCLP