

CITY OF SIMI VALLEY  
MEMORANDUM

December 7, 2015

**TO:** City Council

**FROM:** Office of the City Manager

**SUBJECT:** CONSIDERATION OF PARTICIPATION IN THE FEASIBILITY STUDY FOR THE COMMUNITY CHOICE ENERGY (CCE) PROGRAM WITH THE COUNTY OF SANTA BARBARA, COUNTY OF VENTURA, AND THE COUNTY OF SAN LUIS OBISPO, AND AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE RELATED DOCUMENTS

**STAFF RECOMMENDATION**

It is recommended the City Council approve participation in the feasibility study for the Community Choice Energy (CCE) program with the County of Santa Barbara, County of Ventura, and County of San Luis Obispo at a cost not to exceed \$25,000, and authorize the City Manager to sign all documents necessary for the City's participation in the study.

**CITY MANAGER'S RECOMMENDATION**

The City Manager recommends approval.

**BACKGROUND AND OVERVIEW**

In June 2015, the County of Santa Barbara elected to fund a feasibility study for a Community Choice Energy (CCE) program. The County offered to expand the scope of the feasibility study to include the County of Ventura and its ten cities. The County of Ventura Board of Supervisors agreed to participate in the study and allocated \$50,000 to the study, with the caveat that if the cost of the feasibility study increased beyond the initial estimate of \$275,000, the County would reach out to the cities to request a contribution. The County of Santa Barbara also subsequently invited the County of San Luis Obispo to participate. With the subsequent inclusion of the County of San Luis Obispo, the County of Santa Barbara now estimates the cost of the feasibility study to be \$500,000. On September 18, 2015, the County of Ventura CEO's office sent a letter requesting the City of Simi Valley's participation in the feasibility study and a maximum funding contribution of \$25,000 for cities with populations exceeding 45,001. Staff is seeking direction regarding City participation in the feasibility study.

**FINDINGS AND ALTERNATIVES**

CCE (also called Community Choice Aggregation, abbreviated CCA) was authorized by Assembly Bill 117 (AB 117) and was signed into law in California in 2002. Local governments who form a CCA are allowed to pool (or aggregate) their electricity load in

order to purchase and/or develop power on behalf of their residents, businesses, and municipal accounts.

CCAs allow participating agencies to facilitate the purchase and sale of electrical energy, set their own rates, and choose the sources of their electricity, which can collectively contribute to reductions in Greenhouse Gas emissions when power is purchased from renewable energy resources (“green energy”). In this way, CCAs can assist with meeting Greenhouse Gas Emission reduction goals outlined in AB 32, the Global Warming Solutions Act, which requires a reduction in Greenhouse Gas Emissions to 1990 levels by the year 2020. CCAs can also contribute to economic development by increasing the demand for renewable energy resources, thereby creating additional jobs in the renewable energy market. CCAs work in partnership with existing utility companies, which would continue to deliver the power, maintain the grid and infrastructure, and provide consolidated billing and other customer services. CCAs have all the public power benefits associated with non-profit municipal utilities, such as lower rates, cost efficiencies, and local control, but without the infrastructure maintenance costs. CCAs are monitored and regulated by the California Public Utilities Commission (CPUC).

Currently, there are three CCAs operating in California. Marin Clean Energy (MCE) and Sonoma Clean Power (SCP) are located in northern California. Lancaster Choice Energy (LCE) is the first CCA in Southern California. Each of the CCAs has realized some of the stated benefits of a pooled aggregation. MCE, in operation for five years, has reduced greenhouse gas emissions by 60,000 tons, which is the equivalent of removing 12,500 cars from the road for one year. In 2014, MCE averaged \$5.9 million in energy savings and are on track to double that for 2015. MCE has also developed renewable energy resources in the form of solar and wind farms, creating 2,400 California jobs, and has achieved a 56% renewable energy mix, exceeding the state mandate that requires all California utility providers to obtain 33% of the energy they sell from renewable resources by 2020. For comparison purposes, at last report, Pacific Gas and Electric (PG&E) has only been able to achieve a 27% renewable energy mix.

SCP was launched in May 2014 and, in their first year of operation, realized a 48% reduction in greenhouse gas emissions below PG&E’s 2013 data. In addition, SCP provided \$13 million in energy savings to customers and achieved a 36% renewable energy mix. LCE launched in May 2015 and is able to offer a 35% renewable energy mix and offer rate stability due to the fact that rates are only changed once annually.

The creation of a CCE in Ventura and Santa Barbara Counties could ultimately lower electrical costs and offer rate stability to Simi Valley, its residents, and businesses, while reducing greenhouse gas emissions, as required by AB 32, and creating jobs in the green energy market. **The degree to which Simi Valley could benefit from a CCE, and what other costs the City may need to incur, are unknown and could be identified through a feasibility study.** Therefore, staff is recommending participation in the feasibility study for a Community Choice Energy program with both Ventura and Santa Barbara County. The requested contribution from cities with a population exceeding 45,001 is a maximum of \$25,000.

Funding is available for the cost of the study and will be absorbed in the existing General Fund's FY 2015-16 Administrative Services Department budget. As a participant, the City would have a seat on the advisory working group and be able to appoint one technical staff member. Participation in the study is an opportunity for Simi Valley to be proactive towards establishing local control for the City's future energy needs.

The following alternatives are available to the City Council:

1. Approve the City's participation for the Community Choice Energy program feasibility study at a cost not to exceed \$25,000, and authorize the City Manager to sign all documents necessary for the City's participation in the study;
2. Do not approve the City's participation for the Community Choice Energy program feasibility study;
3. Provide staff with other direction.

Staff recommends Alternative No. 1.

#### **SUGGESTED CITY COUNCIL MOTION**

I move to approve the City's participation for the Community Choice Energy program feasibility study at a cost not to exceed \$25,000, and authorize the City Manager to sign all documents necessary for the City's participation in the study.

#### **SUMMARY**

In June 2015, the County of Santa Barbara elected to fund a feasibility study for a Community Choice Energy (CCE) program and offered to expand the scope of the feasibility study to include the County of Ventura and its ten cities. The County of Ventura Board of Supervisors agreed to participate in the study and allocated \$50,000 to the study, with the caveat that if the cost of the feasibility study increased beyond the initial estimate of \$275,000, the County would reach out to the cities to request a contribution. The County of Santa Barbara now estimates the cost of the feasibility study to be \$500,000. On September 18, 2015, the County of Ventura CEO's office sent a letter requesting the City of Simi Valley's participation in the feasibility study and requested a funding contribution not to exceed \$25,000. Staff is recommending the City Council approve the City's participation in the feasibility study.




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Brian P. Gabler, Director of Economic  
Development/Assistant City Manager