COUNCIL AGENDA: 8-8-06
ITEM: 3.2 (c)(1)(a)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Betsy Shotwell

SUBJECT: SEE BELOW

DATE: August 4, 2006

Approved Kay Winer Date 8/4/06

SUPPLEMENTAL

SUBJECT: SB 423 (SIMITIAN) – ALLOWING ENERGY SERVICE PROVIDERS TO GIFT ENERGY TO NONPROFITS

REASON FOR SUPPLEMENTAL

On August 2, the Rules Committee recommended that the City Council support SB 423 (Simitian) which would allow an electric service provider to donate free electric commodity source to a nonprofit charitable organization. Following the discussion, staff was asked to provide a supplemental memorandum on the status of past legislation concerning public choice for the purchase of electricity.

BACKGROUND

AB 117 (Migden) the Community Choice law, Chapter 838, Statutes of 2002, established that local governments can purchase electricity for power users in their communities. The measure enacted into law provides a public process for cities and counties and changed the procedures governing community aggregation to, among other things, allow cities and counties to aggregate on an "opt-out" basis, rather than an "opt-in" basis. The Community Choice law contains provisions to ensure cost recovery from departing customers to repay the Department of Water Resources and the investor-owned utilities for previous energy purchases. The measure also establishes a series of procedures, including development of a community aggregation plan, public hearings, and notification procedures a city or county undertaking community aggregation must follow. The City of San Jose supported the passage of AB 117.

The City is still monitoring the California Public Utility Commission's (CPUC) proceeding on Community Choice Aggregation. The CPUC-Energy Division is working on a procedural timeline that will address the necessary steps that will be taken by the CCAs, the utilities, and the CPUC in order for CCA's to begin serving customers. The Executive Director will then submit a CCA Registration Packet to the R. 03-10-003 service list soon.

As was stated in the December 2005 City Energy Policy Report and Action Plan, staff continues to monitor the issues and documents related to Community Choice Aggregation. Staff also continues to coordinate with various cities within California on these activities. At this point, because of the numerous legal, regulatory and staff resources needed to establish a local CCA, only San Francisco is anticipated to be the first to submit a implementation plan to the CPUC for implementation. Staff will continue to monitor these activities to identify the opportunities for San Jose involvement.

COORDINATION

This supplemental memorandum was coordinated with the Environmental Services Department, the Housing Department, and the City Attorney's Office.

Betsy Shotwell

BETSY SHOTWELL
Director, Intergovernmental Relations

For more information contact Betsy Shotwell, Director of Intergovernmental Relations at (408) 535-8270