

TO: Scott Mitnick, City Manager

FROM: Jay T. Spurgin, Public Works Director

DATE: December 15, 2015

SUBJECT: Authorization to Participate in Regional Feasibility Study for Community Choice Energy (NC0156)

RECOMMENDATION:

1. Approve City participation in the Community Choice Energy Program feasibility study.
2. Approve budget appropriation and expenditure in the amount of \$25,000 from A/C #001-0000-311-1000 (General Fund, Fund Balance) to A/C #001-5010-631-5799 (NC0156, General Fund/Community Choice Energy Study).

FINANCIAL IMPACT:

\$25,000 Increase to FY 2015-16 Operating Budget. Budget appropriation in the amount of \$25,000 is requested from General Fund, Fund Balance. Total estimated cost of the Community Choice Energy Program feasibility study is \$500,000, which will be shared among participating agencies.

BACKGROUND:

In 2002, Assembly Bill 117 became law allowing public agencies to aggregate the electric loads of residences, businesses, and public facilities to allow purchase and sale of electrical energy in a more competitive market. Community Choice Energy (CCE) provides for a partnership with the investor-owned utility (Southern California Edison [SCE]) so that member agencies can purchase electricity on the wholesale market. Once enrolled in the program, CCE members work together to purchase energy in bulk and expand energy efficiency programs. CCE members are able to purchase the greenest energy available in the community and set rates as a power provider.

Prior to forming a CCE partnership, a feasibility study is needed. The estimated cost for the feasibility study is \$500,000. In June 2015, the Santa Barbara County Board of Supervisors approved \$225,000 towards the cost of completing a feasibility study for forming a regional CCE. The City of Santa Barbara and the Santa Barbara Community Environmental Council each committed \$50,000.

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In August 2015, the Ventura County Board of Supervisors approved \$50,000 to expand the study area into Ventura County; and, in October 2015, the County of San Luis Obispo authorized \$50,000 towards the completion of the study as a regional plan for all three counties.

As referenced in a November 18, 2015 letter from the County of Ventura (Attachment #1), all Ventura County cities are being asked to share in the cost of completing the feasibility study for the Ventura County area. The requested contribution from cities with a population over 45,000 is \$25,000. If the funding request is authorized, the City will have a seat on the advisory working group for the feasibility study. Staff assistance in obtaining electrical load data from SCE is also requested. To date, the cities of Moorpark, Ventura and Ojai have authorized funding for the study with other cities scheduled to do the same in December and January.

DISCUSSION/ANALYSIS:

Currently, six states in the nation have communities that have established CCE programs. Several public agencies in California have programs in place or are working to complete the process. In addition to model programs operating in Marin County, Sonoma County and the City of Lancaster, the County of Los Angeles is conducting a feasibility study to establish a CCE.

Some of the benefits achieved by existing programs include expanded local control over energy costs. Customers will be able to choose between buying power from the local utility or the CCE which, in the community's listed above, offers lower rates than the local utility provider.

Establishing a Community Choice Energy Program – Three Phases

Phase 1 – The first phase is to complete a feasibility study, which is used to evaluate the potential benefits and risks of a CCE program. The study will define program objectives, as well as financial, political, administrative, and regulatory considerations of establishing a program in Ventura County, Santa Barbara County, and San Luis Obispo County.

Phase 2 – If the feasibility study supports the establishment of a CCE, the second phase will include the adoption of resolutions by participating member agencies proclaiming formal support to establishing a CCE. An Implementation Plan will be prepared for review and consideration by the California Public Utilities Commission (CPUC). The Implementation Plan will describe in detail how the CCE will be structured and how it will function. Issues addressed include sources of electricity, rate setting process, member agencies, and responsibilities as part of a future Joint Powers Agreement. Also in this phase is a Statement of Intent that will address universal access to the program, reliability, customer class equity, and other requirements.

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All existing utility customers are included in the new CCE, but each customer will have the option to opt out of the CCE program and remain customers of the existing utility. As such, and as part of the CPUC review, a determination of the Cost Responsibility Surcharge (CRS) will be imposed on the CCE customers to shield remaining customers of the utility from any increases in cost that would result from customers switching to the CCE.

Phase 3 – The third and final phase of the program is to provide customers an opportunity to opt out of the CCE without penalty during the enrollment period.

Although the final structure of the CCE is yet to be determined, the potential inclusion of San Luis Obispo County, Santa Barbara County, and Ventura County provides a unique opportunity for savings since the region includes two separate utility companies; SCE and Pacific Gas and Electric.

Summary

Should City Council support the funding of the feasibility study with other member agencies, staff will then work with the County of Ventura to further define the scope and cost of the feasibility study before issuing an RFP for consultant services. If a feasibility study concludes that a CCE in Ventura County is recommended, staff will work through the advisory committee with a recommended course of action that may, at a later date, include the formation of a Joint Powers Agreement for City Council consideration.

COUNCIL GOAL COMPLIANCE:

Meets City Council Goal E:

- E. Provide and enhance essential infrastructure to ensure that the goals and policies of the Thousand Oaks General Plan are carried out and the City retains its role and reputation as a leader in protecting the environment and preserving limited natural resources.

PREPARED BY: Grahame Watts, Special Projects Manager

Attachment:

Attachment #1 – County of Ventura Funding Request

COUNTY EXECUTIVE OFFICE
MICHAEL POWERS
County Executive Officer**J. Matthew Carroll**
Assistant County Executive Officer**Paul Derse**
Assistant County Executive Officer/
Chief Financial Officer**Catherine Rodriguez**
Assistant County Executive Officer/
Labor Relations & Strategic Development**Shawn Atin**
Human Resources Director

November 18, 2015

Mr. Scott Mitnick, City Manager
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

e-mail: smitnick@toaks.org

RE: Interest in Community Choice Energy

Dear Mr. Mitnick:

On June 9, 2015, the Santa Barbara County Board of Supervisors approved an appropriation to help cover the cost of Phase 1, including a feasibility study, for Community Choice Energy (CCE) for Santa Barbara County. Santa Barbara County staff was directed to invite participation and contributions from other local municipalities and neighboring Counties. As a result of their request, the City of Santa Barbara and the Community Environmental Council, a non-profit, each agreed to contribute \$50,000 towards the study. And on August 11, 2015, the Ventura County Board of Supervisors authorized the expenditure of \$50,000 for the County of Ventura to participate.

As noted in the attached letter, we would reach out to each of our Cities if the cost of the feasibility study increased. Santa Barbara County now estimates the cost of the feasibility study to be \$500,000. Therefore, in conjunction with Santa Barbara County, we've developed the following suggested contribution amounts.

- For Cities with a population of less than 20,000 – \$7,500
- For Cities with a population between 20,001 and 45,000 – \$15,000
- For Cities with a population over 45,001 – \$25,000
- For neighboring Counties – \$50,000

If your City contributes towards the study, your jurisdiction can appoint one technical staff member to the advisory working group.

Regardless of financial contribution, we are requesting your participation in working with the two Counties to acquire applicable electricity load data from the utilities.

We look forward to hearing from you. You can contact me at (805) 654-3836 or susan.hughes@ventura.org.

Sincerely,



Sue Hughes
Senior Deputy Executive Officer

Attachment