



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 22, 2015

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Consideration Of Funding Community Choice Aggregation Feasibility Study

RECOMMENDATION:

That Council authorize staff to transmit \$50,000 to the County of Santa Barbara for the purpose of funding the City's portion of a Community Choice Aggregation (CCA) Feasibility Study.

DISCUSSION:

The City was approached in spring 2015 by both the Community Environmental Council and the County of Santa Barbara to fund a portion of the costs for a feasibility study of a local CCA (locally referred to as Community Choice Energy – "CCE") program. CCAs allow California cities and counties the ability to aggregate the electric loads of residents, business and public buildings to facilitate the purchase and sale of electrical energy by becoming an energy purveyor. CCAs are able to essentially choose the source of electrical power for the community and negotiate purchase agreements for that power.

During the budget presentations, the Council discussed the request by the Community Environmental Council and directed staff to return with more information related to a potential scope of work, as well as identify the lead agency for the project. The County has agreed to serve as lead, and has established a framework for representation in the form of an Advisory Working Group. This Advisory Working Group will be responsible for the following tasks:

- Help develop the RFP for a Feasibility Study consultant;
- Select a qualified consultant from the proposals submitted;
- Define objectives for the study;
- Develop a communications plan;
- Review and comment on the feasibility study draft; and
- Receive ongoing updates regarding progress.

The Advisory Working Group will provide updates to the Council Sustainability Committee and/or City Council as needed. It is expected that the scope and cost will not be entirely known until the proposal development and review process is complete, but is estimated to be about \$225,000. However, it is expected to include the following:

- Definition of objectives and study areas;
- Pro-forma analysis to assess the cost-benefit potential;
- Risk analysis (pre- and post-implementation);
- Emission impacts;
- Economic impacts including job creation;
- Load data analysis and demand forecast;
- Rate/price modeling and analysis;
- Power supply scenarios for the region's CCE;
- Sensitivity analysis reflecting changes such as marketing prices for conventional and renewable energy, utility surcharges and fees, and energy policy changes.

BUDGET/FINANCIAL INFORMATION:

\$50,000 has been appropriated in the Fiscal Year 2016 Water Fund budget for the study.

SUSTAINABILITY IMPACT:

Other communities are reporting that their CCA programs are demonstrating an ability to provide an energy mix with higher percentages of renewable generation and lower associated emissions. The feasibility study will include emission impacts, load/demand, and financial analysis to determine not only if feasible, but sustainable into the future.

ATTACHMENTS: 1. Letter from County of Santa Barbara dated August 17, 2015
2. Letter from Community Environmental Council dated April 8, 2015

PREPARED BY: Pamela Antil, Assistant City Administrator

SUBMITTED BY: Paul Casey, City Administrator

APPROVED BY: City Administrator's Office

County Of Santa Barbara

Mona Miyasato
County Executive Officer



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Executive Office

August 17, 2015

Mr. Paul Casey
 City Manager
 City of Santa Barbara
 735 Anacapa St.
 Santa Barbara, CA

E-mail: pcasey@santabarbaraca.gov

Re: Scope of Activities for Community Choice Energy (CCE) Contribution

Dear Mr. Casey:

Thank you for confirming that the City of Santa Barbara has appropriated \$50,000 towards a local Community Choice Energy (CCE) study. Per your request, this letter provides additional details on the scope of activities that the City's contribution will support.

Background

On June 9, 2015 the Santa Barbara County Board of Supervisors approved \$400,000 in FY 2015-2016 towards the initial phase of evaluating the formation of a Community Choice Energy (CCE) program in Santa Barbara County. The technical feasibility study consultant was estimated to cost \$225,000, which was anticipated to be offset by at least \$100,000 in contributions from other agencies. As detailed below, those local agencies that contribute may have representation on an advisory working group and will be included in the study area defined for the Feasibility Study.

Representation on Advisory Working Group

Local agencies that contribute will be asked to appoint representatives to collaborate with Santa Barbara County on an advisory working group. This advisory working group will be responsible for the following:

- Help develop the RFP for a Feasibility Study consultant
- Select a qualified consultant from the proposals submitted
- Define objectives for the study
- Develop a communications plan
- Review and comment on the feasibility study draft
- Receive ongoing updates regarding progress

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Terri Maus-Nisich
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Inclusion in Feasibility Study

While the exact scope and costs of the feasibility study will not be known until a contract for services is complete, CCE feasibility studies typically evaluate the following aspects of a CCE program:

- Definition of objectives and study areas
- Pro-forma analysis to assess the cost-benefit potential
- Risk analysis (pre and post implementation)
- Emission impacts
- Economic impacts included job creation
- Load data analysis and demand forecast
- Rate/price modeling and analysis
- Power supply scenarios for CCE
- Sensitivity analysis reflecting changes such a market prices for conventional and renewable energy, utility surcharges and fees, and energy policy changes

Submitting Contributions

In preparation for soliciting proposals for the feasibility study, we are asking that all non-repayable contributions to Santa Barbara County be received by October 15, 2015 so that all sources of funds are known prior to Santa Barbara County authorizing a contract with a consultant to complete the feasibility study. As a reminder, to allow the County to include your City in the study, we will be requesting your release of applicable electricity load data within the coming weeks.

If you or your Council should require additional details in order to release the expenditure, please feel free to contact me or Energy and Sustainability Initiatives Division Chief, Angie Hacker, at ahacker@co.santa-barbara.ca.us.

Sincerely,



Renée Bahl

Mona Miyasato
County Executive Officer

cc: Renée Bahl, Assistant County Executive Officer
George Chapjian, Community Services Department Director
Angie Hacker, Energy and Sustainability Initiatives Manager



April 8, 2015

Santa Barbara City Council
735 Anacapa Street
Santa Barbara, CA 93101

RE: Budget Allocation Request: Community Choice Aggregation Feasibility Study

Mayor and Council Members:

In the last five years, Community Choice Aggregation (CCA) has emerged as a powerful tool to help California Cities and Counties reduce greenhouse gas (GHG) emissions while providing residents and businesses a choice in their energy providers. Existing CCAs, such as Sonoma Clean Power and Marin Clean Energy, have demonstrated that Community Choice programs can provide an energy mix with higher percentages of renewable generation and lower associated emissions. Not only have these CCAs provided a cleaner energy mix, they have done so at cheaper rates than the existing utility - to the benefit of ratepayers, the environment and the local economy.

A local Santa Barbara Community Choice program would provide many of the same benefits and help the City meet the targets identified in its Climate Action Plan (15% of the CAP target reductions (21,000 MT CO2e) are attributed to CCA). CCA could also effectively mitigate the emissions associated with reactivating the desalination plant. A feasibility study is a key first step in evaluating the potential benefits available to the City and its residents. A feasibility study would help project consumer electricity prices, net economic impact and potential GHG reductions that may be achieved through a local CCA.

The Community Environmental Council (CEC) believes that a comprehensive feasibility study, which could include neighboring jurisdictions, could be completed for \$100,000 or less. CEC thus requests that the City allocate \$50,000 in its recommended 2015/2016 budget towards a feasibility study. Neighboring jurisdictions also interested in CCA could provide the remaining balance.

More than 60 California cities and seven California counties have passed resolutions to evaluate CCA - it is time Santa Barbara follow suit and earnestly explore the benefits of a local Community Choice program.

Sincerely,

Dave Davis
President / CEO

Cc:
Mayor Helene Schneider
Mayor Pro Tempore Gregg Hart
Councilmember Cathy Murillo
Councilmember Randy Rowse
Councilmember Dale Francisco
Councilmember Frank Hotchkiss
Councilmember Bendy White

Paul Casey, City Administrator
Jim Dewey, Energy Manager
George Buell, Community Development Dir.
Nina Johnson, Asst. to the City Administrator
Alelia Parenteau, Energy Analyst
Maggie Campbell, Exec Director, Downtown SB
Ken Oplinger, President/CEO, SB Chamber

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Selma Rubin - *In Memoriam*

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