

Support Material

Board of Directors Workshop

July 6, 2016

Immediately following the Board of Directors meeting (Approximately 11:15 a.m.)

Location

San Bernardino Associated Governments
1st Floor Lobby
1170 W. 3rd Street
San Bernardino, CA 92410

1. Purpose of the Workshop
2. What is Community Choice Aggregation (CCA)?
3. Overview of the SANBAG, WRCOG and CVAG Joint Feasibility Study
4. Next steps and future policy considerations
5. Public Comment

COMMUNITY CHOICE AGGREGATION (CCA) BUSINESS PLAN PROJECT

Briefing for SANBAG Policymaker's Meeting

July 6, 2016
San Bernardino, CA

Prepared by:

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EES Consulting, Inc.

A registered professional engineering and
management consulting firm

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BKi, Inc.

Offices in Los Angeles, West Sacramento and
Oakland

AGENDA

- **Introductions/Session Objectives**
- **Background on CCA Program**
- **Specifics of SANBAG CCA Business Plan Study**
- **Future Policy Decisions to be Made**
- **Questions/Answer Period**
- **Wrap-Up**

INTRODUCTIONS AND SESSION OBJECTIVES

- **Project Background**
- **Background on EES Consulting, Inc.**
 - Registered professional engineering and management consulting firm
 - Formed in 1978
 - Staff of 50% engineers and 50% non-engineers
 - Clientele mostly utilities in WECC reliability area
 - Worked extensively in California for municipal utilities and CCAs
 - Currently doing CCA Business Plan for San Bernardino, Riverside and Los Angeles Counties

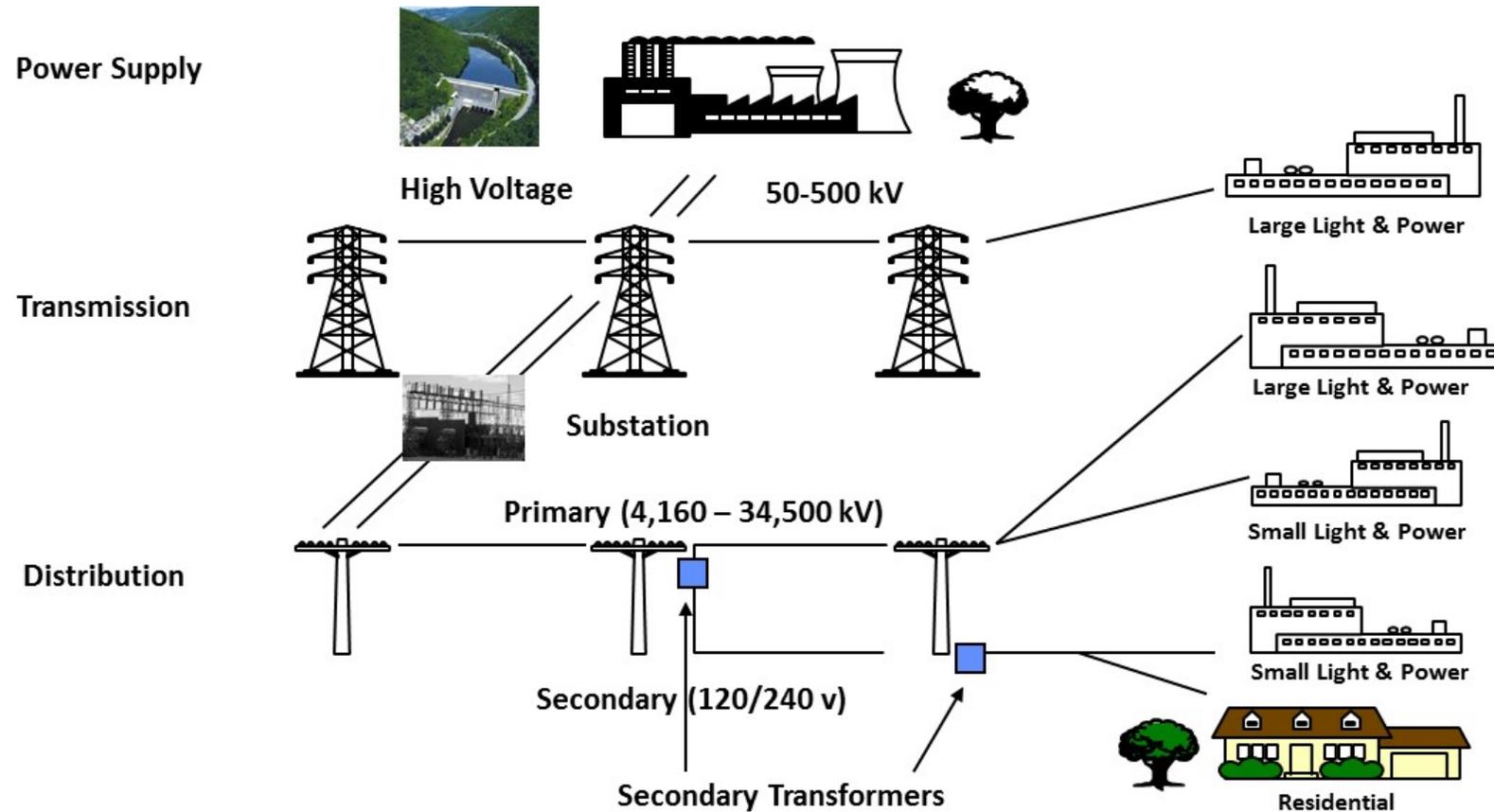
INTRODUCTIONS AND SESSION OBJECTIVES (CONT'D)

■ Background on BKi

- Specialize in energy, water, and transportation
- More than 35 years of experience in demand side management program design and implementation for electric, gas, and water efficiency
- Work with utilities, Regional Energy Networks, and local government clients
- Deep qualifications in alternative fuel vehicle technology development and infrastructure deployment
- Active in regulatory policy development with the CEC and CPUC
- Offices in Los Angeles, Oakland, and West Sacramento

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION

■ Historical Utility Model



BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

- Types of Utilities

Investor-Owned Utilities (IOUs)	Public-Owned Utilities (POUs)	
Pacific Gas & Electric	Anaheim	Colton
Southern California Edison	Burbank	IID
San Diego Gas & Electric	Riverside	Palo Alto
	Pasadena	Alameda
	LADWP	Moreno Valley
	Lodi	Redding
	Roseville	SMUD
	Turlock	Modesto

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ What has Changed in California

- State-wide push to make power supply/generation more competitive; Divest IOUs of generation but still own the wires
- Started with AB 1890 – Deregulation Bill 1996
- Had problems/California energy crisis (circa 2000)
- Decided for-profit entities running power supply/generation wasn't working so the State changed law

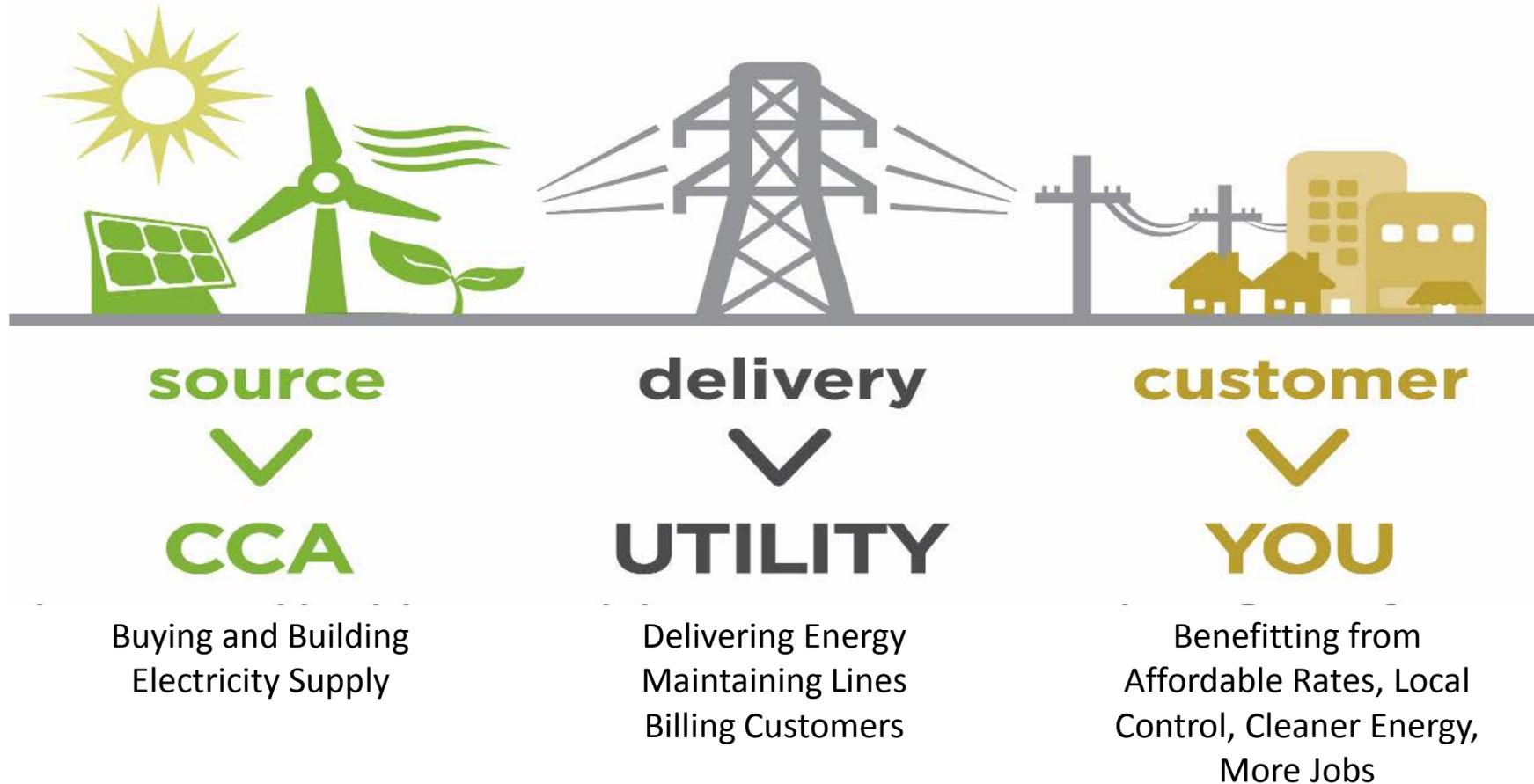
BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ Formation of Community Choice Aggregation Concept

- AB 117 in 2002, amended by SB 790 in 2011 established Community Choice Aggregation (CCA) program.
- CCA legislation authorizes not-for-profit Cities and Counties to join together or separately to provide generation/power supply to any IOU customer within a City's or County's boundaries. CCA not applicable to POU customers. CCAs also authorized to provide "behind the meter" services such as renewable energy and energy efficiency programs.
- Once CCA is formed, all eligible customers are automatically enrolled into CCA unless they "opt-out".

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

How Local Energy Aggregation Works



BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ Mechanics of Forming CCAs

- Find partners (County, Cities, COGs, special districts)
- Do feasibility study/business plan
- If feasible, form CCA; usually through JPA
- File Implementation Plan at California Public Utilities Commission (CPUC)
- Arrange power supply, data management and behind the meter programs
- Customer outreach
- Launch

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ CCAs to Date

	CCA Name	Service Area	Start Date	IOU
Operational				
	Marin Clean Energy	Marin County, Napa County, part of Contra Costa and Solano Counties	May 2010	PG&E
	Sonoma Clean Power	Sonoma County	May 2014	PG&E
	Lancaster Choice Energy	City of Lancaster	May 2015	SCE
	Clean Power San Francisco	City of San Francisco	May 2016	PG&E
	Peninsula Clean Energy	San Mateo County	June 2016	PG&E
Exploring/In Process				
	East Bay Community Energy	Alameda County		PG&E
	TBD	Butte County		PG&E
	TBD	City of San Jose		PG&E
	TBD	Contra Costa County		PG&E
	TBD	Humboldt County		PG&E
	LA Community Choice Energy	LA County		SCE
	TBD	Mendocino County		PG&E
	TBD	Monterey County		PG&E
	TBD	Placer County		PG&E
	TBD	Riverside County		SCE
	TBD	San Benito County		PG&E
	TBD	San Bernardino County		SCE
	TBD	San Diego County		SDG&E
	TBD	San Luis Obispo County		PG&E
	TBD	Santa Barbara County		SCE/PG&E
	Silicon Valley Clean Energy	Santa Clara County		PG&E
	TBD	Santa Cruz County		PG&E

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ Attributes of CCA

- Customer choice of power supply/generation mix – green vs. brown power
- Local economic development – renewable energy projects in your backyard
- Less greenhouse gas – more renewable possible – SCE has 28% renewable in its current power supply mix, CCAs can offer up to 100% green as option
- Local control over programs, rates, power supply/generation options
- Lower rates to residential, commercial and industrial customers in CCA service territory

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ Challenges Facing CCAs

- Size of CCAs
- New line of business for affected Cities, Counties, COGs
- Legislative/regulatory uncertainty
- Some pushback from special interest groups
- Who runs the CCA/how are decisions made?
- Big deal/somewhat complicated

BACKGROUND ON CCAs AND DETAILS OF CCA FORMATION (CONT'D)

■ Frequently Asked Questions

- How much cheaper can rates be under CCA?
- Can we find people to run technical parts of operations?
- What does Southern California Edison think about all of this?
- Will tax payments to local governments change?
- How will rates be set/who approves?
- How much staff time will it take to administer/operate CCA?
- How does the money flow?
- Who takes care of electrical system problems?
- Does the CCA have to service all customers on Day 1?

PROJECT SPECIFIC OVERVIEW

■ Participants

- SANBAG
- WRCOG
- CVAG



■ Metrics for Study Participants

Entity	Population (Millions)	Electric Customers	Peak Load (MW)*	Annual Load (MWh)	Generation Revenues
CVAG	0.44	138,794	621	2,449,948	\$211,447,279
SANBAG	2.1	716,761	3,330	13,128,402	\$1,074,521,025
WRCOG	1.7	492,083	1,916	7,551,698	\$641,986,931
Total	4.24	1,347,638	5,868	23,130,049	\$1,927,955,235

* Peak load assumes a 65% load factor

PROJECT SPECIFIC OVERVIEW (CONT'D)

■ Status of Technical Work to Date for TRICOG

- Asked SCE for load data for each COG and Cities within COGs
- Load data needed to determine amount of power supply/generation to purchase and calculate rates/expenses for financial proformas
- Looking for power supply and data management vendors/usually issue RFSQ/RFP
- Frequent meetings with TRICOG technical groups on details
- Doing outreach with policymakers
- Much yet to be done

FUTURE POLICY DECISIONS TO BE MADE

- **How Many CCAs Do You Want?**
 - All COGs together (TRICOG)
 - Three separate CCAs (SANBAG, CVAG, WRCOG)
 - Multiple CCAs
 - Combination
- **What Power Supply Portfolios to Offer – Green vs. Brown?**
- **Do You Staff Up Internally or Hire Consultants?**
- **What Behind the Meter Services to Offer?**
- **What to Do with Rate Savings? Lower Rates, Build Financial Reserves, Invest in Local Energy Projects**
- **How to Make Decisions/JPA Governances**
- **How to Finance Upfront CCA Costs?**
- **If CCA is Feasible/Desirable, Phase In or All at Once?**

PROJECT SCHEDULE

	Month											
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Compile SCE Load Data	■	■										
Prepare Business Plan	■	■	■									
Vet Business Plan and Finalize				■								
Determine Governance Preference					■							
Decision on Moving Forward					■							
Select Power Supply and Data Management Vendor						■						
File Implementation Plan with SCE						■	■	■				
File Notice of Intent with SCE									■			
Arrange Financing									■			
Opt-Out Notices – 1 and 2								★	★			
Launch Phase 1										★		
Opt-Out Notices – 3 and 4											★	★

WRAP-UP/ADJOURNMENT