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September 30, 2017

Santa Barbara County Board of Supervisors
105 E. Anapamu St, Suite 407
Santa Barbara, CA 93101

Re: Central Coast Power -- Community Choice Feasibility Study

Dear Santa Barbara County Board of Supervisors,

The Community Environmental Council has reviewed the Technical Feasibility Study on Community Choice Aggregation for the Central Coast Region, conducted by Willdan, along with the peer review by MRW. The peer review raised substantial concerns with major assumptions in the Study that need to be resolved before further action is taken. **CEC urges the County to choose "Option 3" as outlined in the staff report, to engage in a more comprehensive peer review.**

In addition, because we believe a locally controlled program will lead to the most local benefit -- such as job growth, local renewable development, and energy programs -- **CEC urges the County to delay exploration of joining neighboring Community Choice programs for six months, until more due diligence is conducted on our own Study.**

With nine existing Community Choice programs in the state and eight more set to launch soon, we need to move past conjecture and fully understand why modeling for our region forecasted such vastly different results from real-life experience. There are several major assumptions in the Study that need to be settled, including:

- **Cost of renewable energy** – pricing assumptions between the consultant and the peer review varies by 30%. Willdan's study appears to assume renewables prices averaging about \$80/MWh. Current prices for wind and solar PV are closer to \$40/MWh. This difference could add about \$40 million a year to program costs.
- **Escalation of utility rates** – the Study predicts flat utility escalation rates, while the peer review forecasts more robust increases.
- **Start-up costs and financing** – there is significant disagreement on start-up costs and financing the CCA. One of several of these is that Willdan's study assumes launching with a 45 person CCA staff – most likely four times the level most programs start at. Analysis shows this adds about \$3 to \$4 million a year to program costs.



- **Reserve fund** -- The model in the Study appears to require annual contributions into perpetuity, adding layers of complexity and cost.

Together these major assumptions can make or break a Community Choice program, and it is worth better understanding how they were reached. Given the amount of time, funding and energy that have gone into this process, the Community Environmental Council strongly believes that additional explanation, peer review and due diligence are essential in helping interested parties feel more confident in the study's outcome.

To that end, CEC recommends the following:

1. Host a professionally facilitated half day workshop, inviting other CCA consultants and public experts to weigh in on the Study.
2. Retain MRW or another qualified consultant to conduct a more intensive peer review, and allow them to utilize their own models, particularly in regard to renewable energy pricing.
3. For any jurisdiction that participated in the Study and is now interested in investigating their own Community Choice program, direct staff to actively help them access the load data pulled on their behalf.

Finally, Community Choice has always been a tool, not a goal. Our ultimate objective is to spur the development of as many renewable energy resources and other low or negative-carbon strategies as possible. The County should explore other ways to develop more renewable energy in our region. Options as laid out in the staff presentation such as aggregation of government accounts, renewable energy development on government or private accounts, or Direct Access expansion could help us to meet our goals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sigrid Wright'.

Sigrid Wright
Executive Director/CEO



Community
Environmental
Council

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