



# STAFF REPORT

## CITY OF SOLANA BEACH

**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Gregory Wade, City Manager  
**MEETING DATE:** September 14, 2016  
**ORIGINATING DEPT:** City Manager's Department  
**SUBJECT:** **Council Update on Community Choice Aggregation Programs and the Proposals Received for the City's Community Choice Aggregation Program Request for Qualifications/Proposals**

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### **BACKGROUND:**

Community Choice Aggregation (CCA), authorized by Assembly Bill 117, is a state law that allows cities, counties and other authorized entities to aggregate electricity demand within their jurisdictions in order to purchase and/or generate alternative energy supplies for residents and businesses within their jurisdiction while maintaining the existing electricity provider for transmission and distribution services. The goal of a CCA is to provide a higher percentage of renewable energy electricity at competitive and potentially cheaper rates than existing Investor Owned Utilities (IOUs), while giving consumers local choices and promoting the development of renewable power sources and local job growth. The City Council has been supportive of the research and development of a viable regional Community Choice Aggregation (CCA) program for the last several years.

At the June 22, 2016 City Council meeting, the Council unanimously authorized the release of a Request for Qualifications/Proposals (RFQ/P) to solicit proposals from a qualified consultant(s) to pursue formation of a CCA Program. The intent would be for the consultant(s) to develop, finance and administer a "turnkey" CCA Program that could provide the community with greater choice in the purchase of electricity with no cost or financial risk to the City's General Fund.

This item is before the City Council to provide an update on the CCA Program RFQ/P proposals received and to discuss the status of San Diego Gas and Electric's (SDG&E) efforts to form an Independent Marketing Division (IMD) intended to oppose CCAs.

CITY COUNCIL ACTION:

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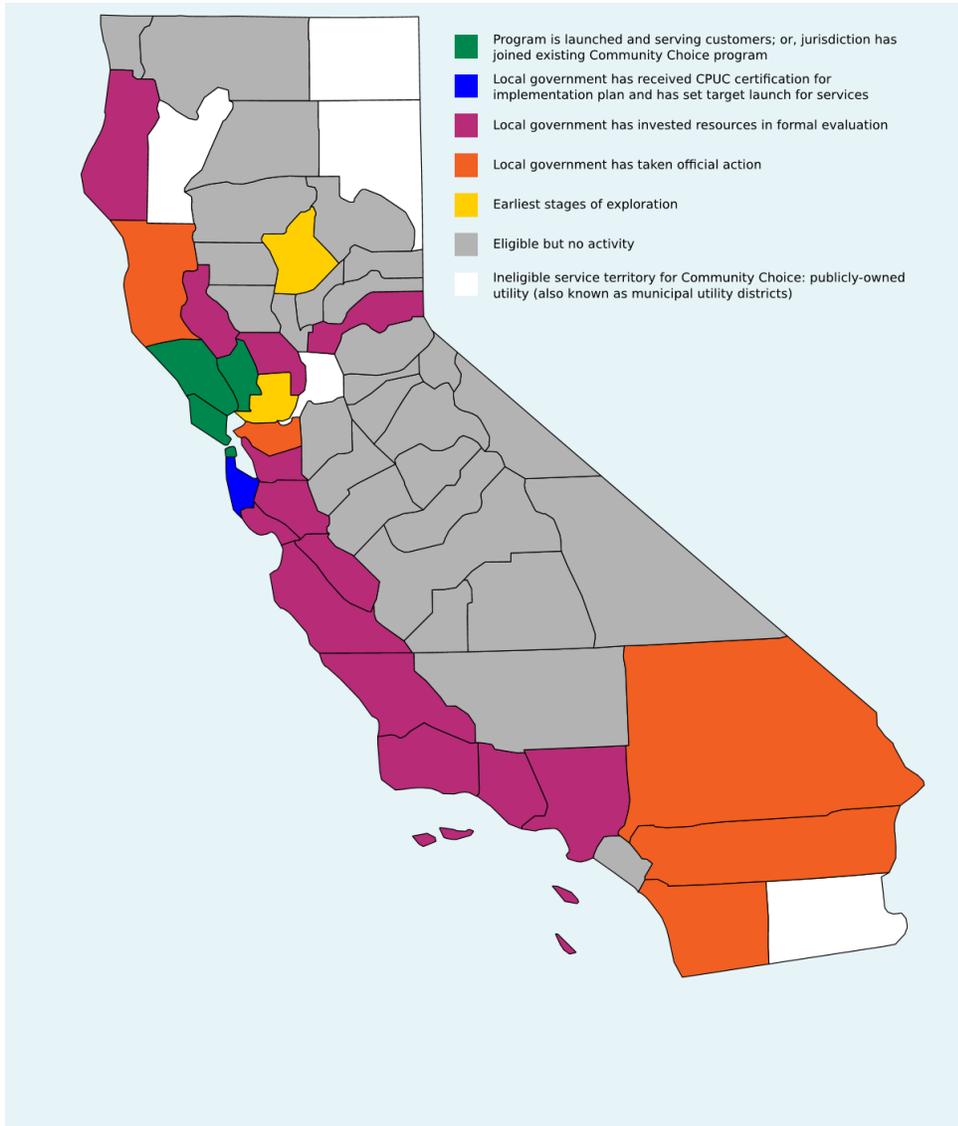
AGENDA ITEM #

## **DISCUSSION:**

CCAs are operating successfully in California and in other states. Currently, there are four established CCAs in California (Marin Clean Energy, Sonoma Clean Power, Lancaster Choice Energy and Clean Power SF) with a fifth, Peninsula Clean Energy, set to launch in October 2016. Each of these CCAs are comprised of multiple jurisdictions with significant energy loads. A quick breakdown of each includes:

- Marin Clean Energy – Counties of Marin and Napa, and cities of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, Tiburon, Richmond, Benicia, El Cerrito, San Pablo, Walnut Creek and Lafayette
  - Population – 258,972
  - Electrical Load – 1391.33 GWh
- Sonoma Clean Power – County of Sonoma and cities of Cloverdale, Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma and Windsor
  - Population – 496,253
  - Electrical Load – 2959.97 GWh
- Lancaster Choice Energy – City of Lancaster
  - Population – 161,043
  - Electrical Load – 536,000 MWh
- Clean Power SF – County and City of San Francisco
  - Population – 845,602
  - Electrical Load – 5867.82 GWh

Others, such as San Jose Clean Energy, Silicon Valley Clean Energy, Redwood Coast Energy Authority and several more are in various stages of formation. It is estimated that over 70% of the current energy load in California is in areas that either have an existing CCA program or are looking into establishing a CCA program. Existing programs have demonstrated the substantial benefits of CCA for residents and businesses, the environment, and the economy. The map on the next page shows the counties in California that have active CCAs, are in various stages of exploration and formation and those with no activity.



### City of Solana Beach RFQ/P

The City released the RFQ/P on June 27, 2016 and received three (3) proposals. The proposals were submitted by the following respondents:

1. 3 Phases Renewables
2. Pilot Power Group, Inc. (prime contractor)  
EDMS (sub-contractor)
3. The Energy Authority (prime contractor)  
Noble Energy Solutions (sub-contractor)

The timeline below was included in the RFQ/P and prior Staff Report authorizing the release of the RFQ/P, but can be modified by the Council if so desired.

<b>Activity</b>	<b>Date</b>
RFP Released	6/27/16
<b>Deadline to submit written Questions</b>	<b>7/15/16, 5:00pm</b>
Anticipated distribution of Questions and Answers	7/22/16
Proposal addendums, if any	6/30/16 - 8/4/16
<b>Proposals Due</b>	<b>8/11/16, 5:00pm</b>
City may request clarifying information from Proposers	8/15/16 - 8/25/16
<b>City may conduct interviews with select Proposers</b>	<b>9/12/16 - 9/15/16</b>
Anticipated notice of recommendation for preferred proposal	9/21/16
Anticipated City Council selection of Proposer(s) for Agreement negotiations	9/28/16
Anticipated Service Agreement approval and start date	10/26/16

San Diego Gas & Electric Independent Marketing Division

On August 18, 2016, the California Public Utilities Commission (CPUC) approved Resolution E-4874 approving SDG&E's Independent Marketing Division that essentially allows a separate, non-taxpayer funded entity to market against the establishment of CCA's in its region. SDG&E is the first Investor Owned Utility (IOU) in California to take this step to seek CPUC authorization to actively oppose CCA efforts. While the City encourages an open and honest dialogue with SDG&E regarding CCAs, there is a concern that the marketing efforts of a large and well-funded entity could dwarf the outreach capabilities of the City. Local advocacy groups and other cities in the County, as well as statewide, worked collaboratively to ensure that the Code of Conduct and associated rules and enforcement procedures of the IMD were strengthened by the CPUC prior to approval of Resolution E-4874. However, it is recommended that the City consider proactively initiating an outreach and education effort with whatever consultant(s) is selected to ensure that a balanced and factual representation of a CCA and its potential benefits is communicated to the public.

**CEQA COMPLIANCE STATEMENT:**

Not a project as defined by CEQA

**FISCAL IMPACT:**

There is no fiscal impact associated with this item.

**WORK PLAN:**

Environmental Sustainability – “Policy Development” – Priority Item 2) Develop and Implement a Community Choice Aggregation (CCA) Program

**OPTIONS:**

- Receive and file the report.
- Provide further direction to Staff.

**DEPARTMENT RECOMMENDATION:**

Staff recommends the City Council receive and file the report.

**CITY MANAGER RECOMMENDATION:**

Approve Department Recommendation

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Gregory Wade, City Manager