



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Community Services
Department
Department No.: 057
For Agenda Of: July 17, 2018
Placement: Departmental
Estimated Time: 1 hour 30 minutes
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors

FROM: Department George Chapjian, Community Services Director
Director(s) (805) 568-2467

Contact Info: Jennifer Cregar, Co-Division Chief, Sustainability
(805) 568-3506

SUBJECT: Community Choice Energy New Feasibility Study Results

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Receive and file a Community Choice Aggregation Technical Study (Attachment A);
- B. Provide staff with direction regarding community choice energy (CCE) options as follows:
 1. Option 1. Form a joint powers authority (JPA) to create and administer a new CCE program with interested cities;
 2. Option 2. Create a new CCE program to be administered by the County of Santa Barbara ("County") for the unincorporated parts of Santa Barbara County only;
 3. Option 3. Join two existing CCE programs for the unincorporated parts of Santa Barbara County only; or
 4. Option 4. Not implement a CCE program at this time.
- C. If Option 1 is selected, adopt a Resolution of Intent to Form a CCE JPA (Attachment B) affirming your Board's intent to participate in governance and financing discussions with interested cities to form a JPA to jointly create and administer a CCE program;

- D. Determine that the above recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262, as the actions involve only feasibility or planning studies for possible future actions which the Board has not approved, adopted, or funded and does not have a legally binding effect on later activities; CEQA Guidelines Section 15378(b)(4), finding that the actions are the creation of a governmental funding mechanism or other government fiscal activity, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and CEQA Guidelines Section 15378(b)(5), finding that the actions are the organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment; or
- E. Provide other direction to staff.

Summary Text:

Based on Board direction received at the October 3, 2017 hearing, staff engaged Pacific Energy Advisors, Inc. (PEA) to conduct a streamlined feasibility study to determine whether CCE, also known as community choice aggregation, is viable for Santa Barbara County. Pacific Energy Advisors concluded that a CCE program serving all or part of Santa Barbara County can offer cleaner electricity at a comparable rate to Pacific Gas and Electric (PG&E) or Southern California Edison (SCE), as applicable. The results of the study are included as Attachment A.

This current study follows an earlier study conducted by Willdan Financial Services (“Willdan”) that reported no financially viable options for CCE that could meet policy goals and be rate-competitive with PG&E and SCE. Staff attributes the differences in feasibility outcomes primarily to differences in opinion about the amount of start-up capital required to launch a CCE program and the financing mechanism assumed to access the capital. For example, for a CCE program serving all of Santa Barbara County, PEA assumed the CCE program would require a \$9.3 million bank loan that could be repaid within the first year of operations, with surplus revenues being contributed to a reserve fund over time. In contrast, Willdan assumed a 30-year bond would be needed to secure \$239 million to cover start-up costs and provide a much larger financial reserve from the first day of operations. Willdan also assumed higher power procurement costs than did PEA, which may have altered the outcome.

Staff is requesting that the Board consider the following options and provide direction on how to proceed with CCE:

- Option 1. Form a new JPA to create and administer a CCE program with interested cities;
- Option 2. Create a new CCE program to be administered by the County for the unincorporated parts of Santa Barbara County only;
- Option 3. Join two existing CCE programs for the unincorporated parts of Santa Barbara County only; or
- Option 4. Not implement a CCE program at this time.

Background:

About Community Choice Energy

Community choice energy enables local governments to leverage the purchasing power of their residents, businesses, and governments to purchase or generate power for their communities. When a CCE program is formed, the CCE provider purchases the electricity—which typically includes a higher percentage of electricity from renewable resources like wind and solar—and sets the rates charged to customers. The existing investor-owned utility (IOU)—in Santa Barbara County, PG&E and SCE—continues to deliver the electricity purchased by the CCE provider over the IOU’s power lines and provide metering, billing, and other customer service. Currently, there are seventeen CCE programs in operation throughout California with many more in formation.¹

Board and Regional Action Related to CCE

Board action on CCE dates back to May 2015 when your Board directed staff to explore regional interest in CCE. Following that direction and subsequent funding, the County collaborated with ten jurisdictions² throughout San Luis Obispo, Santa Barbara, and Ventura Counties and the Community Environmental Council to develop two studies related to CCE: (1) a regional feasibility study (“Tri-County Study”) conducted by Willdan to evaluate the viability of a new CCE program serving all or part of the tri-county region and (2) a peer review performed by MRW and Associates (“MRW”) evaluating Willdan’s study. Staff presented the results of the Tri-County Study and peer review to your Board in October 2017.

The Tri-County Study reported no financially viable options for CCE that could meet policy goals and be rate-competitive with PG&E and SCE using Willdan’s assumptions and modeling. MRW's peer review agreed with Willdan's findings that a CCE program serving Santa Barbara County or the tri-county region could not be financially solvent and offer rates the same or cheaper than SCE's rates. However, MRW indicated that a CCE program serving customers in PG&E territory in Northern Santa Barbara County could be rate competitive, but would require further analysis to validate the findings.

In response to staff’s presentation of these results, your Board directed staff to conduct additional analysis of CCE options and viability. Staff engaged PEA to prepare this most recent feasibility study (“Santa Barbara County Study”) to assess the viability of CCE for all or part of Santa Barbara County. The Santa Barbara County Study was funded by the County; the Cities of Carpinteria, Goleta, and Santa Barbara; and the Community Environmental Council.

Following the presentation of the Tri-County Study results, jurisdictions in Ventura and San Luis Obispo Counties opted to pursue other paths. The County of Ventura and many of its cities joined the Clean Power Alliance, the CCE program serving parts of Los Angeles and Ventura Counties. The County of San Luis Obispo discontinued its exploration of CCE, and the City of San Luis Obispo is pursuing its own CCE program potentially with the City of Morro Bay and others.

¹ For a list of operational and in-development CCE programs, visit <https://cleanpowerexchange.org/california-community-choice/>.

² For a list of participating jurisdictions, visit <http://centralcoastpower.org/about.nrg#leadership>.

Santa Barbara County Feasibility Study Summary

Pacific Energy Advisors evaluated the feasibility of forming a new CCE program for three geographic participation scenarios: All Santa Barbara County (unincorporated + incorporated cities), Unincorporated County Only, and Santa Barbara City Only. For each geographic scenario, PEA evaluated total program costs, rate competitiveness, and financial position for three electricity supply scenarios (compliant with the State Renewable Portfolio Standard escalating from 33% renewable in 2020 to 50% renewable in 2030, 50% renewable for all years, and 75% renewable for all years) over an 11-year study period (2020-2030). As part of its analysis, PEA built two indicative electricity supply scenarios (one for customers in PG&E territory and another for SCE territory) to illustrate how a potential CCE program’s electricity mix might compare to the IOUs’ portfolios.

Table 1 illustrates how PEA’s model of the CCE program’s portfolios would compare to PG&E’s and SCE’s portfolios in terms of renewable energy³ and greenhouse gas (GHG)-free⁴ content. Because the IOUs are on track to have more than 33% renewable energy content in 2020, the remainder of the board letter assumes a 50% renewable energy supply for the CCE program regardless of which jurisdictions are participating.

Table 1. All County 50% Renewable Scenario: Comparison of CCE, PG&E, and SCE Renewable Energy and GHG-Free Electricity Supply Portfolios

Electricity Provider	Renewable Energy			GHG-Free Energy		
	2017	2020	2030	2017	2020	2030
PG&E	33% ^a (actual)	43% ^b (contracted)	50% (planned)	79% ^a (actual)	Unknown	Unknown
Local CCE for PG&E Territory	N/A	50% (modeled)	50% (modeled)	N/A	99% (modeled)	100% (modeled)
SCE	32% ^c (actual)	41% ^b (contracted)	50% (planned)	46% ^c (actual)	Unknown	Unknown
Local CCE for SCE Territory	N/A	50% (modeled)	50% (modeled)	N/A	64% (modeled)	72% (modeled)

^a <http://www.pgecurrents.com/2018/02/20/pge-clean-energy-deliveries-already-meet-future-goals/>, accessed June 2018

^b http://www.cpuc.ca.gov/rps_homepage/, accessed August 2017

^c Personal communication with SCE, June 2018

Pacific Energy Advisors concluded that any of the geographic scenarios can offer cleaner electricity at a comparable rate to PG&E and SCE, as applicable. For each geographic scenario, the costs and therefore rates increase with higher renewable energy content. The All County option offers the greatest potential for the increased use of GHG-free electricity with a slight energy bill savings for residential customers, while the City Only scenario is the most financially challenging. For the Unincorporated County Only

³ The term “renewable energy” refers to renewable energy resources that comply with the California Renewable Portfolio Standard (RPS), which excludes large-scale hydroelectric generation.

⁴ The term “GHG-free” refers to electric energy generated from sources that do not emit (or emit very low amounts of) gases that contribute to the greenhouse effect, such as carbon dioxide, methane, and nitrous oxide. GHG-free electricity sources typically include RPS-eligible renewable energy and hydroelectric generation of any size.

scenario, residential customers are expected to see a slight increase in their energy bills for the first year and then see increasingly larger, but modest, bill savings over time.

Table 2 shows a financial comparison of the All County and Unincorporated County Only scenarios with a 50% renewable energy supply.

Table 2. 50% Renewable Scenario: Financial Comparison for All County vs. Unincorporated County Only

Scenario	Start-up Capital (\$)	Break Even (Year)	Net Surplus/ (Deficit) (\$)		Average Residential Customer Bill Impact (\$/Year)*	
			Year 1	Year 11	Year 1	Year 11
All County	\$9.3M	Year 1	\$4.3M	\$24.6M	PG&E: ↓ \$11 SCE: ↓ \$8	PG&E: ↓ \$51 SCE: ↓ \$55
Unincorporated County Only	\$6.7M	Year 2	(\$2.5M)	\$5.7M	PG&E: ↑ \$14 SCE: ↑ \$12	PG&E: ↓ \$27 SCE: ↓ \$34

* Based on average electricity consumption for Santa Barbara County residents

Pacific Energy Advisors assumed that four percent of annual revenues would be contributed to a reserve fund to buffer against unexpected cost swings or changes in the IOUs’ rates, against which the CCE rates would compete. Once a sufficient reserve is established, your Board—or JPA if one or more cities join with the County—could choose to use accumulated revenues to build new local renewable energy projects, offer incentive programs (e.g., energy efficiency, electric vehicles, rooftop solar), or reduce customer electricity rates. Your Board—or a JPA if one or more cities join with the County—would decide how to invest this new revenue source.

These findings are predicated on current market and policy conditions and PEA’s firsthand knowledge of CCE program operations and costs. The California energy system is at a critical inflection point with increasing price volatility driven by increased integration of distributed renewable energy resources on the grid, a changing electricity provider landscape as more CCE programs form, and great policy uncertainty with ongoing action by the California Public Utilities Commission (CPUC) and State Legislature seeking to enact changes that could affect CCE program viability.

Key Differences between Santa Barbara County and Tri-County Feasibility Studies

The financial feasibility of undertaking a CCE program is generally evaluated by:

- 1) Determining the total costs to run a CCE program and setting the CCE customer rates to fully cover program costs; and
- 2) Adding the CCE rates plus the Power Cost Indifference Adjustment (PCIA) and other exit fees and comparing the sum to the applicable IOU’s generation rates.

If the CCE rates plus exit fees (including the PCIA) are the same or lower than the IOU generation rates *and* the CCE program can fully cover its costs through the rates established, the CCE program can be

financially viable. Thus, accurately estimating program costs, exit fees, and IOU rates is paramount in conducting a CCE feasibility study. Staff engaged PEA to conduct this new feasibility study in part to review some of the cost and rate assumptions used in the previous Tri-County Study (Willdan) and peer review (MRW).

Table 3 summarizes how each consultant’s assumptions compare to values reported by staff from existing CCE programs for the following cost variables: power costs, start-up capital requirements, financial reserve policies, and staffing levels. Tables 4 through 7 provide comparison detail for each of the key variables. PEA’s assumptions align with reported data from existing CCE programs.

Table 3. All Scenarios: Consultant Assumptions Compared to Operational CCE Reported Values

Consultant	Power Costs	Start-Up Capital	Financial Reserve	Staffing
PEA	At high end, but in line with CCE reported values	In line with CCE reported values	At low end, but in line with CCE reported values	In line with CCE reported values
Willdan	Higher than CCE reported values	Higher than CCE reported values	Higher than CCE reported values	Higher than CCE reported values
MRW	At high end, but in line with CCE reported values	In line with CCE reported values	At high end, but in line with CCE reported values	Higher than CCE reported values

Table 4. 50% Renewable Scenario: Comparison of Power Cost Assumptions

Source	\$/MWh – All County										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PEA	\$53.40	\$56.80	\$58.50	\$59.80	\$61.00	\$62.10	\$64.40	\$65.60	\$66.20	\$67.70	\$69.20
Willdan	\$75.00	\$74.00	\$73.00	\$71.00	\$71.00	\$71.00	\$69.00	\$69.00	\$69.00	\$68.00	\$67.00
MRW	\$51.00	\$53.00	\$54.00	\$55.00	\$57.00	\$58.00	\$59.00	\$60.00	\$61.00	\$62.00	\$63.00
Other CCEs	Varies based on volume, contract term, type of renewable energy procured, etc. Current short-term contract values are low \$40s to low \$50s.										

Source	\$/MWh – Unincorporated County Only										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PEA	\$53.40	\$56.80	\$58.60	\$59.90	\$61.10	\$62.30	\$64.40	\$65.80	\$66.50	\$68.00	\$69.60
Willdan	\$74.00	\$75.00	\$73.00	\$73.00	\$72.00	\$72.00	\$70.00	\$69.00	\$69.00	\$69.00	\$67.00
MRW	\$51.00	\$53.00	\$54.00	\$55.00	\$57.00	\$58.00	\$59.00	\$60.00	\$61.00	\$62.00	\$63.00
Other CCEs	Varies based on volume, contract term, type of renewable energy procured, etc. Current short-term contract values are low \$40s to low \$50s.										

Table 5. 50% Renewable Scenario: Comparison of Start-Up Capital Assumptions

Source	Start-Up Capital Requirement		Payback		Financing Mechanism
	All County	Unincorporated County Only	All County	Unincorporated County Only	
PEA	\$9.3M	\$6.7M	Year 1	Year 2	Bank loan
Willdan	\$238.9M	\$60.8M	Never within 11-year study period	Temporarily in Years 5-6; return to negative net position in Year 7	30-year bond
MRW	Not Analyzed				
Other CCEs	Varies by program size. Less than \$1M to \$50M.		Varies by size of capital requirement, loan terms, etc. Less than 1 year to 5 years (projected).		Bank loan and/or general fund loan

Table 6. All Scenarios: Comparison of Financial Reserve Policy Assumptions

Source	Reserve Contribution	Contribution Frequency	Drawdown Frequency
PEA	4% of annual revenues	Annually until target achieved	Never during 11-year study period
Willdan	5 months operating capital + 12% of annual power costs + 10% of annual non-power costs	Included in start-up capital bond and then annually during 11-year study period	Annually during 11-year study period
MRW	12% of annual power costs + 10% of non-power costs	Annually for 1 st 3-5 years until target achieved	Never during 11-year study period
Other CCEs	Varies based on risk tolerance, market conditions, etc. For example: <ul style="list-style-type: none"> • 3-5% of annual revenues • 90 days operating capital + 15% of annual revenues • 50% of annual expenses 	Annually until target achieved; few if any have achieved targets to date	Unknown

Table 7. All Scenarios: Comparison of Staffing Assumptions

Source	All County		Unincorporated County Only	
	Full-Time Equivalents	\$	Full-Time Equivalents	\$
PEA	~20	\$3.5M	~20	\$3.5M
Willdan	36	\$6.1M	28	\$5.1M
MRW	29	\$4.2M	26	\$3.9M
Other CCEs	Varies by program size. 1-47 FTEs.			

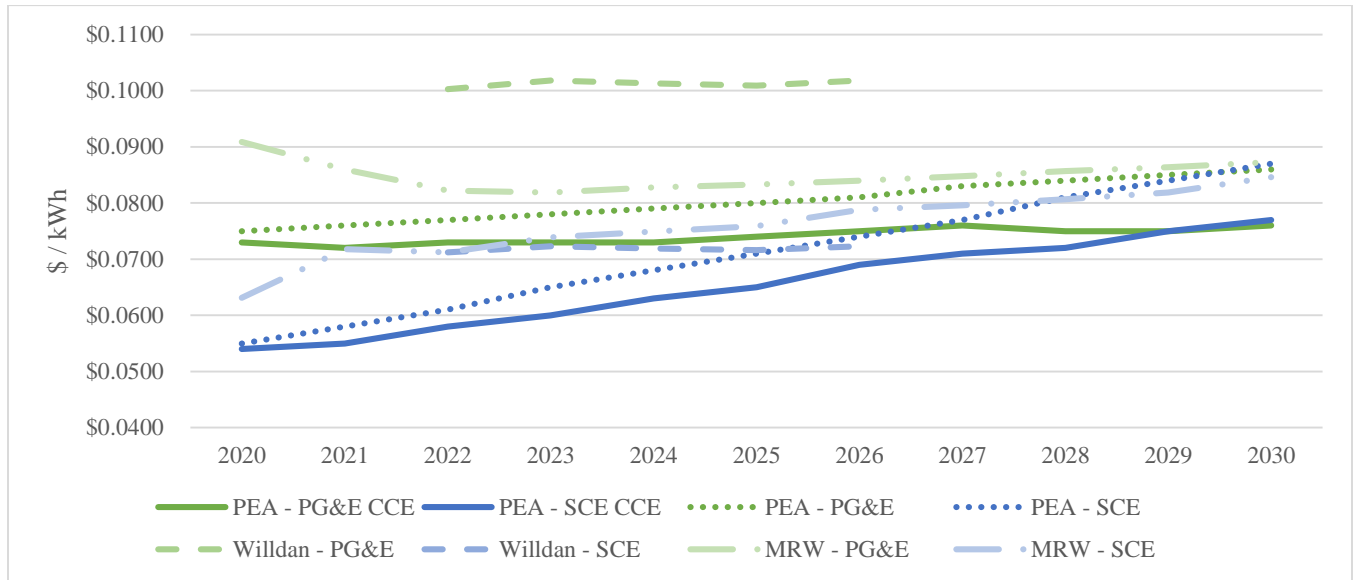
In the Tri-County Study, staff asked Willdan to develop a single set of uniform CCE rates that would be paid by all customers across PG&E and SCE territories. Because SCE’s generation rates are lower than PG&E’s generation rates, designing a single set of CCE rates to compete in both IOU territories meant the CCE rates had to be the same or lower than SCE’s rates. Willdan projected that setting the rates low enough to compete in SCE territory for all CCE customers would not allow the CCE program to fully recover its costs, making the modeled CCE program a non-viable undertaking in the Tri-County Study.

Because of these complications, staff asked PEA to develop two different sets of CCE rates: one for customers in PG&E territory and another for customers in SCE territory. Figures 1 and 2 illustrate how PEA’s projected CCE rates compare to each consultant’s estimated IOU rate projections. The solid green line is PEA’s estimate of the CCE rates in PG&E territory, and the dotted green lines are each consultant’s estimates of PG&E’s rates. The solid blue line is PEA’s estimate of the CCE rates in SCE territory, and the dotted blue lines are each consultant’s estimates of SCE’s rates. The CCE rates are inclusive of the PCIA and other exit fees. Despite differences in consultants’ assumptions about how PG&E’s and SCE’s rates will change over time, PEA’s projected CCE rates are expected to remain comparable or below the applicable IOU’s rates throughout the study period.

Figure 1. All County 50% Renewable Scenario: Comparison of PEA CCE Rate vs. Consultants’ IOU Rates



Figure 2. Unincorporated County Only 50% Renewable Scenario: Comparison of PEA CCE Rate vs. Consultants' IOU Rates



Options for Board Consideration

Staff presents the following options for your Board’s consideration:

1. Option 1. Form a new JPA to create and administer a CCE program with interested cities;
2. Option 2. Create a new CCE program to be administered by the County for the unincorporated parts of Santa Barbara County only;
3. Option 3. Join two existing CCE programs for the unincorporated parts of Santa Barbara County only; or
4. Option 4. Not implement a CCE program at this time.

Option 1. Form a JPA to create and administer a CCE program with interested cities. Among the scenarios studied, the All County option offers the greatest financial returns and the strongest potential for the increased use of GHG-free electricity at competitive rates in PG&E and SCE territories. To pursue this path, the County would join with interested cities to form a new JPA⁵ that would administer a new CCE program serving residents, businesses, and governments located within the jurisdictional boundaries of the JPA members. The County would have representation on the JPA board. The governance structure and operating rules would be negotiated among the participating jurisdictions. This option would dilute some of your Board’s operational control over a CCE program, would shield the County from operational risks, and could reduce the County’s share of start-up costs.

⁵ Staff has researched and not been able to identify an existing JPA composed of the County and all eight cities that has the purview to oversee a CCE program. Therefore, a new JPA will need to be formed. A JPA is the model available to offer CCE when multiple local governments wish to jointly implement a CCE program.

The earliest a multi-jurisdiction, JPA-run CCE program could launch is likely January 2021 due to new CPUC requirements and the time required to negotiate a JPA agreement and operating guidelines among multiple parties.

The estimated start-up costs for the All County option are \$9.3 million, which will likely necessitate a secured bank loan that PEA estimates can be paid back in full within the first year of operations. Given the experience of other CCE programs, the participating jurisdictions will need to identify collateral, such as a guarantee from one or more general funds, to secure the loan.

Estimated annual net revenues for the All County option range from \$4.3 million to \$24.6 million. Once a sufficient reserve fund is established, the JPA could decide how to spend those funds.

In this option, the County would likely remain the lead agency and provide staffing and services (e.g., human resources, information technology, procurement) until a JPA can staff up and stand on its own. To move forward with this option, your Board would adopt the Resolution of Intent (Attachment B).

Option 2. Create a new CCE program to be administered by the County for the unincorporated parts of Santa Barbara County only. Pacific Energy Advisors' analysis found that the County could offer a financially viable, rate-competitive CCE program solely to residents, businesses, and governmental accounts located in the unincorporated county. If the County were to develop its own program, staff would create a new enterprise fund and potentially a new enterprise department within the existing County organizational structure. This option would give your Board the greatest operational control over a CCE program and would concentrate the risks and costs with the County.

An Unincorporated County Only CCE program could potentially start service more quickly than a multi-jurisdictional, JPA-run CCE program. Using enhanced consultant support, the County may be able to launch a CCE program under this option in January 2020.

The estimated start-up costs for the Unincorporated County Only option are \$6.7 million. Similar to Option 1, this enterprise model will likely necessitate a secured bank loan that PEA estimates can be paid back in full within the first two years of operations. The County likely will need to identify collateral, such as a guarantee from the County General Fund, to secure the loan.

Pacific Energy Advisors estimates that an Unincorporated County Only CCE program would generate a net surplus starting in the second year of operations, ramping up to a projected \$5.7 million in 2030. Once a sufficient reserve fund is established, your Board could make policy decisions about how to spend those funds. Any CCE revenues would be dedicated to CCE-related expenses and programming.

Option 3. Join two existing CCE programs for the unincorporated parts of the Santa Barbara County only. None of the CCE studies completed to date have evaluated the feasibility of the County joining an existing CCE program(s). County staff has spoken with staff at other operational and in-development CCE programs to gauge their interest in having the County join their programs. All existing CCE programs have experience with either PG&E or SCE, but not both. The IOUs have different billing systems, rate structures, and approaches to coordinating with CCE programs. Therefore, it would be difficult for a CCE program operating in a single IOU territory to absorb Santa Barbara County, which spans two IOUs.

With these constraints in mind, it may be possible for the County to join two CCE programs: potentially Monterey Bay Community Power (MBCP)⁶ or a possible future CCE program serving the Cities of San Luis Obispo and Morro Bay⁷ for the northern unincorporated part of Santa Barbara County and, for the southern part, potentially the Clean Power Alliance⁸ (formerly Los Angeles Community Choice Energy). Any decisions about whether the County could join any of these CCE programs is subject to approval by their JPA boards and the CPUC. Under this split-CCE approach, January 2021 is likely the earliest CCE service could start for any customers in Santa Barbara County.

A complication with joining two existing CCE programs is that Public Utilities Code section 366.2(b) requires that a local government that offers CCE to its community must serve 100% of residential customers. While joining two CCE programs could serve all of the County's residents, there may be questions about program timing, such as how all residential customers would continue to be offered a CCE choice if one or both programs are discontinued. Staff has spoken with CPUC staff, who have indicated a split-CCE approach like this would require further review with no guarantees that the CPUC would accept this approach. There is some precedent for how the CPUC may handle a split-IOU approach under a single CCE program, as Placer County is pursuing a phased launch across two IOU service areas: PG&E and Liberty Utilities.⁹

Joining other CCE programs would also mean joining existing JPAs, the structure and operating rules of which have already been established. Participating in such a JPA would limit the County's control and decision-making authority related to, for example, rates and program design, but could reduce the County's costs and risk exposure.

Option 4. Not implement a CCE program at this time. Your board may direct staff to discontinue implementation or further exploration of CCE at this time. The electricity market and policy environment are rapidly transforming. While CCE programs have enjoyed tremendous growth over the past couple of years, both in terms of the number of programs and expansions of existing programs to serve more customers, the IOUs have had time to adjust to a more competitive market in a way that poses a greater risk to new CCE program formation. Similarly, the CPUC and Legislature are grappling with how to manage the growth of CCE and level the playing field for all types of electricity providers. Significant regulatory and potential legislative changes are expected in the next year or more for CCE programs. It may benefit the County to take a “wait and see” approach to let the market stabilize before further considering CCE, or discontinue exploration of CCE altogether.

If your Board chooses not to proceed with CCE at this time, staff is prepared—with ongoing funding—to continue efforts to pursue other local renewable energy generation; green job creation; and GHG reduction strategies in support of the County's economic and sustainability goals, including its commitment to reduce countywide GHG emissions to 15% below 2007 levels by 2020, as called for by the County's [Energy and Climate Action Plan](#). For example, staff is currently pursuing a contract with a consultant and participating cities to develop a countywide clean energy roadmap to prioritize the cost-effective development of renewable energy and distributed energy resources projects throughout the county.

⁶ <http://montereybaycca.org/>

⁷ <http://www.slocity.org/Home/Components/News/News/5339/>

⁸ <https://www.cleanpoweralliance.org/>

⁹ The San Joaquin Valley Power Authority also pursued CCE across two IOU territories in the mid-2000s, but ultimately the CCE program did not launch.

Performance Measure:

N/A

Contract Renewals and Performance Outcomes:

N/A

Fiscal and Facilities Impacts:

The fiscal impact varies by option listed under Recommended Action B as follows:

Option 1. Form a JPA to create and administer a new CCE program with interested cities. The County's anticipated contribution to JPA formation and early program development work is funded by earlier budget authorizations by your Board. The County and interested cities will need to negotiate a cost-share arrangement, options for securing an estimated \$9.3 million loan for full program launch and power procurement costs, and repayment terms. If a CCE program launches, all funds expended to date are reimbursable through future CCE revenues.

Option 2. Create a new CCE program to be administered by the County for the unincorporated parts of Santa Barbara County only. The anticipated costs for early program development work is funded by earlier budget authorizations by your Board. The County will need to identify options for securing an estimated \$6.7 million loan. If a CCE program launches, all funds expended to date are reimbursable through future CCE revenues.

Option 3. Join two existing CCE programs for the unincorporated parts of Santa Barbara County only. The County may be able to cover any fees associated with joining other CCE programs through funds previously authorized by your Board. However, one or both CCE programs that the County would join may require the County to secure a loan to cover the power procurement costs for the County's customers. The County would need to identify options for securing this loan at a to-be-determined amount. It may not be possible to receive reimbursement for CCE funds spent to date under this option because those repayment terms are typically negotiated as part of the JPA agreement and the JPA agreement for each existing CCE program may not be modifiable by the County.

Option 4. Not implement a CCE program at this time. No additional funding is anticipated for this option.

Fiscal Analysis:

The Board has authorized ongoing annual funding of \$165,000 towards salaries and benefits expenses for CCE and related programs in the Sustainability Division of the Community Services Department. In addition, in FY2015-16, the Board authorized \$235,000 towards the costs of the Phase I CCE exploration, including the feasibility study presented today. Roughly \$130,000 of the \$235,000 remains.

The County also received \$350,000 from outside entities to help fund the Phase I costs. Some of the outside funding has been returned to San Luis Obispo and Ventura County jurisdictions that did not participate in this most recent study completed by PEA. All shared funds have been expended or returned to the applicable contributing agency.

Additionally, over the past two fiscal years, the Board has conditionally appropriated \$275,000 and \$300,000 for anticipated Phase 2 and Phase 3 costs, respectively, should your Board direct staff to continue CCE implementation. In total, approximately \$705,000 is available for continued CCE program development.

Key Contract Risks:

N/A

Staffing Impacts:

No additional staffing requests are being made at this time.

Special Instructions:

Please send one copy of the minute order to Jennifer Cregar.

Attachments:

Attachment A: Community Choice Aggregation Technical Study

Attachment B: Resolution of Intent to Form a CCE JPA

Authored by:

Jennifer Cregar, Co-Division Chief, Sustainability