



**CITY OF LOS ALTOS  
CITY COUNCIL MEETING  
August 25, 2015**

**DISCUSSION ITEMS**

**Agenda Item # 19**

**SUBJECT:** Receive an interim report from the Environmental Commission on Community Choice Energy, and direct the Commission and staff accordingly

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**BACKGROUND**

Community Choice Energy (CCE) is a California policy that allows city and county governments to independently or jointly pool together, determine the electric demand of its communities and purchase electricity for residents within its jurisdictions. PG&E is the utility currently servicing Santa Clara County and it would continue to deliver electricity over existing lines as well as continue billing processes and customer service.

CCEs are established and operate as public, non-profit agencies and once operational, are funded through utility rates and are not subsidized by taxpayer dollars. After paying for energy and administrative costs, any revenue generated by the CCE can be reinvested into the community in the form of either lower rates or new energy projects and programs. Surplus funds do not go into the General Fund of the member cities/counties. These benefits provide local control and energy choices to the communities engaged in a CCE. CCEs purchase electricity procured from renewable sources such as solar, wind and geothermal as a measure to reduce greenhouse gas emissions and achieve state and local Climate Action Plan (CAP) goals.

At its meeting on April 28, 2015, the City Council unanimously approved the Community Choice Energy Goals, with modifications, as proposed by the Environmental Commission and reflected in the Study Approach Plan. An Environmental Commission subcommittee has been meeting regularly to research, interview experts in CCEs, and report its findings to the Environmental Commission. The Environmental Commission held a study session on July 13, 2015 to host a presentation on the Silicon Valley CCE Partnership and engage the community with the opportunity for comments and discussion. Subsequent to the Environmental Commission study session, the subcommittee met to analyze input gathered and to formulate its CCE Interim Report presented to the Environmental Commission on August 10, 2015. After comments and discussion at the August 10, 2015 meeting, the CCE Interim Report (Attachment 1) is now presented to Council. The August 10, 2015 CCE agenda report (Attachment 2) provides the background on the Environmental Commission and subcommittee activities.

**EXISTING POLICY**

None

**PREVIOUS COUNCIL CONSIDERATION**

March 10, 2015; March 17, 2015; and April 28, 2015

**DISCUSSION**

The Silicon Valley CCE Partnership (SVCCEP) is currently comprised of an initial group of four agencies: Sunnyvale; Mountain View; Cupertino; and the unincorporated areas of Santa Clara County. This initial group explored formation of a CCE to serve the South Bay communities and, in

collaboration, developed Phase 1a, the Initial Study. In April 2015, the initial group invited other cities in the County to become involved in the CCE planning initiative at Phase 1b, Feasibility Study, by providing energy load data from its jurisdictions for purposes of a technical feasibility study. The City of Los Altos is participating in the Phase 1b process.

Elected officials and executives from the Technical Feasibility participants will be invited to meetings to discuss the formation and model for the Joint Powers Authority (JPA) structure and formulate the key terms of the Agreement. Distribution and review of the initial JPA Agreement draft, feedback and decisions on how to proceed with the JPA formation will occur by the end of 2015. Community and business outreach and input are also being initiated during the Phase 1b process along with the technical study results for load data and rate analysis and analysis of the economics, supply options and environmental outcomes. These Study Phases are referenced in *Community Choice Energy in Silicon Valley*, pages 3-6 (Attachment 3).

The Environmental Commission and City staff have received presentations from SVCCEP staff leading the CCE collaboration efforts, provided input and are engaged in ongoing discussions during Phase 1a and Phase 1b. With Council direction, the City is poised to proceed and participate in the development of the SVCCEP program.

The Environmental Commission's CCE Interim Report is an overview of the accomplishments of the CCE Goals, Study Approach Plan and the subcommittee's activities. Furthermore, it lists key take-aways and proposes next steps to support a final CCE report to Council by the end of 2015.

### **PUBLIC CONTACT**

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

### **FISCAL/RESOURCE IMPACT**

None

### **ENVIRONMENTAL REVIEW**

Not applicable

### **RECOMMENDATION**

Receive Interim Report on Community Choice Energy from the Environmental Commission, and direct the Commission and staff accordingly

### **ALTERNATIVES**

Not applicable

Prepared by: J. Logan, Assistant City Manager

### **ATTACHMENTS:**

1. Environmental Commission CCE Interim Report
2. Environmental Commission Staff Liaison Report dated August 10, 2015
3. *Community Choice Energy in Silicon Valley*; dated July 29, 2015; and SVCCEP website pages

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*Receive and interim report from the Environmental Commission on Community Choice Energy, and direct the Commission and staff accordingly*

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# Community Choice Energy Study

## Interim Report

Los Altos Environmental Commission

August 2015

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

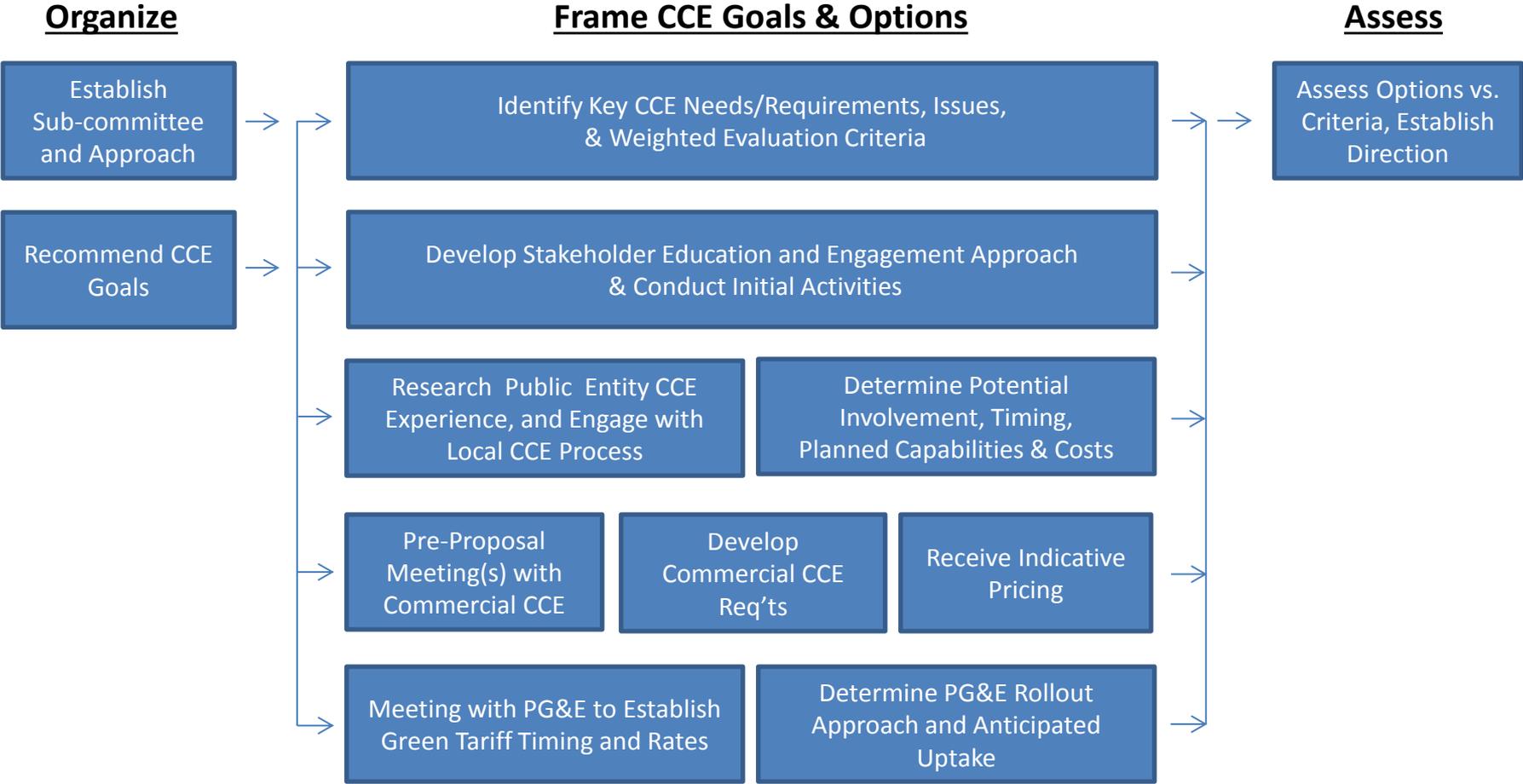
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## Study Objectives

- Clearly define and articulate City goals for a prospective Community Choice Energy (CCE) program
- Engage with energy experts and key stakeholders, facilitate CCE education, and identify key opportunities and issues to address
- Define possible options for implementing Community Choice Energy in Los Altos
  - join with South Bay CCE
  - contract with commercial provider of CCE services
  - advocate business/residential uptake of PG&E 'Green Tariff'
- 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

Our assessment of Community Choice Energy options for Los Altos involves a number of related activities.

### Study Approach



▲ Council Updates & approximate timing

▲ late April

▲ ~ We are here

▲ Oct/Nov

For each CCE option being studied, there are key questions to address; we have begun to develop initial answers to many of these questions, and some are still TBD.

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## Community Choice Energy – Key Study Questions

### 1. Increase Use of Grid-Based Renewable Energy at a Price Advantage:

- what would 50% or 100% renewable power actually cost, under various CCE options?
- ✓ does Los Altos have adequate scale/leverage to get good prices?
- ✓ how is 'price sensitivity' to green power established among residents and businesses?
- ✓ will CCE-provided renewable power remain cost competitive vs PG&E over time?
- ✓ what will be the cost of 100% renewable power from PG&E?

### 2. Make Significant Progress on the CAP at a Low Burden to the City:

- what would be the likely GHG reduction benefits of various CCE options?
- ✓ what level of cost and staff time is required to implement and support CCE?
- ✓ do we have the skills as a City to tackle this?

### 3. Minimize CCE Financial and Operational Risks for the City and Customers:

- ✓ what are the risks to the City? to Customers? what risks are assumed by the CCA entity?
- ✓ are these risks manageable, and how?
- ✓ have other cities tried CCE and failed - or had significant difficulty?

### 4. City Influence/Control in Delivering Green Power Offerings:

- ✓ how would residents and businesses be engaged in a CCE decision? implementation?
- ✓ what level of control will the City have over CCE offerings?
- can the City still earn community benefit funds, and how would residents like to see these used?

- |   |
|---|
| <ul style="list-style-type: none"><li>• tbd</li><li>✓ initial answers</li></ul> |
|---|

An important first step was identification of goals for a prospective Community Choice Energy program in Los Altos.

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## Community Choice Energy – 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
  - provide price advantage for the intermediate and longer term
  
- 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 and Customers**
  - operational costs fully recoverable
  - as applicable, provide sufficient city influence/governance of processes and offerings to meet specific City needs (e.g. standard offer, community solar, feed-in tariff)

Over the past few months, the Environmental Commission CCE sub-committee has been working actively to research CCE programs, and options for Los Altos.

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## Recent Los Altos CCE Subcommittee Activities

### **Established Key Study Elements**

- goals
- research activities on three basic options: join local CCA, commercial provider, PG&E Green Tariff
- development of Los Altos CCE preferences/requirements

### **Interviews**

- Staff and elected officials from Windsor, Cotati
- CEO of Sonoma Clean Power
- CEO of Marin Clean Energy
- CEO of California Clean Power
- CEO of Community Choice Partners
- PG&E – Sustainable Community Energy Manager, Government Relations

### **City Meetings**

- 12 ~weekly sub-committee meetings
- three noticed EC meetings & study sessions, including engagement with community and local energy experts, and outside presenters from SVCCEP, California Clean Power
- presentations at two City Council Meetings

### **Subcommittee Participation in Related Events**

- Stanford Energy Summit – detailed CCE presentations by CPUC/ Ratepayer Advocates, MCE and Lancaster
- CLEAN Monthly CCA Market Call (multiple)
- Sunnyvale, Mountain View City Council Meetings

In our interviews, meetings and events to date, a number of important facts and themes are emerging:

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## Key CCE Study ‘Take-Aways’ – General Status

### In general . . .

- extensive statewide interest in this topic, many feasibility studies underway
- energy market continues to appear favorable for CCE formation
- strong local and regional support
- operating CCA’s are managing risk, though regulatory landscape remains very fluid

### 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, power asset ownership 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; Robust community engagement is essential



**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.

Existing Community Choice entities are operating successfully.

Key CCE Study ‘Take-Aways’ - Performance to Date

**Community Choice entities in Marin (MCE) and Sonoma (SCP) are operating successfully**

- significant GHG reductions (15-49%) and customer cost savings (3-9%) are being realized
- strong transparency, financial footing, and local projects under development
- for individual cities, level of sustaining effort is low, and satisfaction with CCE results is high

**Existing CCE Programs are Performing Well** 

**Marin Clean Energy (MCE) and Sonoma Clean Power (SCP) Financial Conditions**

Both CCE Programs:

- Provide greener energy at competitive rates
- Provide enhanced energy programs
- Are fiscally sound

	MCE (Draft FY15-16)	SCP (Draft FY15-16)
Total Revenue	\$146M	\$165M
Expenses	\$141M	\$149M
Cost of Energy	\$129M	\$130M
Cost of Administration	4%	3.5%
Net Increase in Reserves	\$4.5M	\$16.9M

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**City of Lancaster CCE**

- newest California CCE is City (vs. County) based; Los Altos scale insufficient for this option!

More details are becoming known about the three CCE options we are evaluating.

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## Key CCE Study 'Take-Aways' - Los Altos Options

### **Silicon Valley Community Choice Energy Partnership (SVCCEP)**

- led by Sunnyvale, Cupertino, Mountain View, and Santa Clara County as 'Initial Partners/Sponsors'
- pre-feasibility study and written report recently concluded
- strong community and political support
- technical feasibility study now beginning, with funding from each of the four sponsoring agencies:
  - load and rate analysis
  - economics and supply options
  - environmental outcomes
  - community outreach and input
- Los Altos has submitted load data as one of eight additional cities - study 'Participants'
- future role/involvement/timing for Los Altos and other participating cities to be determined during technical feasibility phase – scheduled to complete by the end of the year
- a key 'decision point' could be coming for Los Altos over the next several months

### **Commercial Outsource Option**

- significant open questions regarding operating model:
  - transparency
  - maturity of model, sophistication of supporting contractual arrangements, etc
  - city staff support requirements and 'ownership' of CCA over time

### **PG&E**

- new 'Solar Choice' Programs set to launch Q4 2015 or Q1 2016; anticipated 2-3 cent premium per kWh

Also, to serve stated goals for CCE in Los Altos, we have begun to shape preferences for a prospective three-tier CCE program – applicable to a public or commercial provider.

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### Potential CCE Customer Offerings\* - Three 'Tiers'

#### CCE Customer Tariff Option

**'50'**

targeted ~50% reduction in GHGs from grid electricity with demonstrable customer savings

**'100'**

targeted ~100% GHG reduction in GHGs from grid electricity at price parity

**'100+'**

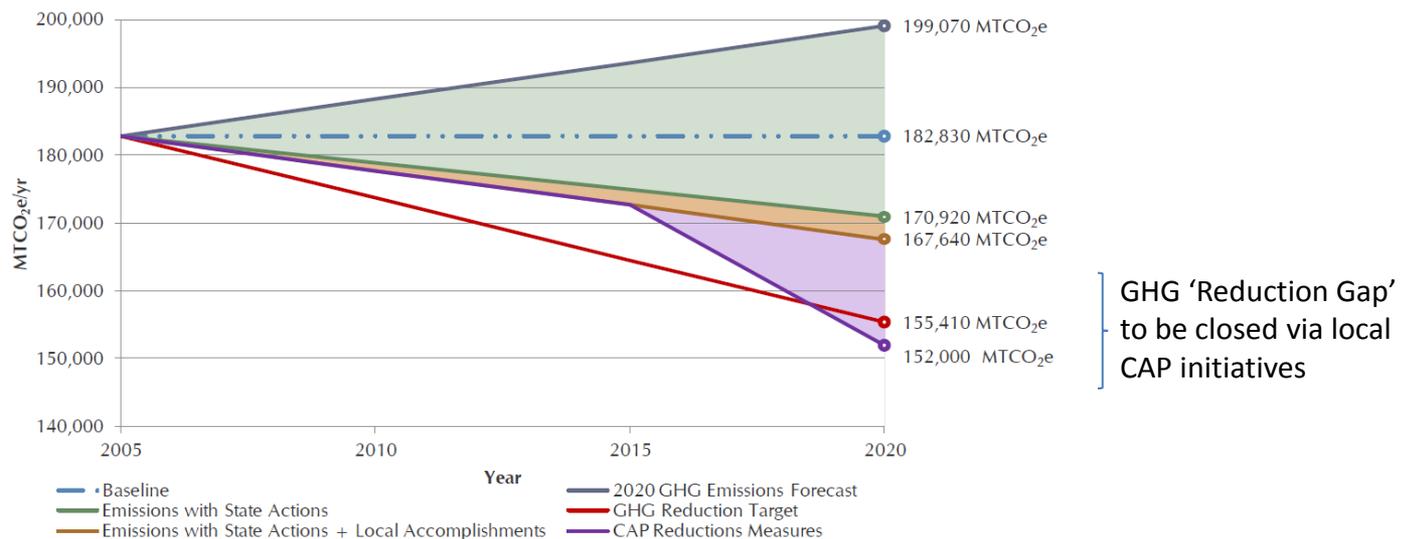
100% GHG reduction via special tariff(s) focused on premium green power products, e.g. '100% local solar'

\* additional detail in appendix slides

In summary, Community Choice Energy has the potential to be very impactful in meeting the City's GHG reduction targets, and saving residents and businesses money.

- The Los Altos CAP identifies a GHG 'reduction gap' of 15,640 MTCO<sub>2</sub>e, v/v the City's 2020 reduction goal
- **50% reduction in GHGs from electricity via CCA equals 13,900 MTCO<sub>2</sub>e\*, or ~90% of the CAP 'reduction gap'**

Figure ES-7: 2020 Emissions Relative to Reduction Target



- 44 initiatives were identified in the CAP to close this gap, averaging 350 MTCO<sub>2</sub>e/initiative
  - in total, significant staff time and capital costs
- When the CAP was developed, CCA was implemented in Marin only, and was not a practical option for Los Altos

\* Using 2013 emissions figures

Next steps will focus on continuing to address open questions, and possible SVCCEP inputs or decision points.

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### Next Steps

- Address immediate questions
- Determine any near-term actions/decisions required re SVCCEP, and work (if/as applicable) to support development of related information and recommendations for Council
- Continue to refine general scope of City requirements, as potential input to SVCCEP or other potential providers
- Place 'commercial provider option' on back burner; pursue indicative pricing if market evidence emerges that requirements for transparency, financial reserves, and long-term 3<sup>rd</sup>-party role can be met
- Support further discussions at October 27, 2015 (or subsequent) Council meeting

## Appendix Slides

There are several variables that significantly influence how a Community Choice Energy program is deployed, and the resulting characteristics and price of energy.

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### Understanding CCE Program Variables and Requirements

- |                       |  |
|-----------------------|--|
| Renewable Energy      | <ul style="list-style-type: none"><li>• California's RPS defines what constitutes 'renewable energy'</li><li>• Solar, wind, biogas, small hydro are renewable</li><li>• Large hydro and nuclear are not</li></ul>  |
| RE Category           | <ul style="list-style-type: none"><li>• RPS defines type and mix of renewables – Category 1, 2, 3</li><li>• Cat 1 is coincident, California grid-connected renewables</li><li>• Cat 3 are unbundled RECs from local or remote sources</li></ul>                |
| Energy GHG Intensity  | <ul style="list-style-type: none"><li>• Renewables are generally GHG-free, as is large hydro and nuclear</li><li>• Fossil fuel sources combined w/carbon offsets become GHG-free</li><li>• PG&amp;E grid mix at 0.427 lbs CO<sub>2</sub>/kWh in 2013</li></ul> |
| Local Energy Programs | <ul style="list-style-type: none"><li>• A CCE entity can establish a level of funding for energy efficiency programs, feed-in tariffs, local generation, etc</li></ul>   |
| Financial Reserve     | <ul style="list-style-type: none"><li>• A CCE typically builds a financial reserve, to manage price risk and reduce future financing costs</li></ul>   |
| Staff Cost Set-Aside  | <ul style="list-style-type: none"><li>• A financial 'set aside' can be established to cover incremental City staff costs associated with a CCE, if any/applicable</li></ul>  |

## Draft CCE requirements/preferences by ‘Tier’ . . .

	50	100	100+
<b>CCE Customer Subscription Tiers</b>	“Opt-Down” option for customers seeking both greener power and a price break	Default option for customers seeking carbon-free power at a price similar or lower than PG&E	“Opt-Up” option for customers seeking 100% renewable energy from local/identified sources TBD, if any
<b>Pricing/Target Rates</b>	~3+% customer savings	competitive/parity	competitive/premium
<b>GHG Intensity Target</b>	~50% below PG&E avg over time (~0.22 lbs CO2e/kWh 2013)	Zero CO2e/kWh	Zero CO2e/kWh
<b>% Renewable Energy (RE)</b>	Minimum per RPS requirements and definitions, +10% (e.g. 43% by 2020)	Minimum per RPS requirements and definitions, +10% (e.g. 43% by 2020)	100%
<b>Other RE Requirements</b>	For RE, content categories per RPS compliance periods, min Cat 1, max Cat 3	For RE, content categories per RPS compliance periods, min Cat 1, max Cat 3	Category 1
<b>Other Carbon-Free Sources</b>	Large hydro, unbundled ‘Green-e Certified’ RECs, in-state and out of state sources	Large hydro, unbundled ‘Green-e Certified’ RECs, in-state and out of state sources	N.A.
<b>Local Programs</b>	Local program funding at ~0.5% e.g. FIT, efficiency;	Local program funding at ~0.5% e.g. FIT, efficiency;	Dedicated 100+ rate supports local development projects
<b>Reserve/Credit Provision</b>	Contribute ~3-5% of revenue annually to a reserve fund used for mitigating sudden price swings, risk, borrowing costs, etc.	Contribute ~3-5% of revenue annually to a reserve fund used for mitigating sudden price swings, risk, borrowing costs, etc.	Contribute ~3-5% of revenue annually to a reserve fund used for mitigating sudden price swings, risk, borrowing costs, etc.
<b>Set-aside for City Administration</b>	Set aside a small % of revenue to pay for incremental City staff time req’d to assist with CCE ops (if applicable)	Set aside a small % of revenue to pay for incremental City staff time req’d to assist with CCE ops (if applicable)	Set aside a small % of revenue to pay for incremental City staff time req’d to assist with CCE ops (if applicable)



DATE: August 10, 2015

AGENDA ITEM # 3

**TO:** Environmental Commission  
**FROM:** J. Logan, Staff Liaison  
**SUBJECT:** Community Choice Energy

**RECOMMENDATION:**

Receive report on Community Choice Energy

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**BACKGROUND**

**State and Local Mandates**

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 greenhouse gas (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 and environmental benefits.

To address the reduction of GHG emissions at the local level, the City Council adopted a Los Altos Climate Action Plan (CAP) on December 10, 2013. The CAP is a comprehensive strategy with goals and measurements to reduce GHG emissions within five focus areas: Transportation, Energy, Resource Conservation, Green Community and Municipal Operations. The CAP was adopted with a target of reducing the community's GHG emissions by at least 15% by 2020 and with an overarching plan for how the City can achieve up to a stretch-goal of 17% reduction in the GHG emissions by 2020.

**Community Choice Energy**

One method that has the potential to reduce the GHG emission associated with energy consumption is the establishment of Community Choice Energy (CCE), 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.

In the 2005 Los Altos GHG Community Inventory baseline, residential and commercial electricity account for 18% of Los Altos community-wide GHG emissions. Reducing the GHG intensity of the electricity currently flowing through the PG&E grid by incorporating more energy from renewable sources is an effective way to directly reduce community GHG emissions. If by establishment of a CCE, Los Altos purchased electricity that was 25% cleaner than PG&E-provided grid electricity, the use of renewal-source energy could potentially reduce overall city emissions by up to 4.5%. If 100% renewable/clean energy were purchased, Los Altos emissions could be reduced by up to 18% and could attain the 2020 stretch goal of 17% reduction in GHG. As such, implementing a CCE has the potential to rapidly reduce community GHGs more so than any other measure currently identified in the Climate Action Plan.

It is noted that the GHG reductions by 2020 are only the first step in the State's GHG reduction goals. The state is proposing additional targets for 2030 and 2050. The initiative of establishing community choices to purchase energy produced by renewal sources is quickly becoming a viable option to achieve GHG reductions. Currently operating Community Choice Energy Programs can demonstrate savings to residents on energy bills and the attainment of sufficient GHG reductions to propel communities to reach short and long-term state goals for clean energy.

In July 2013, the City of Los Altos Environmental Commission explored the concept of GHG reductions that could be achieved by Community Choice Energy and is continuing to hear presentations on the topic and take action for recommendations to Council.

#### **Current Actions**

City Council convened a study session on Community Choice Aggregation (Energy) on March 10, 2015 and directed the following action:

*Action: Council members directed staff to submit an energy load data request to PG&E and directed the Environmental Commission to further investigate Community Choice Aggregation (Energy) business models and specific goals to be achieved for the City through a Community Choice Aggregation alternative.*

The energy load data request to PG&E along with the required and executed Non-Disclosure Agreement was emailed on March 11, 2015. Copies of the communications and documents were provided to City Council on April 8, 2015.

The full staff report and video of the Council CCE study session is posted on the City Website at [http://los-altos.granicus.com/GeneratedAgendaViewer.php?view\\_id=4&clip\\_id=911](http://los-altos.granicus.com/GeneratedAgendaViewer.php?view_id=4&clip_id=911)

#### **DISCUSSION**

##### **South Bay CCE Informational Session**

On April 3, 2015 the City of Sunnyvale sent invitations to Santa Clara County cities to participate in the South Bay Technical Feasibility Study currently composed of and partnered by the Cities of Sunnyvale, Mountain View, Cupertino and Unincorporated Santa Clara County. This partnership is investigating the feasibility of a Community Choice Energy program for the South Bay which is planned to initiate this summer. Three staff members from the City of Los Altos attended the information session held on April 9, 2015 in the City of Sunnyvale. Also in attendance via phone webinar were Mayor Jan Pepper, and Environmental Commission CCE Subcommittee members Chair Gary Hedden and Commissioner Don Bray. The CCE Subcommittee provided an update on the CCE informational session they attended to the Environmental Commission.

### **CCE Subcommittee Activities**

In accordance with direction given to the Environmental Commission by Council at the March 10, 2015 Study Session, the CCE Subcommittee convened meetings on March 12 and April 7, 2015 with Mayor Pepper and Staff Liaison J. Logan to formulate next steps to recommend at the April 13, 2015 Environmental Commission meeting and create a discussion document for the Environmental Commission to consider goals and the approach recommended by the CCE Subcommittee. The CCE Subcommittee recommended: 1) joining the South Bay Technical Feasibility Study; 2) convening a community stakeholder committee to guide the recommended study and to frame the CCE Goals and Options; and 3) formulating recommendations to Council for its April 28, 2015 meeting. The CCE Subcommittee lead this discussion at the April 13, 2015 Environmental Commission meeting and the Environmental Commission concurred with the recommendations.

At its April 28, 2015 meeting, Council received a staff report proposing CCE Goals and an Approach Plan to formulate and recommend a CCE business model. The April 13, 2015 Environmental Commission's direction and recommendations were incorporated into the staff report to Council. It was also recommended for the City to join the South Bay Technical Feasibility Study and a letter was sent on April 29, 2015 authorizing the use of electrical load data for the Study.

The Subcommittee met to review direction from the April 28, 2015 Council meeting and then presented a report to the Environmental Commission at its May 7, 2015 meeting. The Subcommittee received direction to move forward with the Study Approach Plan and report back to the Commission at its June 8, 2015 meeting.

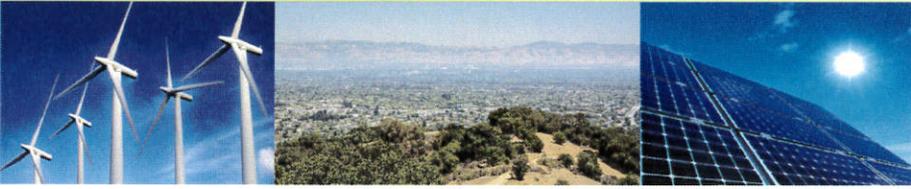
### **Subcommittee activities in May and June**

Between the May and July Environmental Commission meetings, the Subcommittee met weekly and convened phone conferences to discuss a list of predetermined questions and discussion points with: 1) the Mayor and the City Manager of Windsor, CA; 2) Peter Rumble, CEO California Clean Power; 3) Geof Syphers, CEO Sonoma Clean Power; Former Mayor of Cotati; and 4) met with two PG&E representatives regarding its green power and solar options. In addition, the Subcommittee convened many phone calls and sent emails to CCE resources and experts in order to better understand and define discussion points for interaction with speakers at its June 8, 2015 meeting. Peter Rumble, CEO California Clean Power, delivered a presentation at the June 8, 2015 Environmental Commission meeting. Members of the Subcommittee and the Staff Liaison attended the 2015 Energy Summit at Stanford University on June 25, 2015.

A Regular meeting of the Environmental Commission was held on July 13, 2015 and was immediately followed by a Study Session on CCE. Melody Tovar, Regulatory Programs Divisions Manager, City of Sunnyvale Environmental Services Department delivered a presentation on the Silicon Valley CCE Partnership. Members of the community provided comments and discussion followed. Subsequently the Subcommittee met on July 24, 2015 to review the results of the Study Session and plan its report on CCE Goals, the Study Approach Plan and progress updates for the August 10, 2015 Environmental Commission meeting and for the CCE Interim Report to Council on August 25, 2015. Staff will provide an update on progress of the Silicon Valley CCE Partnership.

### **Attachment:**

- A. Community Choice Energy Study – Discussion Document – Study Goals and Approach; updated



**Community Choice Energy  
in Silicon Valley**

City & County Managers' Forum  
July 29, 2015 | 3:00 pm  
Cupertino City Hall

 **SILICON VALLEY  
CCE PARTNERSHIP**     **CITY OF MOUNTAIN VIEW**

Rev.



**SILICON VALLEY  
CCE PARTNERSHIP**

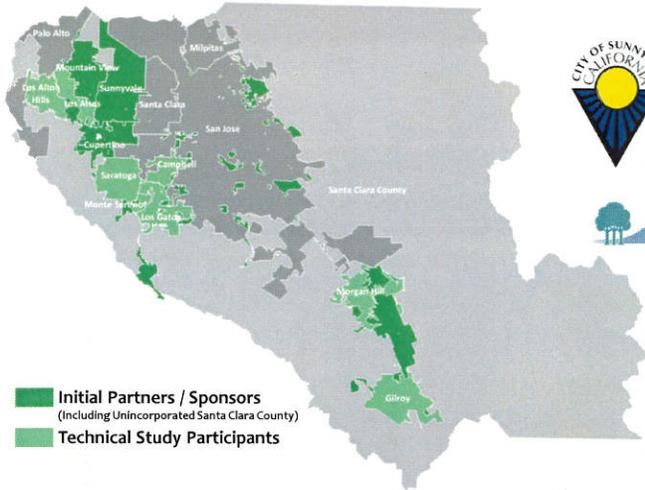
**Today's Agenda**

- I. Welcome & Introductions
- II. SVCCEP Project Overview and Timeline
- III. Stakeholder Engagement Plan
- IV. Roadmap for JPA Development
- V. Existing CCE JPAs
- VI. Next Steps

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 **SILICON VALLEY CCE PARTNERSHIP**

## Partnerships



Initial Partners / Sponsors  
(Including Unincorporated Santa Clara County)

Technical Study Participants



3

 **SILICON VALLEY CCE PARTNERSHIP**

## SVCCEP Progress

- **Consultant team in place**

 Local Energy Aggregation Network		
Program Development	Technical Services	Community Engagement

- **Initial study completed**
- **Website launched – [www.SVCleanEnergy.org](http://www.SVCleanEnergy.org)**
- **Electricity data requested from PG&E**
  - Additional data request participants: *Los Altos, Los Altos Hills, Campbell, Los Gatos, Saratoga, Monte Sereno, Morgan Hill, Gilroy*

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## Key Report Findings

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- Good Potential to Meet CAP Goals
- Anticipated Rate Savings in the Near Term
- Existing CCE Programs are Performing Well
- Timing is good - Current energy market is strong
- Risks Exist But Can Be Mitigated





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## Moving Forward

Complete	We are Here	Phase 2:	Phase 3:
Phase 1a: Initial Study	Phase 1b: Technical Feasibility Study	CCE Program Dev't	CCE Launch
<ul style="list-style-type: none"> <li>▪ ID potential agency partners</li> <li>▪ ID opportunities, costs, and risks</li> <li>▪ Investigate other CCEs</li> <li>▪ Inform community and gather feedback</li> <li>▪ Framework for next steps</li> </ul>	<ul style="list-style-type: none"> <li>▪ ID partners &amp; funding</li> <li>▪ Technical Study: load and rate analysis, economics, supply options, environmental outcomes</li> <li>▪ Community outreach &amp; input</li> </ul>	<ul style="list-style-type: none"> <li>▪ JPA Formation</li> <li>▪ Expand Outreach</li> <li>▪ Energy Svcs Pricing and Procurement</li> <li>▪ Enabling Ordinance</li> <li>▪ Implementation Plan to PUC</li> <li>▪ Agmt with PG&amp;E</li> <li>▪ Bridge financing to revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staffing and Org setup</li> <li>▪ Energy and other Service Contracts</li> <li>▪ Customer notifications and service</li> <li>▪ Conservation &amp; Renewables programming</li> </ul>
\$ 80 K	\$ 450 K	\$ 750 K	\$ 400 K + Bridge \$



July 2015 Tech Study Decision → Fall 2015 Initial JPA Formation → Spring 2016 Imp'n Plan to CPUC → Spring 2016 Expand JPA → End of 2016 Commence Service

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## Community Engagement

### Phase 1b

- **Key Messages:**
  - Intro to CCE
  - Initial Study Results
  - Potential Benefits and Goals
- **Website**
- **Newsletter Content**
- **Some Media Engagement**



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## Community Engagement

### Phase 1b

- **Forums for Targeted Engagement:**

Group	Goal	Key Targets	Quantity	Additional Info
Expanded Partner Engagement	Further engage SCC communities	Electeds, Executives, Staff	2-3 total (pre/post tech study)	Hosted by City Managers Group or Mayor's Task Force
Stakeholder Input Meetings	(1) Provide CCE overview, findings from initial study, and (2) Present findings from tech study	Sunnyvale (2) Mountain View (2) Cupertino (2) SC County (2) At large (4)	12 total (2/partner agency) Additional 1-2 South County + 1-2 West County	Open to the public; advertised on web calendar & via social media
Business Forum & Group Meetings	Outreach to C&I Customers and biz-orgs	Chambers, BOMA, PGE, Labor Groups (IBEW, South Bay Labor Council)	2-3 workshops 5-10 biz meetings 3-5 org meetings	In partnership with JVSJ
Targeted Stakeholder Meetings	Meetings with key stakeholders	Environmental groups (Cool Cities, CFMV) + TBD	TBD	

- Note Phase 2 (future phase) includes more robust broad based advertising, including print, web, media, and speakers' bureau strategies.

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# SILICON VALLEY CCE PARTNERSHIP

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## WELCOME

The Silicon Valley Community Choice Energy (SVCCE) Partnership is exploring how to provide residents and businesses a new choice to the traditional utility model: a community-controlled power supplier that offers electricity from a higher percentage of renewable energy sources at competitive rates. The timing is right and momentum is building!



### What is Community Choice Energy?

A new electricity provider would be entirely run by participating Silicon Valley communities.

[Learn More » \(/app\\_pages/view/43\)](#)



### CCE Benefits for Silicon Valley

A local CCE could provide more renewable power, develop local, renewable energy projects, and reduce greenhouse gas emissions while maintaining competitive rates.

[Learn More » \(/app\\_pages/view/44\)](#)



### In The News

SVCCE Partnership's initial assessment report is completed and now available.

[Learn More » \(/news\\_sections/view/3\)](#)



(i)

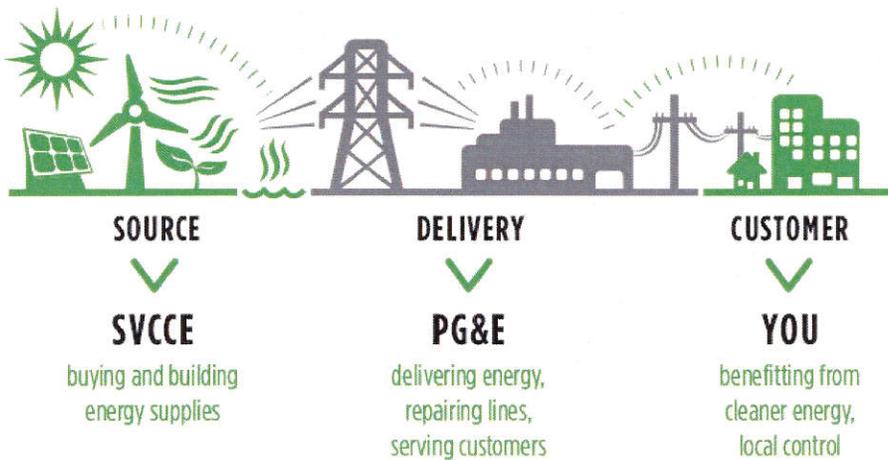
## What is Community Choice Energy?

Community Choice Energy (CCE) is an opportunity to change the electricity market and provide residents and businesses with a new choice. This new electricity provider would be entirely locally run. It's similar to buying in bulk or participating in a co-op. The agency would buy power on the open market, encouraging the kind of competition that can result in more renewable energy sources at lower rates.

Enabled through AB 117 (2002) and amended by SB 790 (2011), communities choosing to participate can form a Joint Public Agency to pool the electricity demand of residents and businesses and buy power on their behalf with their interests in mind.

Under CCE, PG&E would continue to provide essential services as a partner, delivering the electricity over existing infrastructure, maintaining the power lines, sending bills, and providing customer service. Your bill would even look the same.

When a community decides to create or join a CCE, all customers within that jurisdiction are automatically enrolled in the CCE. However, customers can choose to opt-out and remain with or go back to PG&E. In existing programs, 80-90% of customers have chosen to stay with the new local agency as their electricity provider, opting for the cleaner, greener, local choice.





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## **CCE Will Bring Benefits to Silicon Valley**

CCEs are successfully switching communities to electricity sources across more renewable power sources, creating local renewable programming options, and meeting local greenhouse gas reduction goals. All while still offering competitive rates to customers.

The local Joint Public Agency would be completely ratepayer funded, not subsidized by taxes or by city or county general funds. The ratepayer dollars that previously went to PG&E would instead be directed to the CCE.

Because there are no shareholders, revenue could be reinvested in the community to lower rates and to develop more local energy projects that create local jobs and economic development. In fact, Silicon Valley is already leading the way in installed solar projects and has great potential to develop even more local solar, geothermal, wind, biogas and biomass energy. In addition, renewable energy facilities, provide many more jobs per unit of investment than traditional gas and coal plants.

The agency would also develop local programs such as buying solar power from customers and offering customized energy efficiency services.

### **MEETING GHG REDUCTION GOALS**

In Santa Clara County, electricity consumption is a significant contributor of Greenhouse Gas (GHG) emissions because most electricity is generated by burning coal or natural gas. Many cities and counties now have "Climate Action Plans" that outline different measures to reduce those emissions and conserve natural resources. For example, Sunnyvale and Cupertino both estimate that joining a CCE will help them achieve 24-54% of their 2020 GHG reduction targets—it's the single most effective action their communities can take to curb local climate impacts.



(1)

## The Path Ahead

The SVCCE Partnership is building upon the experience of other successful CCE programs. Currently, there are four communities participating in the initial CCE study: the Cities of Sunnyvale, Cupertino and Mountain View, and the County of Santa Clara (unincorporated County areas). The initial study answers several key questions including risks and benefits of launching a local CCE and explores which other communities would participate in a local CCE. This study will also inform a decision about whether or not to proceed with a full technical study that will dive deeper into the energy needs of our communities and explore potential rates for a local CCE.

City Councils of Sunnyvale, Cupertino and Mountain View and the County Board of Supervisors will be discussing the results of the initial study in June and July and will be deciding if the SVCCE Partnership should proceed with the full technical study. Eight other communities in Santa Clara County have also expressed interest in participating in the study; these include Campbell, Gilroy, Los Altos, Los Altos Hills, Monte Sereno, Morgan Hill, and Saratoga. During the next few months, these other cities and towns will be deciding whether to join the SVCCEP efforts.

If the Partnership proceeds with the full technical study, there will be public meetings throughout the County. Residents and businesses in participating communities could become customers as soon as Fall 2016.

