



**CITY OF LOS ALTOS  
CITY COUNCIL MEETING  
April 28, 2015**

**DISCUSSION ITEM**

**Agenda Item # 5**

**SUBJECT:** Approve Community Choice Energy Goals and Approach Plan

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**BACKGROUND**

State Assembly Bill 32, the Global Warming Solutions Act, was signed into law in 2006 and directed public agencies in California to support the state-wide target of reducing greenhouse gas (GHG) emissions to 1990 levels by 2020. In addition, California adopted ambitious energy and environmental policies to reduce state-wide GHG emissions to 20% of 1990 levels by 2050, and to provide 33% of electricity demands in 2020 from renewable resources utilizing clean energy technologies.

One method that has the potential to reduce GHG emission associated with energy consumption is the establishment of Community Choice Energy (CCE, formerly known as Community Choice Aggregation CCA), a system that allows cities, counties and Joint Power Authorities (JPA) to aggregate the purchasing power of an identified customer base within a defined area to secure alternative energy supply contracts with the goal of increasing the percentage of energy from renewable sources. The purchase of alternative energy supplies includes renewable sources such as hydroelectric, wind and geothermal, as opposed to, non-renewable fossil fuels such as coal, oil and natural gas. The consequences inherent in the use of fossil fuels to generate energy are particularly high carbon dioxide equivalents or GHG emissions, which contribute to global warming. The ability to form CCEs has been adopted into law in California and a few other states.

Many of the early concerns for establishment of CCEs have been mitigated and experience amongst agencies is providing new business opportunities and best practices for establishment of CCEs.

At its study session on March 10, 2015, Council directed the City Manager to submit an energy load data request to PG&E, which was completed on March 11, 2015. Council also directed the Environmental Commission to further investigate CCE business models and specific goals to be achieved for the City through a CCE alternative.

The dialogue on CCEs continued at the Joint Meeting with Council on March 17, 2015 and during meetings of the Environmental Commission CCE subcommittee.

**EXISTING POLICY**

None

**PREVIOUS COUNCIL CONSIDERATION**

Council Study Session March 10, 2015; Joint meeting of City Council and Environmental Commission March 17, 2015

**DISCUSSION**

At the April 13, 2015 Environmental Commission meeting, the Commission discussed and finalized its determination of CCE Goals and Approach Plan to recommend to Council.

The Community Choice Energy Assessment Discussion Document (Attachment 1) contains the CCE Goals and Approach Plan. The objectives are to: 1) state clear goals; 2) engage key stakeholders, facilitate CCE education, identify issues and concerns among stakeholders; 3) define and assess options in accordance with goals and recommend a path forward; 4) present rationale to pursue or abandon CCE for Los Altos.

To frame CCE goals and options, the Approach Plan recommends:

1. Formation of a stakeholder work group to identify key needs, requirements, issues, and a weighted evaluation criteria
2. Develop stakeholder education and engagement and conduct initial activities
3. Engage in the South Bay CCE process and determine potential continuation in the project
4. Conduct pre-proposal meetings with commercial CCEs; develop and receive request for proposals (RFPs)
5. Understand PG&E's green tariff timing and rates; determine approach and programs
6. Assess options based on criteria and established direction

The CCE recommended Goals:

1. Increase grid-based renewable energy at a price advantage
2. Achieve significant progress in attaining Climate Action Plan measures at a low burden to the City
3. Minimize CCE financial and operational risks to City
4. Allow for City benefits in delivery of innovative green power offerings

The CCE Assessment Document, page 3, presents a recommended study approach to frame and vet the CCE goals and options commencing in late April, 2015 and plans to conclude in late June/July, 2015. The solidified goals and options will then be evaluated relative to weighted criteria for a subsequent recommendation and report to Council. This is illustrated by example on the CCE Assessment Document, page 5.

The Environmental Commission took action and unanimously approved (Commissioners Eyre and Teksler absent) a motion to proceed with the Goals and Approach Plan to include the formation of a working group comprised of City staff, at least one member of the City Council, three members of the Environmental Commission and members of the public and the business community. The Environmental Commission concurred with the City Manager's intention to supply the City of Sunnyvale with the load tariff data request by April 30, 2015 for the South Bay Feasibility Technical study.

### **PUBLIC CONTACT**

Posting of the meeting agenda serves as notice to the general public.

### **FISCAL/RESOURCE IMPACT**

None

### **ENVIRONMENTAL REVIEW**

Not applicable

### **RECOMMENDATION**

Approve Community Choice Energy Goals and Approach Plan

**ALTERNATIVES**

1. Do not approve the Community Choice Energy Goals and Approach Plan as proposed
2. Modify the proposed Goals and Approach Plan for a Community Choice Energy alternative

Prepared by: J. Logan, Environmental Commission Staff Liaison

**ATTACHMENT:**

1. Community Choice Energy Assessment Discussion Document – Assessment Goals and Approach dated April 2015

# Community Choice Energy Assessment

## Discussion Document – Assessment Goals and Approach

Los Altos Environmental Commission

April 2015

**ATTACHMENT 1**

The Los Altos City Council has requested that the Environmental Commission study possible options for a Community Choice Energy program in Los Altos.

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## Study Objectives

- Clearly define and articulate City goals for a Community Choice Energy (CCE) program
- Engage with key stakeholders, facilitate CCE education, and identify key related issues and concerns among City stakeholders
- Define possible options for implementing Community Choice Energy in Los Altos
- Assess possible options relative to Los Altos CCE goals, and recommend a path forward
- Present context and rationale for continuing to pursue/not pursue Community Choice Energy in Los Altos

An effective assessment of Community Choice Energy options for Los Altos will require a designated and representative working group, and coordinated activity.

## Recommended Study Approach

### Organize

### Frame CCE Goals & Options

### Assess



▲ Council Checkpoints & approximate timing

▲ late April

▲ late May

▲ late June

▲ July

A critical part of the study process will be identification of goals and associated weighted evaluation criteria for Community Choice Energy in Los Altos.

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## Community Choice Energy – Recommended Goals

1. Increase Use of Grid-Based Renewable Energy at a Price Advantage:
  - provide residents and businesses with universal access to the highest possible percentage of renewable electricity, at a price advantage relative to current utility rates
  - provide residents and businesses with a choice for 100% renewable electricity at a competitive rate
  - move quickly to evaluate and lock in access to renewable electricity while prices are favorable
  
2. Make Significant Progress on the CAP at a Low Burden to the City:
  - achieve large-scale GHG reduction of 5,000–30,000 MTCO<sub>2</sub>e (33-200% of CAP 2020 gap)
  - implement at low cost relative to other CAP measures, in terms of capital and staff resources
  - achieve predictable and quantifiable GHG reductions, and reduce/eliminate risk of not achieving 2020 CAP goal
  
3. Minimize CCE Financial and Operational Risks for the City
  
4. Allow for City Influence/Control in Delivering Innovative Green Power Offerings:
  - enable programs tailored to City's residential and commercial needs (e.g. community solar, feed-in tariff)
  - position Los Altos for a clean energy future, and demonstrate our community's leadership in achieving and potentially exceeding CAP 2020 goals

Ultimately, after options for Community Choice Energy have been framed and vetted, they will be compared relative to weighted evaluation criteria.

## Community Choice Energy – Assessment

**Sample Chart  
for Illustration Only**

Community Choice Energy Options, and High-Level Comparison of General Attributes					
Attribute	Community Choice Energy Option				
	1	2	3	4	5
	DIY CCA	Public Partner CCA - ASAP	Public Partner CCA - Later	Commercial Partner CCA	PG&E Green Option
Potential GHG Reduction Impact	●	●	●	●	○
Speed of Implementation	○	●	○	●	●
Potential for Customer Cost Savings	●	●	●	●	○
Cost Efficiency to Implement	○	●	●	●	●
Degree of City Influence/Control	●	●	○	●	○
Market Precedent/Experience/Predictability	○	●	●	○	●
Potential for Other Customer Benefits/Programs	●	●	●	●	○

Higher ● Intermediate ● Lower ○