



San Bernardino Associated Governments

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•San Bernardino County Transportation Commission •San Bernardino County Transportation Authority
•San Bernardino County Congestion Management Agency •Service Authority for Freeway Emergencies

Support Material for Agenda Item No. 1

City/County Manager's Technical Advisory Committee

September 1, 2016

10:00 a.m.

Location:

SANBAG

First Floor Lobby

Santa Fe Depot, 1170 W. 3rd Street
San Bernardino, CA

Discussion Calendar

1. Community Choice Aggregation (CCA) Feasibility Study

SANBAG has been conducting a feasibility study and drafting a business plan for CCA in the Inland Empire. This work is being done in cooperation with the two Council of Governments (COGs) in Riverside County. Gary Saleba, President/CEO of EES, our consulting team conducting the study, will present the initial findings on whether CCA would save money for rate payers and what steps need to be taken if we were to proceed with forming a CCA.

The Community Choice Aggregation (CCA) Business Plan Project PowerPoint presentation was made available after the posting of the agenda.

COMMUNITY CHOICE AGGREGATION (CCA) BUSINESS PLAN PROJECT

Briefing for SANBAG Meeting

September 1, 2016

Prepared by:

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A registered professional engineering and
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WHAT IS COMMUNITY CHOICE AGGREGATION (CCA)?

- Enables Local Governments to Purchase Electricity
- *SCE Still Maintains* the Distribution, Transmission Lines, and Billing
- *It's a Hybrid* Between the Investor-Owned Utility (IOU) and Municipal Owned Utility Model
 - Energy procurement by local governments and the IOU provides the services
- Allows for Provision of Greener Electricity, Usually at Lower Rates
- Local Control Over Programs, Rates, Power Supply/Generation Options



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

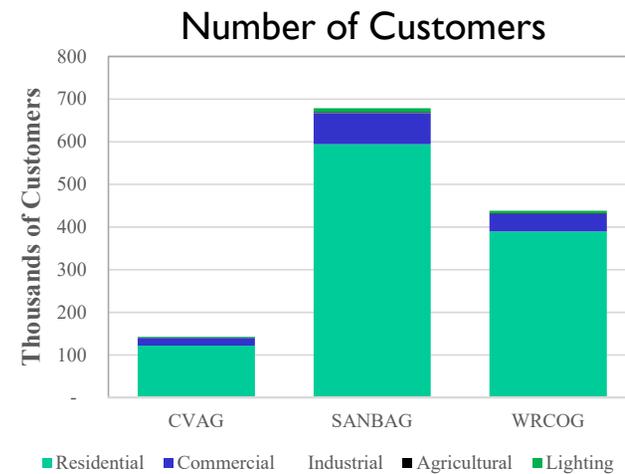
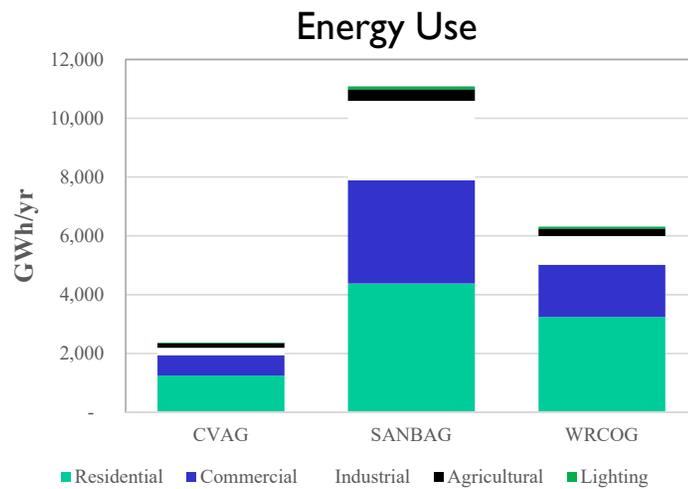
■ CCAs to Date

	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
Exploring/In Process				
	Peninsula Clean Energy	San Mateo County	October, 2016	PG&E
	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	Spring, 2017	PG&E
	TBD	Santa Cruz County		PG&E

ENERGY USE AND CUSTOMERS

Tri-COG (WRCOG, CVAG, SANBAG) Energy Use and Customers

- 3-COG Regions = ~ 30% of SCE's Load



CURRENT ENERGY LOAD – SANBAG SUBREGION

City	Electric Customers	Average Load (MWh)	Annual Revenues
Adelanto	9,674	123,231	11,209,638
Apple Valley	28,723	337,929	28,548,181
Barstow	9,866	164,328	13,197,738
Chino Hills	26,132	315,066	28,339,023
Chino	28,836	707,760	56,681,405
Fontana	55,991	981,517	79,580,326
Grand Terrace	4,990	63,932	6,072,945
Hesperia	31,982	362,419	33,371,762
Highland	17,414	195,144	17,750,025
Loma Linda	10,370	152,288	11,503,461
Montclair	12,149	187,693	16,126,650
Ontario	55,961	1,620,240	123,339,939
Rancho Cucamonga	65,710	1,434,768	106,083,668
Redlands	29,973	525,743	45,735,139
Rialto	29,398	505,085	41,598,280
San Bernardino City	72,101	1,313,909	124,492,665
San Bernardino Unincorporated	117,140	2,406,655	181,101,671
Twentynine Palms	7,610	79,383	7,274,275
Upland	32,593	406,332	37,576,775
Victorville	41,558	907,172	74,003,351
Yucaipa	18,025	218,058	20,127,196
Yucca Valley	10,567	119,752	10,806,913
Total	716,761	13,128,402	1,074,521,025

INLAND CHOICE ENERGY FEASIBILITY STUDY UPDATE

■ Evaluated

- TRICOG (SANBAG, CVAG, WRCOG)
- Three Separate CCE's
- Third Party Operations

■ Load Analysis

- Load Growth – 1.13% per Year
- Phase 1 – Municipal Accounts + 5% of Commercial
- Phase 2 – All Load

■ SCE Rate Analysis

- What are SCE's Current and Projected Rates?
- From 2010 – 2015 – SCE's Rates have Increased 2.53% per Year on Average

INLAND CHOICE ENERGY FEASIBILITY STUDY UPDATE (CONT'D)

- **Cost of Service Analysis**
 - Power Supply
 - RPS (33% Renewable)
 - 50% Renewable
 - 100% Renewable
- **Non-By Passable Charges**
 - PCIA
 - Franchise Fee
 - DWRBC
 - CTC
- **SCE Fees**

INLAND CHOICE ENERGY FEASIBILITY STUDY UPDATE (CONT'D)

- **Cost of Service Analysis**

- Implementation Costs
 - Staffing
 - Infrastructure
 - Consultants
 - Working Capital
- Data Management
- Debt Service

INLAND CHOICE ENERGY FEASIBILITY STUDY UPDATE (CONT'D)

■ Draft Report and Cost Analysis

- ICE DRAFT CCE Study Shows a Combined Savings – Taking into Account Generation Savings with Distribution Cost Assumptions:
 - 4.5% savings with a 33% renewable
 - 3.7% savings with a 50% renewable (11% lower than SCE's 50% Green Rate)
 - 3.9% higher with a 100% renewable (11% lower than SCE's 100% Green Rate)
- Comparable to Results for LA County and Riverside County
- SANBAG Results Show Slightly Lower Savings Due to Efficiencies (3.5% in the 50% renewable case)

INLAND CHOICE ENERGY FEASIBILITY STUDY UPDATE (CONT'D)

- **Risks**

- Load and Customers
- Market Price
- SCE Rates
- Regulatory

- **The Sensitivity Analysis Shows that ICE Rate Could be Greater than SCE Rates if:**

- The PCIA Becomes Much Larger
- ICE Loads are Much Less than Forecast
- Wholesale Market Prices are Much Less than Current Experience

TIMELINE FOR CCA FORMATION (IF RECOMMENDED)

	Month															
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	August	September
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 CPUC																
File Notice of Intent with SCE																
Arrange Financing of Start-Up Costs																
SCE Data Testing																
Opt-Out Notices – 1 and 2																
Launch Phase 1																
Opt-Out Notices – 3 and 4																

WRAP-UP/ADJOURNMENT

7 STEPS TO IMPLEMENT A CCA

1. Conduct Feasibility Study / Business Plan
 - If feasible, form CCA; usually through JPA
2. Adopt a Resolution of Intent
3. File Implementation Plan at CPUC
 - Must include the following:
 - Introduction
 - Aggregation Process
 - Organizational Structure
 - Financial Plan for Expansion to New Cities Customer
 - Enrollment Phasing Load Forecast and Resource
 - Plan Financial Plan for Ongoing Program Operation
 - Rate setting and Program Terms and Conditions
 - Customer Rights and Responsibilities
 - Procurement Process
 - Contingency Plan for Program Termination

7 STEPS TO IMPLEMENT A CCA (CONT'D)

4. Arrange Power Supply, Data Management and Behind the Meter Programs
5. Complete Paperwork on Governance, CPUC Requirements and SCE Agreements
6. Customer Outreach
7. Launch