



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:** December 8, 2020  
**Placement:** Departmental  
**Estimated Time:** 1 hour  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department George Chapjian, Community Services Director  
Director(s) (805) 568-2467  
Contact Info: Ashley Watkins, Division Chief, Sustainability  
(805) 568-3514

**SUBJECT:** 3CE Service Offerings for Municipal Electric Accounts

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:**

Risk Management: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file an update on the Central Coast Community Energy (3CE) community choice energy (CCE) program;
- b) Provide staff with direction regarding 3CE services offerings for County municipal electric accounts as follows:
  - i) Option 1. Enroll County municipal electric accounts into 3Cchoice, 3CE's default service offering.
  - ii) Option 2. Enroll County municipal electric accounts into 3Cprime, 3CE's 100% renewable service offering.
  - iii) Option 3. Enroll County municipal electric accounts into 3Cchoice, 3CE's default service offering and Direct Staff to return to Board during the FY 21-22 budget process with a budget expansion request to allocate funds towards renewable energy or battery project(s).
- c) 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 15378 (b)(5), as the actions are organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

### **Summary Text:**

This item is being presented to your Board to provide Staff direction regarding which 3CE service offering, either 3Cchoice or 3Cprime, to enroll County municipal electric accounts. CCE enables local governments to leverage the purchasing power of their residents, businesses, and governments to purchase or generate electricity on behalf of their communities. In 2019, the County became a member of 3CE, an existing CCE program. 3CE will launch electric service in Santa Barbara County in 2021 in two phases: January 2021 in PG&E's service territory and October 2021 in SCE's service territory. 3CE offers two service offerings; 3Cchoice and 3Cprime. Upon launch of 3CE service in 2021, 3Cchoice will be made up of approximately 35-40% renewables, increasing to 60% renewables by 2025 and 100% renewables by 2030. 3Cprime is 3CE's 100% renewable service offering made up of 50% solar and 50% wind. The Board has the opportunity to enroll County municipal accounts into 3Cchoice or 3Cprime. 3Cchoice is the lowest cost option and provides approximately a 2% discount from PG&E electric procurement rates. 3Cprime would result in additional costs of approximately \$77,000 annually. Opting up to 3Cprime would not speed up progress towards 3CE's 100% renewable energy goal, but it would signal the County's commitment to clean energy and could encourage other customers to opt up to 3Cprime. Opting up to 3Cprime would effectively obviate GHG emissions associated with electricity consumption at County sites within 3CE's territory. The tradeoff is that no real material emission reductions or direct benefits are achieved because 3CE would purchase short term renewable energy credits to achieve this outcome. Alternatively, the Board could show its commitment to clean energy by allocating funds towards renewable energy or battery project(s) at a County owned site. This would achieve some emissions reductions and added resiliency.

### **Background:**

#### **How Does CCE Work?**

CCE enables local governments to leverage the purchasing power of their residents, businesses, and governments to purchase or generate electricity on behalf of their communities. CCE programs are typically created to provide; a choice in electricity service providers, a higher percentage of renewable or carbon-free electricity and a new funding source for local energy initiatives, such as energy efficiency programs and electric vehicle incentives. The existing investor-owned utility (IOU)—in Santa Barbara County, PG&E and SCE—continues to deliver the electricity purchased by the CCE provider and bill customers.

#### **CCE Related Action**

On August 13, 2019, the Board of Supervisors adopted Ordinance No. 5086, authorizing the implementation of a CCE program within the County's jurisdiction through participation in 3CE's CCE program. Subsequently, on September 4, 2019, 3CE's Policy Board of Directors voted to accept the

County of Santa Barbara and the cities of Carpinteria, Goleta, Guadalupe, Solvang and Santa Maria as new members. Subsequently, the City of Buellton also joined 3CE in September 2020.

### **3CE Procurement**

3CE has adopted a new pathway to accelerate the deployment of new clean and renewable energy supply to further the goal of reducing greenhouse gas (GHG) emissions in a more meaningful and affordable way. 3CE will shift away from its previous practice of purchasing carbon free attributes (CFAs) from out of state hydro projects to claim 100% carbon-free. The purchase of CFA's from existing hydro projects does not result in new clean energy projects and the cost associated with purchasing CFAs has increased. As a result, 3CE has revised its procurement strategy and has now set a goal to provide clean and renewable resources for 60% of its retail sales by 2025 and 100% of its retail sales by 2030. This is 15 years ahead of the State's SB100 requirement of 100% clean energy by 2045. 3CE will meet its new goals by executing long-term Power Purchase Agreements for new clean and renewable projects. 3CE will also be developing a plan to identify barriers as well as benefits to local renewable energy and storage projects. The 3CE board also directed staff to evaluate a local generation request for proposals to further investigate the market for local renewables in 3CE's service area.

### **Options for Board Consideration**

3CE will begin enrolling customers in PG&E territory in January 2021. Customers in SCE will be enrolled in October 2021 due to a conflict with SCE's Customers Service Re-Service Platform (CSR) project. 3CE's service territory does not include the City of Santa Barbara which will be launching its own CCE program, Santa Barbara Clean Energy, in October 2021.

During enrollment, customers will have the opportunity to choose their service offering. 3CE has two service offerings; 3Cchoice and 3Cprime. At the time of enrollment, customers will be enrolled with 3CE's default 3Cchoice service option, unless they choose to opt up to 3Cprime or opt out and continue purchasing PG&E's or SCE's electric generation energy supply.

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

#### **Option 1. Enroll County municipal electric accounts into 3Cchoice, 3CE's default service offering.**

3Cchoice is 3CE's primary service offering. Upon launch of 3CE service in 2021, 3Cchoice will be made up of approximately 35-40% renewables increasing to 60% renewables by 2025 and 100% renewables by 2030. 3CE plans to achieve this by accelerating the number of long term clean and renewable energy power purchase agreements it executes.

All 3CE customers are defaulted to 3Cchoice unless they take other action. 3Cchoice is the lowest cost option and provides approximately a 2% discount from PG&E electric procurement rates, inclusive of added fees such as the Power Cost Indifference Adjustment (PCIA), a fee charged to customers departing IOU service for CCE service. At this time, 3Cchoice provides rate parity with SCE. Customers may choose to opt up to 3Cprime at any time.

**Option 2. Enroll County municipal electric accounts into 3Cprime, 3CE’s 100% renewable service offering.**

3Cprime is 3CE’s 100% renewable service offering made up of 50% solar and 50% wind. 3Cprime costs less than one penny per kilowatt hour more (.8c/kwh more) than 3Cchoice. Selecting this option would not necessarily speed up 3CE’s progress towards the goal of 60% renewables by 2025 and 100% renewable energy by 2030. However, it would signal the County’s commitment to clean energy and could encourage other customers to opt up to 3Cprime. Opting up to 3Cprime would effectively obviate GHG emissions associated with electricity consumption at County sites within 3CE’s territory. The tradeoff is that no real material emission reductions or direct benefits are achieved because 3CE would purchase short term renewable energy credits to achieve this outcome. The future pricing of 3Cprime is unknown at this time and could increase or decrease over time based on market conditions.

When compared with 3Cchoice, this option would result in additional costs of approximately \$77,000 annually. County electric load that is currently served by onsite solar, or sites that are in the process of adding solar, such as the Betteravia Center, have been excluded from this financial estimate. Additionally, the estimate does not include county municipal accounts that are located within the City of Santa Barbara which will be served by the City of Santa Barbara’s CCE program, Santa Barbara Clean Energy. Rates for Santa Barbara Clean Energy will not be available until spring 2021. SBCE plans to default customers to their 100% renewable energy option which will likely be a higher rate than SCE. SBCE will provide an opt down option that is at rate parity with SCE.

Costs associated with 3Cprime would be passed through and spread across departments, which is the same as the existing process of electricity cost allocation. General Services captures utility costs through internal service funds and then allocates those costs to departments through automated journal entry charges. Utility costs may be included in Departmental Indirect Cost Rate Proposals (ICRP), an administrative rate that can be applied to salaries and benefits when billing outside funding sources. Departments that are largely funded by outside sources would see minimal impact to their utility bills. Departments that are primarily funded through general fund dollars or that have large facilities would incur a larger share of the costs associated with opting up to 3Cprime.

**Option 3. Enroll County municipal electric accounts into 3Cchoice, 3CE’s default service offering and direct Staff to return to Board during FY 21-22 budget process with a budget expansion request for renewable energy or battery project (s)..**

Alternatively, the Board could show its commitment to clean energy by defaulting County municipal electric accounts to 3Cchoice and consider the allocation of funds towards renewable energy or battery projects at County owned sites. This would achieve some emissions reductions and added resiliency. General Services has several renewable energy and battery storage projects in the pipeline that require funding including Foster Road and the Emergency Operations Center. In this scenario, the Board could direct staff to return during the FY21-22 budget process with a budget expansion request.

**Fiscal and Facilities Impacts:**

Option 1: No significant fiscal impact. Potential for some savings that would be passed through to departments.

Option 2: Increased annual costs of approximately \$77,000 which would be passed through to County General Fund (approximately \$37,000) and Special Revenue (approximately \$40,000) Departments.

Option 3: During the Budget process, the Board could allocate general fund dollars for General Services to implement renewable energy or battery project(s).

**Special Instructions:**

Please send one copy of the minute order to Ashley Watkins.

**Attachments:**

Attachment A: PowerPoint Presentation

**Authored by:**

Ashley Watkins, Division Chief, Sustainability