



Mendocino County

Legislation Text

File #: 16-606, **Version:** 1

To: Board of Supervisors

From: Executive Office

Meeting Date: June 21, 2016

Department Contact: Christopher Shaver

Phone: 463-4441

Item Type: Regular Agenda

Time Allocated for Item: 45 min

Agenda Title:

Discussion and Possible Acceptance of Workshop Presentation on Community Choice Aggregation (CCA) from LEAN Energy and Sonoma Clean Power (SCP)

Recommended Action/Motion:

Receive the presentation and direct staff to bring CCA formation to the next available meeting for Board authorization to either formally declare interest in SCP membership or direct staff to pursue other CCA options.

Previous Board/Board Committee Actions:

On February 17, 2015, the Board authorized the Chief Executive Officer Carmel J. Angelo to sign an agreement with California Clean Power (CCP) to perform a feasibility study to assess the County's participation in a Community Choice Aggregation (CCA) implementation process. On June 9, 2015, the Board received a presentation from LEAN Energy about the benefits and types of CCA programs; and, authorized the introduction and waiving of the reading of an ordinance authorizing the implementation of a CCA program. On June 16, 2015, the Board adopted the CCA ordinance and received presentations from Sonoma Clean Power (SCP) and California Clean Power (CCP). On July 7, 2015, the Board received a presentation from Marin Clean Energy (MCE). On August 18, 2015, the Mendocino County Board of Supervisors authorized staff to submit a letter expressing interest of the County's desire to explore the potential of becoming a member of either MCE or SCP. On December 8, 2015, the Board received an updated presentation from CCP regarding their revised business model. On January 12, 2016, the Board authorized Supervisor Hamburg and staff to represent the County and express interest in possible membership in SCP's JPA at SCP's Board meeting on February 4, 2016. On April 19, 2016, SCP conducted a question and answer session about possible SCP membership; and, on that same date, the Board directed staff to hold an informational workshop on a future Board date on CCA.

Summary of Request:

As your Board may recall, the CCA program was established under California Assembly Bill (AB) 117 in 2002. AB 117 provides local communities with the ability to procure electric power for their citizens, usually at a lower rate. The electric power is distributed by utilizing the existing infrastructure of the investor owned utility, which in this case is Pacific Gas and Electric Company (PG&E). Inasmuch, the investor owned utility continues to deliver, meter and bill for the electricity procured by the CCA.

CCAs offer a number of possible benefits for a community, such as cheaper electricity rates and an environmentally friendlier energy supply. Since electric power is usually procured at a less expensive rate than the investor owned utility, a CCA is able to pass along those savings to rate payers in the form of a discount. Another benefit of a CCA includes energy programs that are designed to meet the unique needs of that community.

Since June 9, 2015, the Board has received several presentations from LEAN Energy, Marin Clean Energy, Sonoma Clean Power and California Clean Power about the benefits and different types of CCA models, such as a Joint Powers Authority (JPA), commercially managed or a single jurisdiction. The JPA model, as operated by SCP, assumes the liability and allows the local agencies to pool resources. The JPA model does require a board and staff to operate and function. In addition, revenues are not returned to individual JPA members, but are rather invested into programs, procurement and possible future clean energy projects.

On April 19, 2016, the Board received an informational presentation from LEAN Energy and an update from SCP's Chair and CEO about membership expansion. After the presentation and update, the Board directed staff to host a CCA workshop in order to provide additional details in a public forum about the pros and cons of CCA for the County. Staff requests that the Board receive the workshop and provide further direction as to which CCA model to pursue.

During the April 19, 2016, Board meeting, SCP expressed an interest in the County and incorporated cities as possible members of SCP' Joint Powers Authority (JPA). SCP stated the importance of ensuring that expansion of membership in the JPA is based upon a positive financial analysis and that there is an alignment with the mission and goals of SCP. In addition, SCP conveyed the importance of the County, as a JPA member, also being able to participate in mutually beneficial projects in accordance with SCP's mission, such as possible locations to host solar arrays. There is an optimal time frame, however, for the County to join SCP if that is the direction of the Board. SCP suggested that they will need least a 9-month period to complete the process before May of 2017.

Other CCA options exist that the County may pursue, such as formation of a local JPA or contracting with a vendor to commercially manage the CCA. Both of these options have out of pocket expenses that range from an estimated \$500,000 to \$2.8 million dollars. In addition, dedicated, full-time staff would be required in either of these cases, as there will be a need to manage or oversee customer support call services, data services, scheduling, forecasting, procurement, compliance and credit support.

Pursuing the commercially managed model would require the issuance of a request for proposal (RFP) and then the selection of a vendor to provide said services. In Humboldt County, the Redwood Coast Energy Authority (RCEA) recently issued an RFP and recommended award to The Energy Authority (TEA) to provide CCA services for a 5-year period. RCEA, however, has not started providing services to ratepayers, as they are still in the early phases of implementation. The County of Lake also issued an RFP, but received direction from the Board of Supervisors to postpone CCA issues until an undetermined future date.

LEAN Energy, on the other hand, has been instrumental in performing public outreach and education to the incorporated cities and business community. Over five community meetings have been conducted throughout the County from Point Arena to Willits to Fort Bragg to Mendocino and to Ukiah. In addition, web pages, brochures and social media have been produced and published as a continuance of the public outreach campaign. Visit www.co.mendocino.ca.us/cce <<http://www.co.mendocino.ca.us/cce>> for more information.

In addition, the attached memorandum from Ellison, Schneider and Harris, L.L.P., provides a legal analysis in terms of allowable uses for CCA program net revenues, provider of last resort concerns, and Congestive Revenue Rights. The memorandum provides, in greater detail, an analysis on three aforementioned areas of concern. In summary, however, the areas of concern are applicable to a commercially managed and County-formed CCA.

Alternative Action/Motion:

Receive the presentation and direct staff to provide additional information on CCA formation.

Supplemental Information Available Online at: N/A

Fiscal Impact:

Source of Funding: N/A

Budgeted in Current F/Y: N/A

Current F/Y Cost: N/A

Annual Recurring Cost: N/A

Supervisory District: All

Vote Requirement: Majority

Agreement/Resolution/Ordinance Approved by County Counsel: N/A

CEO Liaison: Alan D. Flora, Assistant CEO

CEO Review: Yes

Comments: