



COUNCIL AGENDA: 06-07-11  
ITEM: 2.11

# Memorandum

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**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Dennis Hawkins, CMC  
City Clerk

**SUBJECT:** SEE BELOW

**DATE:** 06-01-11

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**SUBJECT: AB 976 (HALL) – PUBLIC CONTRACTS: CONSULTING SERVICES:  
COMMUNITY CHOICE AGGREGATORS**

## RECOMMENDATION

As recommended by the Rules and Open Government Committee on June 1, 2011 and outlined in the attached memo previously submitted to the Rules and Open Government Committee, adopt an oppose position for AB 976 (Hall) – Public Contracts: Consulting Services: Community Choice Aggregators.



Subject: **AB 976 (Hall)**  
**Public Contracts: Consulting Services:**  
**Community Choice Aggregators**  
**Recommend Position: Oppose**

**RULES COMMITTEE: 6-01-11**  
**ITEM: D.1.b**

<b>City Council Action Request</b>			
<b>Department:</b> ESD	<b>CEQA:</b> N/A	<b>Coordination:</b> City Mgr/City Atty/Legis. Rep in Sacramento	<b>CMO Approval:</b> <b>Dept. Approval:</b> /s/ John Stufflebean
<b>RECOMMENDED ACTION:</b>			
<ol style="list-style-type: none"> <li>1. Pursuant to the City's streamlined bill process for responding quickly to legislative proposals, approve opposition to AB 976 (Hall)</li> <li>2. Recommend a one-week turnaround to the City Council so that the City's legislative staff can advocate the City's opposition to AB 976.</li> </ol>			
<b>BILL SYNOPSIS:</b>			
<p>Prohibits a Community Choice Aggregator from purchasing electricity or energy services from an entity that has provided analysis, advice, consulting, or other services to the Community Choice Aggregator prior to it providing notice to the electrical corporation that it will commence providing community choice electric service. Community Choice Aggregation (CCA) is formed by local jurisdictions to aggregate their electric load and purchase electricity on behalf of their community.</p>			
<b>IMPACTS TO CITY OF SAN JOSÉ:</b>			
<p>This bill would create an additional disincentive for communities to form CCAs, by erecting a procedural obstacle to companies providing consulting services to jurisdictions in the process of forming CCAs. According to the San Francisco Public Utilities Commission AB 976 would effectively ban a consulting services company from doing further business with the CCA program in perpetuity. With few companies having experience in the launch of CCA programs, this would discourage consultants from providing any services to a CCA prior to commencement of service. This chilling effect would effectively curtail the City's ability to exercise its right under state law to establish and operate a CCA program, should it choose to do so.</p>			

**POLICY ALIGNMENT:**

Included in the Council approved 2011 Legislative Guiding Principles and Priorities under Principle F (Promote Livability, Sustainable Development, and Environmental Protection) is language supporting state and federal incentives that foster energy innovation, including clean renewable energy.

**F. Promote Livability, Sustainable Development, and Environmental Protection**

The City supports legislation and policies that emphasize sustainable development; improve environmental standards and the regulatory process; provide incentives and financial measures for preservation of natural resources; promote sustainable energy policies; and are consistent with the Green Vision:

[1] Advances initiatives and secures funding to address climate change, and supports San Jose's Green Vision efforts to become a Sustainable City, through Green Building initiatives, pollution prevention practices, water, waste and energy efficiency, and regional, state and global initiatives.

[17] Supports state and federal incentives that foster energy innovations including energy efficiency, smart grid, clean renewable energy, energy conversion and storage technological development.

Included under Principle H (Promote Investment in Infrastructure Maintenance and Rehabilitation) is language promoting increased local control of utility infrastructure.

**H. Promote Investment in Infrastructure Maintenance and Rehabilitation**

The City supports legislation and policies that promote investing in the rehabilitation of aging utility infrastructure and system capacity expansion to support smart growth principles:

[1] Promote legislation and policies that increase local control of utility infrastructure.

**SUPPORTERS/OPPONENTS:**

Support: Coalition of California Utility Employees (CUE) (Sponsor)

Opposed: Marin Energy Authority  
Sierra Club California

**STATUS OF BILL:**

May 18: Passed Assembly Appropriations Committee.

May 19: Read second time. Ordered to third reading.

**FOR QUESTIONS, CONTACT: Mary Tucker – 408-975-2581**