



DATE: April 13, 2015

AGENDA ITEM # 3

TO: Environmental Commission
FROM: J. Logan, Staff Liaison
SUBJECT: Community Choice Energy (Aggregation)

RECOMMENDATION:

Receive report on Community Choice Energy

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 Aggregation

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 on March 10, 2015 and directed the following action (Attachment A):

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 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

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

April 13, 2015

Community Choice Energy (Aggregation)

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 will provide an update on the CCE informational session they attended.

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. Attachment C provides a discussion document for the Environmental Commission to consider goals and the approach recommended by the CCE Subcommittee.

In addition, the CCE Subcommittee will recommend: 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 the April 28, 2015 meeting. The CCE Subcommittee will lead this discussion at the April 13, 2015 Environmental Commission meeting.

On April 28, 2015 Council will receive a staff report proposing CCE Goals and approach to formulate and recommend a CCE business model. The April 13, 2015 Environmental Commission's direction and recommendations will be incorporated into the staff report to Council.

Attachments

- A. Minutes of the March 10, 2015 Study Session – Clean Energy through Community Choice Aggregation
- B. City of Sunnyvale letter – Community Choice Energy – Invitation to Participate in South Bay Technical Feasibility Study and attached materials for the session
- C. Community Choice Energy Assessment – Discussion Document – Assessment Goals and Approach

**MINUTES OF THE STUDY SESSION OF THE CITY COUNCIL OF
THE CITY OF LOS ALTOS, HELD ON TUESDAY, MARCH 10, 2015,
BEGINNING AT 5:30 P.M. AT LOS ALTOS CITY HALL, 1 NORTH SAN
ANTONIO ROAD, LOS ALTOS, CALIFORNIA**

ESTABLISH QUORUM

PRESENT: Mayor Pepper, Mayor Pro Tem Bruins, Councilmembers Mordo, Prochnow and Satterlee

ABSENT: None

1. Clean Energy through Community Choice Aggregation

City Manager Somers introduced the item. Kelly Foley of California Clean Power, Shawn Marshall of Lean Energy US, and Don Bray of the Environmental Commission presented to the Council.

Public Comment:

Karen Janowski, representing GreenTown Los Altos, encouraged the Council to direct staff to investigate Community Choice Aggregation.

Los Altos resident Jeff Byron encouraged the Council to investigate Community Choice Aggregation and to set reasonable goals for a program.

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 business models and specific goals to be achieved for the City through a Community Choice Aggregation alternative.

ADJOURNMENT

Mayor Pepper adjourned the meeting at 7:04 p.m.

Janis C. Pepper, MAYOR

Jon Maginot, CMC, CITY CLERK

CITY OF SUNNYVALE

*The Heart of Silicon Valley*SM

456 WEST OLIVE AVENUE SUNNYVALE, CALIFORNIA 94086 (408) 730-7473

April 3, 2015

Via Email

Jim Griffith Mayor	Mayor Jeffrey Cristina City Manager Mark Linder City of Campbell	Mayor Don Gage City Administrator Tom Haglund City of Gilroy
Tara Martin-Milus Vice Mayor	Mayor Jan Pepper City Manager Marcia Somers City of Los Altos	Mayor Courtenay C. Corrigan City Manager Carl Cahill City of Los Altos Hills
David Whittum Councilmember	Mayor Marcia Jensen Interim Town Manager Les White Town of Los Gatos	Mayor Jose Esteves City Manager Thomas C. Williams City of Milpitas
Pat Meyerling Councilmember	Mayor Walter Huff City Manager Brian Loventhal City of Monte Sereno	Mayor Steve Tate City Manager Steve Rymer City of Morgan Hill
Glenn Handricks Councilmember	Mayor Howard Miller City Manager James Lindsay City of Saratoga	
Gustav Larsson Councilmember		

Re: Community Choice Energy – Invitation to Participate in South Bay Technical Feasibility Study

Dear Mayors and City/Town Executives,

As you may know, the Cities of Sunnyvale, Cupertino, and Mountain View and the unincorporated Santa Clara County have partnered to investigate the feasibility of a Community Choice Energy (CCE) program in the South Bay. The purpose of this letter is to invite your city's participation in a South Bay CCE technical feasibility study, which we plan to initiate early this summer.

Enabled by Assembly Bill 117 in 2002, Community Choice Aggregation (as it is called in the regulations) allows cities and counties not currently served by a public utility to aggregate the electric load of their residents, businesses, and municipal facilities in order to purchase or develop electricity on their behalf. To date, there are two CCEs operational in Northern California - Marin Clean Energy and Sonoma Clean Power - and one soon launching in Southern California in the City of Lancaster. There are several other jurisdictions throughout the Bay Area investigating CCE for its economic and environmental potential in their communities, including the Counties of San Mateo and Alameda, both of which recently launched Phase I of their CCE development process.

An initial study commissioned by the partner agencies will describe the risks, opportunities, and costs of forming a CCE program. It will also provide a work

If you have any questions about this invitation or our project plan, please contact me or Melody Tovar, Division Manager, at (408) 730-7808 or mtovar@sunnyvale.ca.gov. We look forward to hearing from you by April 30, 2015 on your interest in participating in the data request.

Sincerely,


Jim Griffith
Mayor


Deanna J. Santana
City Manager

Enclosures:

- Load Data Authorization Letter
- Sample Resolution
- CCE Fact Sheet

Please deliver your agency's letter or completed resolution to:

City of Sunnyvale
PO Box 3707
Sunnyvale, CA 94088-3707
Attn: Melody Tovar

[Date]

Deanna Santana, City Manager
City of Sunnyvale
P.O. Box 3707
Sunnyvale, CA 94088-3707

Subject: Support for Electrical Load Data Request

Dear Ms. Santana,

We have reviewed your letter in which you explain the City's plan to request from PG&E electric energy use data, i.e. electricity consumption and load data for all customer classes and customers located in the Cities of Sunnyvale, Cupertino, Mountain View, the County's unincorporated area, and other Santa Clara County cities who choose to participate in a Study examining the feasibility of Community Choice Aggregation for the South Bay. We support this request and authorize the City of Sunnyvale and/or its consultants to receive and analyze the electrical load data on behalf of the City of [name of city].

We understand that this data will be used to investigate the feasibility of electrical procurement options through a potential Community Choice Aggregation (CCA) program that could include a significant portion of Santa Clara County. We understand that by making this authorization and request, the City of [name of city] is not obligated to pursue any alternative electricity procurement through a CCA program. We further understand that we will incur no cost for obtaining or analyzing this data, and that all fees associated with this data request will be paid by the City of Sunnyvale as part of a bundled request for medium and small South Bay communities.

Sincerely,

[City Manager's Name]
City Manager

Cc: Mayor, City of _____

RESOLUTION OF PARTICIPATION TO STUDY COMMUNITY CHOICE AGGREGATION IN THE SOUTH BAY

WHEREAS, The City of [Name of Municipality] has demonstrated its commitment to an environmentally sustainable future through its policy goals and actions, including energy reduction, clean energy and sustainability programs, and the adoption of a local Climate Action Plan (if applicable);

WHEREAS, The Cities of Sunnyvale, Cupertino, Mountain View and unincorporated Santa Clara County have identified Community Choice Aggregation as a promising strategy to meet local clean energy goals and projected greenhouse gas reduction targets;

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 Co.;

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 [Name of Municipality];

WHEREAS, Community Choice Aggregation also provides the opportunity to fund and implement a wide variety of energy-related programs of interest to the community;

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 City Council of [Name of Municipality] that:

The [Name of Municipality] indicates its desire to participate in the Technical Feasibility phase of Community Choice Aggregation in partnership with the Cities of Sunnyvale, Cupertino, Mountain View and the unincorporated County without obligation of the expenditure of General Funds unless otherwise authorized by the City Council.

The City Administrative Officer is authorized to execute the appropriate documents to allow the City of Sunnyvale 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 sub-regional CCA technical study.

The City may choose to participate on an inter-jurisdictional advisory committee and authorizes staff to participate in the preparation of the CCA technical study and explore funding opportunities for planning and development costs.

Adoption of this resolution in no way binds or otherwise obligates the [Name of Municipality] to participate in Community Choice Aggregation, unless it so chooses by passage of a City ordinance at a later time.

PASSED AND ADOPTED by the City Council of [Name of Municipality], State of California, this ___ day of ___, 2015 by the following vote:



Community Choice Aggregation (CCA) in California

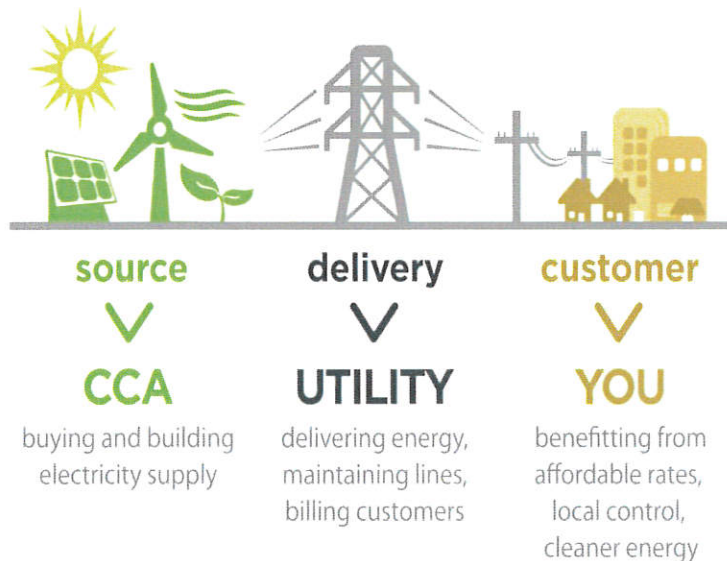
What is CCA?

Community Choice Aggregation (CCA) is a local energy model that sits at the intersection of consumer choice, local control, climate change, and economics. Established by law in seven states and authorized by AB 117 in California, CCA allows a local government, or group of them, to pool the electricity demand of their residential, business, and municipal accounts in order to purchase or develop power on their behalf. CCA is focused on the power generation side of the energy equation while power delivery, grid maintenance, and customer metering/billing functions remain with the existing utility.

Through CCA, California communities are achieving significant results including:

- Competitive, often cheaper electricity rates
- Consumer choice, where none currently exists
- Significant reductions in GHG emissions
- New renewable power development, local and in-State
- New jobs and energy programs for the community

How Local Energy Aggregation Works



Because CCA is revenue-based, not taxpayer subsidized, CCAs require no public funds to operate. Once operational, the CCA becomes a community's default electric procurement provider and all customer accounts may be enrolled with the option of "opting out" if they prefer the power mix offered by the incumbent utility (Pacific Gas & Electric). In either case, customers continue to receive their gas services, power delivery, and billing from the utility. For this reason, CCA is often referred to as "muni-light" or a hybrid model because it combines the purchasing power of the community with the infrastructure and billing system of the utility.

CCA Websites/Resources: www.marincleanenergy.org, www.sonomacleanpower.org, www.lancasterenergychoice.com, www.leanenergyus.org

Community Choice Energy Assessment

Discussion Document – Assessment Goals and Approach

Los Altos Environmental Commission
April 2015

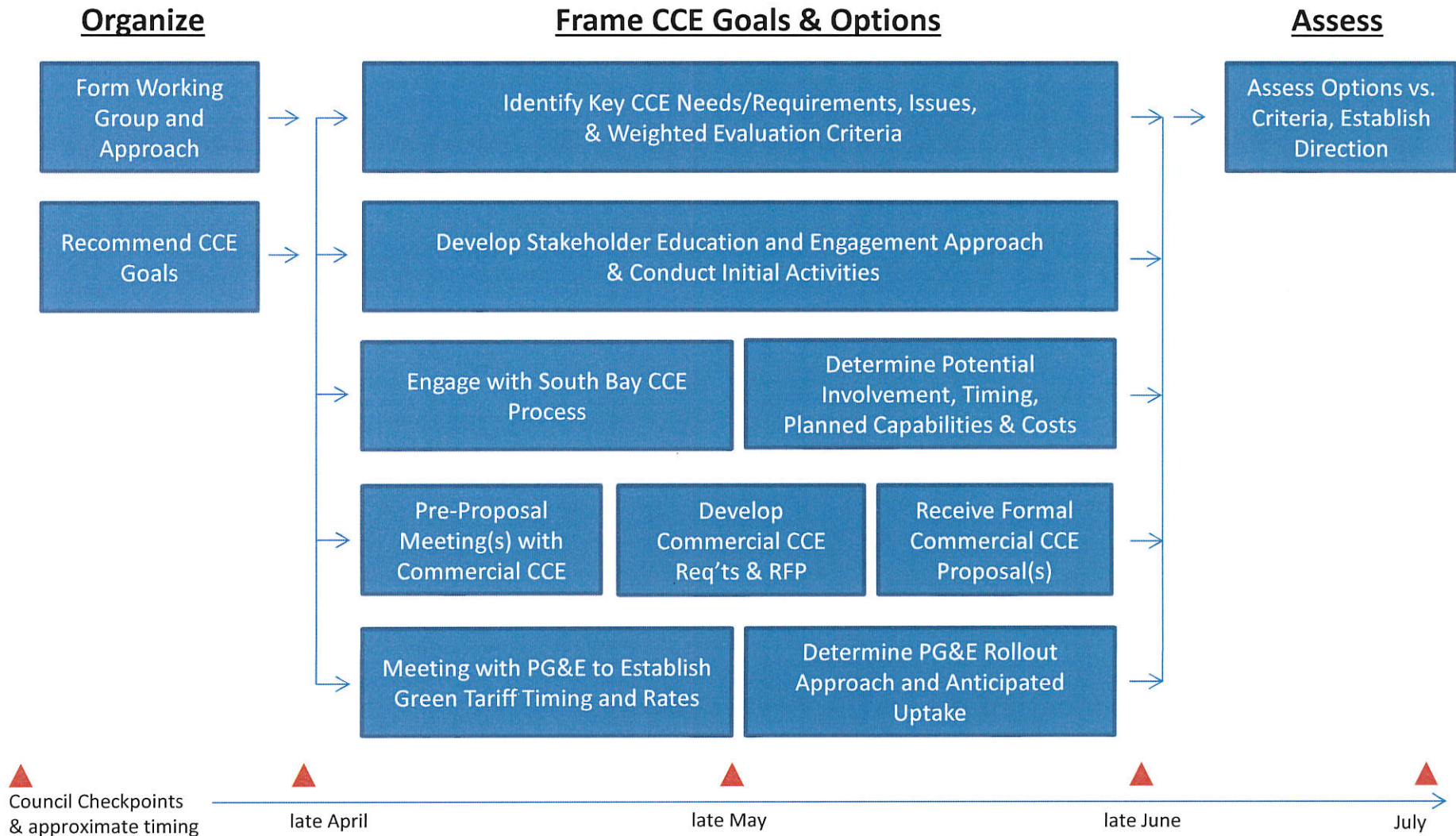
The Los Altos City Council has requested that the Environmental Commission study possible options for a Community Choice Energy program in Los Altos.

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



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

Community Choice Energy – Recommended Goals

1. Provide residents and businesses with universal access to the highest possible percentage of renewable electricity, at a price advantage relative to current utility rates
2. Provide residents and businesses with a choice for 100% renewable electricity at a competitive rate
3. Achieve large-scale GHG reduction of 5,000–30,000 MTCO₂e (33-200% of CAP 2020 gap)
4. Implement at low burden to the City relative to other CAP GHG reduction measures, in terms of capital cost and staff resources
5. Achieve demonstrated GHG reductions v/v 2020 CAP predictably, to reduce/eliminate risk of not achieving 2020 goal
6. Move quickly to evaluate and potentially lock in access to renewable electricity while prices are favorable
7. Minimize CCE financial and operational risks for the City
8. Allow for City influence/control over innovative green power offerings and programs tailored to City's residential and commercial interests (e.g. community solar, feed-in tariff)
9. 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*

