



COUNCIL AGENDA: 10-04-11
ITEM: 7.1

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Dennis Hawkins, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: 09-20-11

**SUBJECT: CITY OF SAN JOSÉ COMMUNITY CHOICE AGGREGATION INITIAL
FEASIBILITY STUDY AND RECOMMENDATIONS RESULTS**

RECOMMENDATION

As recommended by the Transportation and Environment Committee on September 12, 2011 and outlined in the attached memo submitted to the Transportation and Environment Committee, accept the report recommending that the City not proceed with further Community Choice Aggregation efforts at this time, but instead, to continue to monitor Community choice Aggregation efforts and return with possible recommendations for a work plan should the key uncertainties and benefits change. Continue to expand and continue collaboration with the California Public Utilities Commission, PG&E, and other stakeholders for the identification and implementation of activities that support the City's achievement of the Green Vision Goal of receiving 100% of its electricity from clean, renewable resources by 2022. Specific opportunities identified include development and/or expansions of Smart Grid, Direct Access and Feed-in-Tariff programs as a means of achieving increased energy renewable sources and economic development programs. CEQA: Not a Project, File No. PP10-069(a), Staff reports that involves no approval of any City actions.



Memorandum

TO: TRANSPORTATION AND ENVIRONMENT COMMITTEE

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: 08-24-11

Approved  Date *9/2/11*

SUBJECT: CITY OF SAN JOSE COMMUNITY CHOICE AGGREGATION INITIAL FEASIBILITY STUDY AND RECOMMENDATIONS RESULTS

RECOMMENDATION

It is recommended that the Transportation and Environment Committee accept the report recommending that the City not proceed with further Community Choice Aggregation efforts at this time, but instead, to continue to monitor Community Choice Aggregation efforts and return to the Council with possible recommendations for a work plan should the key uncertainties and benefits change. Continue to expand and continue collaboration with the California Public Utilities Commission, PG&E, and other stakeholders for the identification and implementation of activities that support the City's achievement of the Green Vision Goal of receiving 100% of its electricity from clean, renewable resources by 2022. Specific opportunities identified include development and/or expansions of Smart Grid, Direct Access and Feed-in-Tariff programs as a means of achieving increased energy renewable sources and economic development programs.

OUTCOME

Committee approval of staff recommendations will allow staff to stop exploring the feasibility of Community Choice Aggregation (CCA) in San José at this time and to instead refocus their efforts on other areas such as Smart Grid, Direct Access and Feed-in Tariffs, that will also help advance the Green Vision goal of receiving 100% of the City's electricity from clean renewable sources by 2022. Although further efforts on CCA in San José will cease at this time, staff will continue monitoring developments related to CCA and bring back recommendations for a workplan in the future, should there be a change in the key uncertainties and benefits.

EXECUTIVE SUMMARY

The attached report provides background information on CCA, whereby an agreed upon entity acts on behalf of the community to purchase clean, renewably generated energy, could provide one of the more comprehensive opportunities for the City to achieve Green Vision Goal #3 – receiving 100% of the City’s electricity from clean renewable sources. The report provides information on the City’s electricity use and supply, achieving rate relief as a means of increasing economic development opportunities, alternative options, and an analysis of the opportunities and efforts that would be needed to fully assess whether development of a viable CCA program could be initiated within San José. The research conducted into Community Choice Aggregation (CCA) initiatives has ascertained that it is not a viable avenue for further exploration at this time. While there are opportunities for a potential establishment of CCA within San José, there are enough uncertainties, along with unfunded cost parameters, that affect the feasibility for a successful program. Additional development and analysis of the potential costs and benefits, along with other feasibility, technical, and legal reviews needed to ensure a successful CCA program would cost approximately \$500,000 or more.

BACKGROUND

At the March 22, 2011 Council presentation of the City’s Annual Green Vision Report, direction was given to staff to return to the Transportation and Environmental Committee in September 2011 with an analysis of the cost and benefits of CCA and how this might relate to San José. This analysis explores the potential of using CCA as a method to achieve Green Vision Goal #3—Receiving 100% of the City’s electricity from clean, renewable resources by 2022, along with other City goals related to economic development.

Electricity Use and Supply in San José

San José uses 5.2B kWh of electricity, as recorded by preliminary PG&E data for 2010¹.

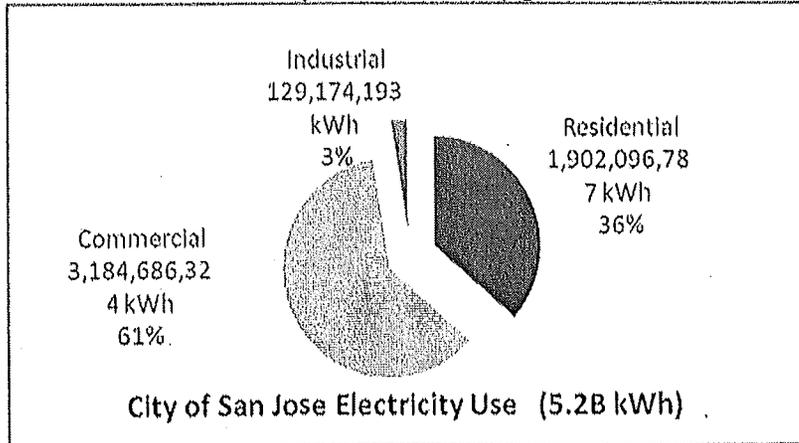


Figure 1: 2010 City of San Jose Electricity Use

Currently, the majority of electricity provided to San José is supplied by PG&E. Of that electricity, 17.7%² is supplied from resources eligible under California's Renewable Portfolio Standard (RPS) Program. PG&E is seeking new contracts with generators to increase the level of RPS-eligible renewable generation to 20% by 2013.

Established in 2002 under Senate Bill 1078 and accelerated in 2006 under Senate Bill 107, RPS is one of the most ambitious renewable energy standards in the country. The RPS program requires investor-owned utilities, electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources. The history of the specific RPS goals and standards is as follows:

- The RPS program required investor-owned utilities, electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources by at least 1% of their retail sales annually, until they reach 20% by 2010
- Governor Schwarzenegger directed the Air Resources Board (ARB) (Executive Order S-21-09) to adopt a regulation by July 31, 2010, requiring the state's load serving entities to meet a 33% renewable energy target by 2020
- On September 23, 2010, the California ARB approved a Renewable Electricity Standard regulation, establishing the 33 percent renewable energy target by 2020
- On April 12, 2011, California Governor Jerry Brown signed into law SBX1-2, thus mandating the state adopt a 33% RPS by the year 2020

¹ Municipal kWh electricity use is a subset of both commercial and industrial. Municipal electricity use for 2010 was 162M kWh

² California Public Utilities Commission, Renewable Portfolio Standard Data
<http://www.cpuc.ca.gov/PUC/energy/Renewables/>

The Energy Commission certifies facilities and energy deliveries as eligible for counting towards California's RPS goals. The following fuels from renewable energy sources are eligible:

Biomass	Ocean wave
Biodiesel	Ocean thermal
Fuel cells using renewable fuels	Tidal current
Digester gas	Solar Photovoltaic
Geothermal	Small hydroelectric (30 megawatts or less)
Landfill gas	Solar thermal
Municipal solid waste	Wind

Solar Installations in San José

The following table provides information on the amount of solar within San José, installed and pending as of August 17, 2011. These statistics are provided by California Solar Statistics, the official public reporting site of the California Solar Initiative (CSI), presented jointly by the CSI Program Administrators and the California Public Utilities Commission³.

San José Solar Installations—Megawatts

	Installed	Pending	TOTAL
Residential	7.5	1.5	9
Non-Res (commercial and nonprofit)	5.3	0.7	6
Non-Res (Government)	12.6	10.5	23.1
TOTAL	25.4	12.7	38.1

Statistics for the total amount of electricity generated within the city boundaries that would classify as supplied by resources eligible under California's Renewable Portfolio Standard are not available at this time.

Community Choice Aggregation (CCA)

CCA is a mechanism which allows a city or county, or a group of cities and counties, to aggregate the electricity buying power (electric load) of residential, business, and institutional customers within a jurisdiction and provide electricity to those customers by accessing the wholesale energy markets and entering into contracts for electric power generation. In essence, a CCA allows the governing entity to form a load service entity that has control over the content of the electricity it provides. This arrangement can be used to procure energy supply contracts with increased renewable energy content.

³ <http://www.californiasolarstatistics.ca.gov/>

The legal basis for CCA is Assembly Bill 117 (Migden), passed in 2002. The rules governing CCAs are developed and implemented by the California Public Utilities Commission (CPUC). A CCA differs from a municipal utility in the sense that the CCA does not own the transmission and distribution (poles and wires) aspects. It uses the existing utility (PG&E) for transmission, distribution and billing. Thus, if CCA were to be implemented in San José, PG&E would continue to read CCA customer meters and bill them for additional items (such as CPUC mandates cost surcharges). See Marin Clean Energy's example in figure 2.

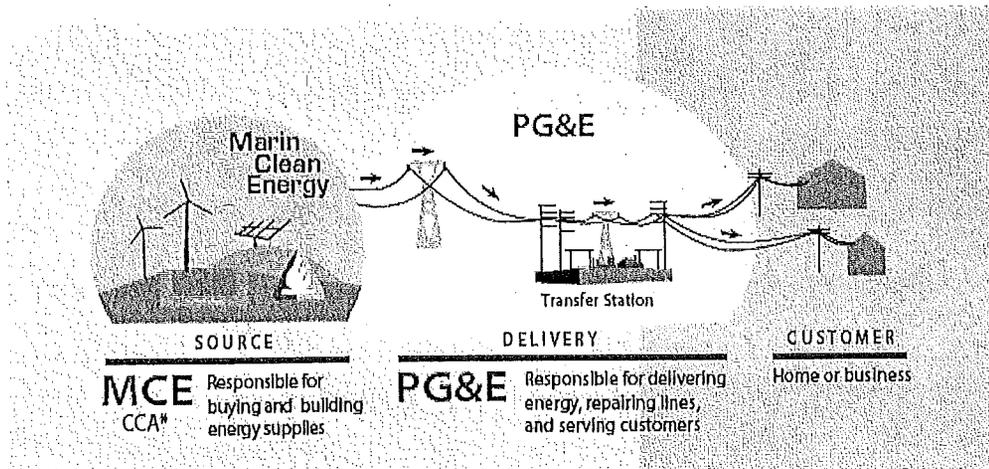


Figure 2 Marin Clean Energy Authority Responsibilities

CCA Efforts within the United States and California

The Marin Energy Authority is the Joint Powers Authority that administers the Marin Clean Energy Community Choice Aggregation program.

While the Marin Energy Authority is the only operating CCA in California, other jurisdictions have undergone or are currently underway on concentrated efforts for establishing a CCA within their region:

- The San Joaquin Valley Power Authority
- East San Francisco Bay Cities
- Sonoma County
- City and County of San Francisco

Other established CCA programs in the nation include the Northeast Ohio Public Energy Council, and the Cape Light Compact in Massachusetts.

More detailed information on these efforts, and their current status, is listed within the attached report.

ANALYSIS

Research Plan

At the March 22, 2011 Council presentation of the City's Annual Green Vision Report, Council direction to staff was to return to the Transportation and Environmental Committee in September 2011 with an analysis of the cost and benefits of CCA and how it would relate to San José. This analysis explores the potential of using CCA as a method to achieve Green Vision Goal #3—Receiving 100% of the City's electricity from renewable resources.

The City Manager's Office and the Environmental Services Department initiated a research work plan conducted between April-August 2011 that included interviews with key entities involved in CCA activities, a review of past and current documents related to CCA development, and a review of proceedings and decisions within the California regulatory and legislative areas. The full report is attached and contains information on all individuals who were interviewed for this report, along with reference documents that were reviewed. The research team also gained much insight from several city departments, including the Office of Economic Development, Finance, and City Attorney's office.

Interview Results

The research team contacted a group of knowledgeable individuals with a wide range of interests who were eager to share information, identify opportunities and lessons learned, and provide insights on key issues that the City should be aware of as it looked at the potential establishment of CCA.

Key points received by many of those interviewed were the need to involve the community in the pre-planning processes, develop concise, objective, and comprehensive financial and technical analyses related to potential benefits and costs associated with CCA development, and clearly identify the goals and objectives for developing a CCA.

In reviewing the goals and objectives of several of the entities that have explored CCA, many of those goals and objectives mirror San José's Green Vision goals.

- Meeting environmental policy goals
- Ensuring the potential for economic growth—keeping dollars in the community
- Increasing workforce development opportunities
- Ensuring consumer choice and rate competitiveness
- Meeting or beating existing utility electricity rates
- Meeting greenhouse gas (GHG) emission reduction goals

CCA Development Due Diligence

The development of an effective and successful CCA is a complicated and rigorous effort that can entail many costly and uncertain aspects. The following are some of the priority issues and uncertainties that were identified as needing further due diligence, research and development activities should the Council direct further exploration and direct staff to prepare a more comprehensive and judicious recommendation on whether the City should begin establishment of a CCA program.

- Cost issues associated with conducting detailed financial feasibility analyses
- Rate analyses and the potential for “meeting or beating” current rates
- Opt-out potential—understanding the extent to which large commercial accounts, such as those with existing direct access accounts, would opt out of a CCA program
- Impacts on City’s electricity franchise fees and utility taxes
- Governance models
- Jobs potential analysis
- Power supply opportunities—local, state and out-of-state
- Longer term generation and distribution capacity issues
- Energy efficiency services provider opportunities
- Community reaction/ political issues
- Credit market availability
- Timeline for development (establishment of the Marin CCA took four years).

Further detailed information on these issues is provided in the attached report.

Current Legislation related to CCA

Two pieces of legislation related to CCA efforts are currently in the state legislature:

- SB790/Leno/Electricity: Community Choice Aggregation. This bill would require the CPUC to institute a rulemaking proceeding by March 1, 2012, for the purpose of considering and adopting a code of conduct, associated rules, and enforcement procedures, to govern the conduct of an electrical corporation relative to the consideration, formation, and implementation of community choice aggregation programs and to implement the code of conduct, associated rules, and enforcement procedures by January 1, 2013. As of this date, the bill has been re-referred to the Committee on

Appropriations. The City has taken a support position on this legislation as it would set out clear rules and procedures for CCA development.

- AB976/Hall/Public Contracts. This bill would also prohibit a person, firm, or subsidiary thereof, which has been awarded a consulting services contract for advising a public entity on the feasibility of creating a community choice aggregator, as defined, from submitting a bid for, or being awarded a contract for any work including the procurement of electric supply and renewable energy credits, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract. The last action on this bill was that it was to have a second hearing with the Senate Energy, Utilities and Communication Committee but it was canceled at the request of author. The City has taken an oppose position on this legislation as it would restrict the use of limited consulting service providers.

Results and Recommendations

The City's Green Vision Goal of receiving 100% of its electricity from clean, renewable sources by 2022 is a bold and ambitious goal. It has enabled all who are involved with this goal an opportunity to think outside the box, explore creative innovations, and develop partnerships with both public and private entities on avenues to achieve this goal. The reality of achieving this goal within the designated timeframe is proving to be a challenge, particularly in the current economic climate in the nation, state and city.

With this preliminary research and analysis, staff was able to identify the primary options for achieving the City's Green Vision Goal related to renewable energy. Three initial options that were explored—solar installations throughout the city, direct access opportunities, and community choice aggregation—all have significant funding, regulatory, legislative, and staff resource impacts for the City as reported in the attached document.

Staff is recommending not continuing with further CCA efforts at this time, but instead, monitoring CCA efforts and returning to the Council with possible recommendations for a work plan should the key uncertainties and benefits change.

In addition, staff is recommending exploring areas that could advance the City's Green Vision goal related to renewable energy, especially ones that are currently being considered at the state level, such as Smart Grids, Direct Access and Feed-in Tariffs.

A Feed-in Tariff is a renewable energy policy that typically offers a guarantee of payments to project owners for the total amount of renewable electricity they produce, access to the grid, and stable, long-term contracts. The goal of feed-in tariffs is ultimately to offer cost-based compensation to renewable energy producers, providing the price certainty and long-term contracts that help finance renewable energy investments.

It has been recognized that one of the primary challenges with renewable integration into the grid is the intermittent nature of the resource. The smart grid could mitigate this by

utilizing intelligent monitoring, protection and control technology, and storage technology to effectively integrate and manage new sources of bulk and distributed renewable energy supply.

Staff is specifically looking for Council direction on the following:

- Continued, and expanded collaboration with the California Public Utilities Commission, PG&E, and other stakeholders for the identification and implementation of activities that support the City's achievement of Green Vision goals. Specific opportunities (detailed in the attached report) identified by the CPUC and others include development and/or expansions of Smart Grid, Direct Access, Feed-in-Tariff, or other programs as a means of achieving increased renewables and economic development programs.
 - Expanding the City's participation in regulatory proceedings before the CPUC and others to encourage state and federal policies that promote the increased use of renewables, renewable portfolio standards, other green pricing mechanisms, and GHG reduction strategies.
 - Explore the opportunity for convening key stakeholders to discuss innovative opportunities for increasing renewables.

EVALUATION AND FOLLOW-UP

Evaluation and follow-up will be guided by Committee direction on these recommendations. Any updates would be provided as part of the Quarterly Energy Reports provided to the Transportation and Environment Committee.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
(Required: E-mail and Website Posting)
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

A detailed listing of the individuals and their related organizations that were contacted in the development of this report is listed in the attached report.

COORDINATION

The memorandum and attached Report has been coordinated with the City's Office of Economic Development, Finance Department, Attorney's Office, and the City Manager's office.

CEQA

Not a project, File No. PP10-069 (a) staff report that involve no approvals of any City actions.

/s/

KERRIE ROMANOW

Acting Director, Environmental Services

For questions please contact Mary Tucker, Energy Program Manager at 408-975-2581

Attachment – City of San José Community Choice Aggregation Initial Research Study

CITY OF SAN JOSE
COMMUNITY CHOICE AGGREGATION
INITIAL RESEARCH STUDY

AUGUST 2011

City of San Jose
Environmental Services Department
200 East Santa Clara, 10th Floor
San Jose, CA 95113

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REPORT IN BRIEF

The attached report provides background information on Community Choice Aggregation (CCA) efforts, electricity use and supply within the city of San José, opportunities for achieving the City's Green Vision goal of receiving 100% of its electricity from clean, renewable sources by 2022, and an analysis of the opportunities and efforts that would be needed to fully assess whether development of a viable CCA program could be initiated within San José.

Community Choice Aggregation, whereby an agreed upon entity acts on behalf of the community to purchase clean, renewably generated energy, could provide one of the more comprehensive opportunities for the City to achieve Green Vision Goal #3—Receiving 100% of the City's electricity from clean, renewable sources by 2022. However, the research conducted into CCA initiatives at this time ascertained that it was not a viable avenue for further exploration at this time.

The report provides information on the City's electricity use and supply, achieving rate relief as a means of increasing economic development opportunities, alternative options, and an analysis of the opportunities and efforts that would be needed to fully assess whether development of a viable CCA program could be initiated within San José. The research conducted into Community Choice Aggregation (CCA) initiatives has ascertained that it is not a viable avenue for further exploration at this time.

While there are opportunities for a potential establishment of CCA within San José, there are enough uncertainties, along with unfunded cost parameters, that affect the feasibility for a successful program. Additional development and analysis of the potential costs and benefits, along with other feasibility, technical, and legal reviews needed to ensure a successful CCA program would cost approximately \$500,000 or more.

BACKGROUND

San José's Green Vision Goal 3—Receiving 100% of electricity from renewable resources

The San José Green Vision is a fifteen year (2007-2022) plan for economic growth, environmental sustainability, and an enhanced quality of life for its community. The Green Vision will transform San José into the world center of Clean Technology innovation, promote cutting-edge sustainable practices, and demonstrate that the goals of economic growth, environmental stewardship and fiscal responsibility are inextricably linked. Council adopted the Green Vision, comprised of ten aggressive goals related to jobs, energy, water, waste, trees, and transportation, in October 2007.

Goal 3 of the Green Vision is for the City to receive 100% of its electrical power from clean renewable energy sources. Since the adoption of these goals, City activities toward meeting Goal 3 have focused on the following areas¹:

- Working to install solar and other renewable technologies on city facilities through the use of power purchase agreements, or other financial agreements
- Ensuring that the City's permitting processes support and encourage community solar installations in a timely manner
- Providing education to all sectors of the community on the value of solar, energy efficiency and other renewable technologies
- Facilitating group purchases of solar as an improved and cost-effective means of financing solar installations.

A majority of these activities have been funded by federal grants, which are currently slated to be completed by December 2011 (community solar) and December 2012 (municipal solar efforts)

Electricity Use and Supply in San José

San José uses 5.2B kWh of electricity, as recorded by preliminary PG&E data for 2010².

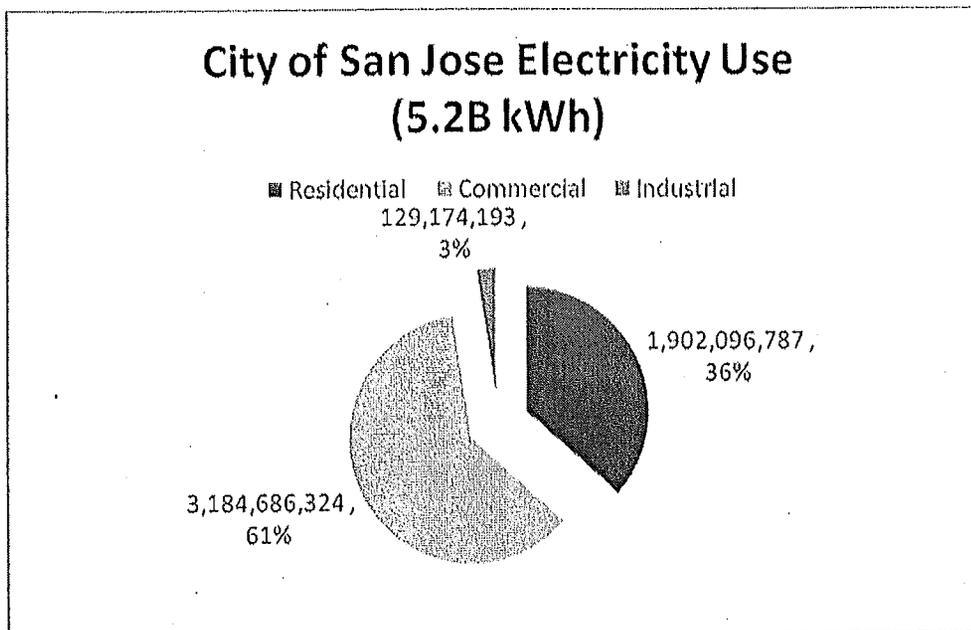


Figure 1: 2010 San José Electricity Use

¹ More complete information on San José Energy efforts can be found in the Annual Green Vision Report and Quarterly Energy Reports provided to the Council and Transportation & Environment Committee.

² Municipal kWh electricity use is a subset of both commercial and industrial. Municipal electricity use for 2010 was 162M kWh

Currently, the majority of electricity provided to the entire City is supplied by PG&E. Of that electricity, 17.7%³ is supplied from resources eligible under California's Renewable Portfolio Standard (RPS) Program. PG&E is seeking new contracts with generators to increase the level of RPS-eligible renewable generation to 20% by 2013.

Established in 2002 under Senate Bill 1078 and accelerated in 2006 under Senate Bill 107, California's RPS is one of the most ambitious renewable energy standards in the country. The RPS program requires investor-owned utilities, electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources. The history of the specific RPS goals and standards is as follows:

- The RPS program required investor-owned utilities, electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources by at least 1% of their retail sales annually, until they reach 20% by 2010
- Governor Schwarzenegger directed the Air Resources Board (Executive Order S-21-09) to adopt a regulation by July 31, 2010, requiring the state's load serving entities to meet a 33 percent renewable energy target by 2020
- On September 23, 2010, the California ARB approved a Renewable Electricity Standard regulation, establishing the 33% renewable energy target by 2020.
- On April 12, 2011, California Governor Jerry Brown signed into law SBX1-2 mandating the state adopt a 33% RPS by the year 2020.

The Energy Commission certifies facilities and energy deliveries as eligible for counting towards California's RPS goals. The following fuels are eligible, subject to fuel specific requirements:

Biomass	Ocean wave
Biodiesel	Ocean thermal
Fuel cells using renewable fuels	Tidal current
Digester gas	Solar Photovoltaic
Geothermal	Small hydroelectric (30 megawatts or less)
Landfill gas	Solar thermal
Municipal solid waste	Wind

Achieving Green Vision Goal 3—Receiving 100% of electricity from clean, renewable sources

In order to increase the renewable content of San José's electricity supplies, San José—its businesses and residents—would have the following options for achieving that goal:

1. Increasing the number of solar and/or other renewable installations throughout the community so that all electricity is generated by renewable energy.

³ California Public Utilities Commission, Renewable Portfolio Standard Data
<http://www.cpuc.ca.gov/PUC/energy/Renewables/>

2. Attaining the ability to purchase renewably generated electricity through Direct Access.
3. Working with the California Public Utilities Commission (CPUC) and other stakeholders to expand Feed-In Tariff opportunities and other economic development programs
4. Developing and implementing CCA, whereby an agreed upon entity acts on behalf of the community to purchase clean, renewably generated energy.

Additional information on these options is provided in the following pages.

1. *Increasing the number of solar and/or other renewable installations throughout the community so that all electricity is generated by renewable energy.*

The following table provides information on the amount of solar within San José, installed and pending as of 8/17/11. These statistics are provided by California Solar Statistics, the official public reporting site of the California Solar Initiative (CSI), presented jointly by the CSI Program Administrators and the CPUC⁴.

San José Solar Installations--Megawatts

	Installed	Pending	TOTAL
Residential	7.5	1.5	9
Non-Res (commercial and nonprofit)	5.3	0.7	6
Non-Res (Government)	12.6	10.5	23.1
TOTAL	25.4	12.7	38.1

One megawatt (MW) is enough to power about 200 households. With 38 MW of installed and pending installations, San José would have enough solar to power 7,600 (2%) of the 315,776 household units⁵ in San José. Using these very preliminary estimates, San José would need about 1,543 MW of solar to provide the power for all households (or 770MW if the Green Vision Goal of 50% per capita reduction in energy use is achieved. It should be noted that this only covers “households” and does not take into consideration the larger commercial sector of San José.

Statistics for the total amount of electricity generated within the city boundaries that would be classified as supplied by resources eligible under California’s RPS are not available at this time. The City’s forthcoming waste-to-energy and biomass projects would be classified under this standard.

If not generated locally by solar or other renewable resource, in order to achieve the Green Vision Goal related to renewable energy, 100% of the electricity supplied by PG&E would need to be generated from certified renewables. Since the current law is for PG&E to only provide 33% by 2020, we do not anticipate the utility to exceed their current allocation by the 2022 Green Vision timeline.

⁴ <http://www.californiasolarstatistics.ca.gov/>

⁵ 2010 Census data for San José/total household units

The other option to meet the Green Vision renewable energy goal would be to have electricity generated from local installations on rooftops, parking lots, and other eligible areas. At this time, that does not appear to be a possibility, given the amount of financial resources that would be required to finance and install those resources. The current cost of solar installations at a figure of \$4-6/Watt would translate into a \$9 billion investment.

2. *Attaining the ability to purchase renewably generated electricity through Direct Access*

A majority of San José customers—residential, commercial, industrial, and municipal—receive electricity and natural gas from PG&E. Direct Access (DA) is defined as the ability of a retail customer to purchase commodity electricity directly from the wholesale market rather than through a local distribution utility. There are a few entities in San José who were enrolled in the California DA Program (which allowed for the purchase of electricity from other providers) prior to its suspension in 2001.

The CPUC issued a Decision March 11, 2010, approving a limited reopening of DA for non-residential customers. CPUC Decision D.10-03-022 implements Senate Bill 695, a new law signed by Governor Arnold Schwarzenegger in October 2009, providing for a limited reopening of DA to non-residential customers starting in April 2010. This was done in a limited and phased-in approach. Regulators set a baseline and caps for the direct access market, and scheduled several time periods to allow non-residential customers with the opportunity to secure non-utility power supplies. The response was overwhelming—with the caps on direct access filling up in less than a minute.

The City could expand its efforts in the legislative and regulatory sectors to advocate for increased Direct Access opportunities.

3. *Working with the California Public Utilities Commission and other stakeholders to expand Feed-In Tariff, and other opportunities to increase the use of renewables, such as Smart Grid efforts*

Under the California Solar Initiative (CSI) and the Self Generation Incentive Program (SGIP), customers are offered upfront financial incentives to install solar, wind, and biogas generating capacity that can offset their customer load.

A Feed-in Tariff is a renewable energy policy that typically offers a guarantee of payments to project owners for the total amount of renewable electricity they produce, access to the grid, and stable, long-term contracts. The current California feed-in tariff allows eligible customer-generators to enter into 10-, 15- or 20-year contracts with their utilities to sell the electricity produced by small renewable energy systems -- up to 3 megawatts (MW) -- at time-differentiated market-based prices. The goal of feed-in tariffs is ultimately to offer cost-based compensation to renewable energy producers,

providing the price certainty and long-term contracts that help finance renewable energy investments.

Governor Brown's Renewable Energy Goals (12,000 megawatts of solar) include increasing the opportunities for additional Feed-In Tariffs. At an informational meeting between Councilmember Rose Herrera and the CPUC Executive Director, Paul Clannon, the Director indicated that the CPUC will soon start a proceeding at the Commission on the Governor's goals, and also indicated the potential for pilot projects with local governments and their communities. Additional research and analysis regarding program development would need to be accomplished to identify a successful San José project.

4. *Developing and implementing Community Choice Aggregation, whereby an agreed upon entity acts on behalf of the community to purchase clean, renewably generated energy*

CCA is a system which allows a city or county, or a group of cities and counties, to aggregate the electricity buying power (electric load) of residential, business, and institutional customers within a jurisdiction and provide electricity to those customers by accessing the wholesale energy markets and entering into contracts for electric power generation. In essence, a CCA allows the governing entity to form a load service entity that has control over the content of the electricity it provides. This arrangement could be used to procure energy supply contracts with increased renewable energy content.

The legal basis for CCA is Assembly Bill 117 (Migden), passed in 2002. The rules governing CCAs are developed and implemented by the CPUC. A CCA differs from a municipal utility in the sense that the CCA does not own the transmission and distribution (poles and wires) aspects. It uses the existing utility (PG&E) for transmission, distribution and billing. PG&E would continue to read CCA customer meters and bill them for additional items. See Marin Clean Energy's example in figure 2.

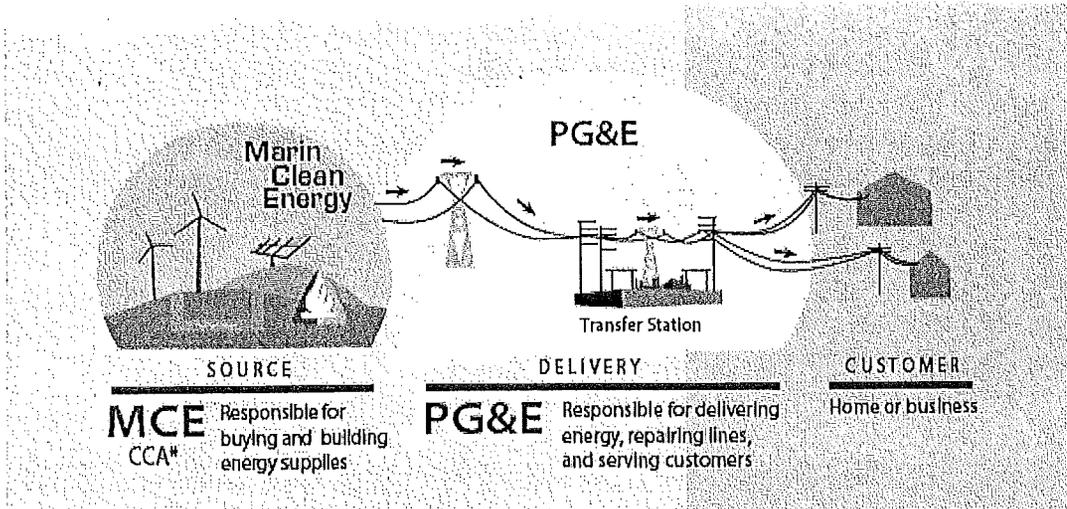


Figure 2: Marin Clean Energy CCA: Roles and Responsibilities

An additional example of the division of responsibilities between the CCA and PG&E is shown in Figure 3.

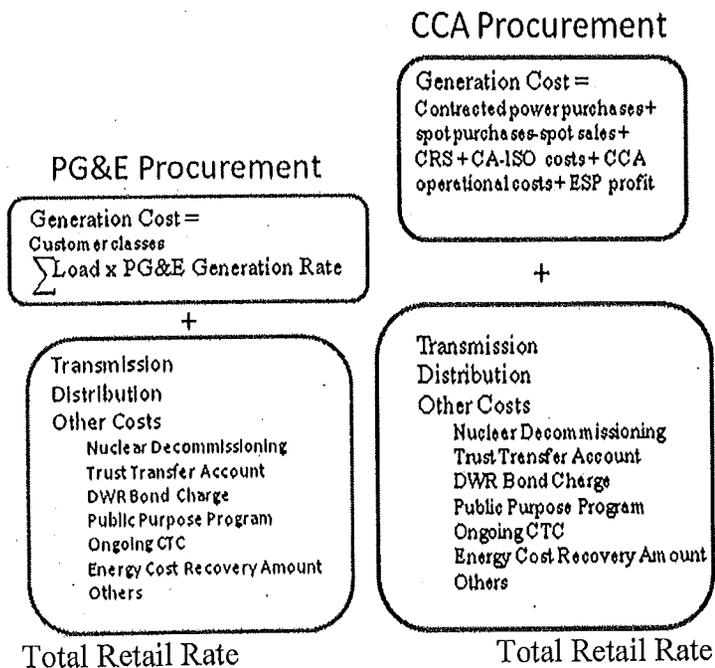


Figure 3: CCA and PG&E Division of Responsibilities

CCA Customers—Opportunities to Participate Or “Opt Out”

As required by AB117 processes, CCA programs are required to offer their citizens and businesses with multiple opportunities to “opt-out” of the CCA and remain a full PG&E customer, buying PG&E power. Customers not choosing to opt-out are automatically CCA customers. New customers opening an account after initial CCA implementation are anticipated to be automatically enrolled in the CCA program with a one-time opt-out opportunity after enrollment. If a customer declines to opt-out but later wishes to return to PG&E service, it will face CPUC-imposed switching rules to return to PG&E services.

San José businesses and organizations that do not purchase electricity supply from PG&E today would not become CCA customers unless they opt-in with the CCA’s consent. This category of customers includes existing Direct Access customers such as IBM and SJSU. Depending on the number of Direct Access customers, and their current electricity purchases, this customer class could have an adverse impact on the CCA’s potential for San José in the large commercial sector.

CCA Efforts Within The United States And California

The Marin Energy Authority (MEA) is the Joint Powers Authority that administers the Marin Clean Energy CCA program. While the MEA is the only operating CCA in California, other jurisdictions have undergone or are currently underway on concentrated efforts for establishing a CCA within their region:

- The San Joaquin Valley Power Authority
- East San Francisco Bay Cities
- Sonoma County
- City and County of San Francisco

Other established CCA programs in the nation include the Northeast Ohio Public Energy Council, and the Cape Light Compact in Massachusetts. More information on these programs can be found in Appendix A.

Current Legislation related to CCA

Two pieces of legislation related to CCA efforts are currently in the state legislature:

- SB790/Leno/Electricity; Community Choice Aggregation. This bill would require the CPUC to institute a rulemaking proceeding by March 1, 2012, for the purpose of considering and adopting a code of conduct, associated rules, and enforcement procedures, to govern the conduct of an electrical corporation relative to the consideration, formation, and implementation of community choice aggregation programs and to implement the code of conduct, associated rules, and enforcement procedures by January 1, 2013. As of this date, the bill has been re-referred to the Committee on Appropriations. The City has taken a support position on this legislation as it would set out clear rules and procedures for CCA development.
- AB976/Hall/Public contracts. This bill would also prohibit a person, firm, or subsidiary thereof, which has been awarded a consulting services contract for advising a public entity on the feasibility of creating a community choice aggregator, as defined, from submitting a bid for, or being awarded a contract for any work including the procurement of electric supply and renewable energy credits, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract. The last action on this bill was that it was to have a second hearing with the Senate Energy, Utilities and Communication Committee but it was canceled at the request of author. The City has taken an oppose position on this legislation as it would restrict the use of limited consulting service providers.

ANALYSIS

Research Plan

At the March 22, 2011 Council presentation of the City's Annual Green Vision Report, Council direction to staff was to return to the Transportation and Environmental Committee in September 2011 with an analysis of the cost and benefits of CCA and how it would relate to San José. This analysis explores the potential of using Community Choice Aggregation as a method to achieve Green Vision Goal #3—Receiving 100% of the City's electricity from renewable resources.

The City Manager's Office and the Environmental Services Department initiated a research work plan conducted between April-August 2011 that included interviews with key entities involved in CCA activities, a review of past and current documents related to CCA development, and a review of proceedings and decisions within the California regulatory and legislative areas. The full report is attached and contains information on all individuals who were interviewed for this report, along with reference documents that were reviewed. The research team also gained much insight from several city departments, including the Office of Economic Development, Finance, and City Attorney's office.

Interview Results

The research team contacted a group of knowledgeable individuals with a wide range of interests who were eager to share information, identify opportunities and lessons learned, and provide insights on key issues that the City should be aware of as it looked at the potential establishment of CCA.

Key points received by many of those interviewed were the need to involve the community in the pre-planning processes, develop concise, objective, and comprehensive financial and technical analyses related to potential benefits and costs associated with CCA development, and clearly identify the goals and objectives for developing a CCA.

In reviewing the goals and objectives of several of the entities that have explored CCA, many of those goals and objectives mirror San José's Green Vision goals.

- Meeting environmental policy goals
- Ensuring the potential for economic growth—keeping dollars in the community
- Increasing workforce development opportunities
- Ensuring consumer choice and rate competitiveness
- Meeting or beating existing utility electricity rates
- Meeting greenhouse gas (GHG) emission reduction goals

Development of a CCA Program—Typical Process

As seen in Figure 4, CCA development can take several years, in order to develop an effective business plan, ensure effective rates, costs, and involve the community in the decision making. The diagram below outlines the time it took for Marin Clean Energy to establish their CCA.

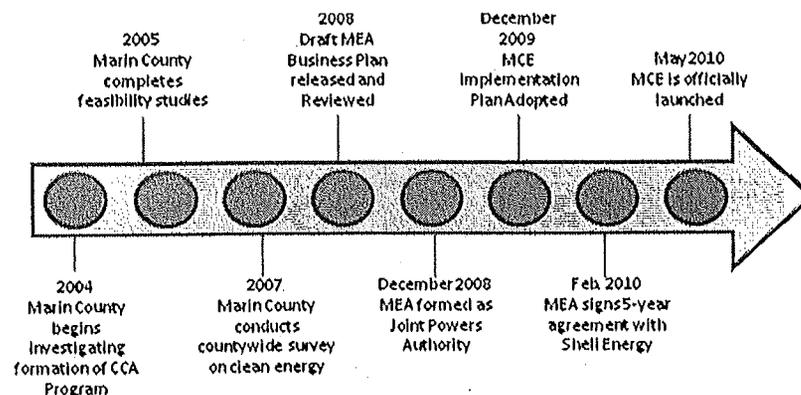


Figure 4: Marin Clean Energy—Timeline for CCA Establishment

CCA Development Due Diligence

The development of an effective and successful CCA is a complicated and rigorous effort that can entail many costly and uncertain aspects, including

- Upfront costs associated with studying, planning and starting up the programs
- The potential opposition from the incumbent utility
- Uncertainties related to any project of this scale in the current economy.

It is important for any entity that is interested in developing a CCA program for their community to develop succinct legal, financial, business plan, and community analyses to ensure the success of their program. Development of these analyses involves significant upfront costs, dedicated staff, and consultant expertise and resources.

Feasibility studies and technical analyses can identify risks, costs, and benefits of the project, while lending legitimacy for the program. Community and business polling can assess the interest and intent of the future CCA ratepayers in participating in such an effort. For the Marin Energy Authority, that technical work was pivotal for advancing their CCA development as it provided reliable information about a ever-changing energy future.

The following are some of the priority issues that will need further due diligence, research, and development activities in order to prepare a more comprehensive and judicious recommendation on whether the City should begin establishment of a CCA program.

<p>Cost issues</p>	<p>Detailed feasibility analysis: Financial resources will be needed to conduct detailed business feasibility studies, secure more detailed data regarding community electricity use and generation needs, legal studies, governance issues, and preparation of the required applications to the CPUC. Based on the experience of the MEA, initial estimates are that \$500,000 to \$1,000,000 would be needed to conduct these studies.</p>
<p>Rate analyses</p>	<p>A determination will need to be made on the feasibility of meeting or beating current PG&E rates. Looking at a comparison of current MEA and PG&E rates (Appendix D) indicates that residential rates have a cost premium for renewably supplied electricity, while there are some cost discounts for the business and commercial sectors. A recent San Francisco feasibility study determined that it was reasonably likely that CCA customer bills would exceed those of equivalent PG&E service due to other CPUC imposed costs (cost responsibility surcharge, etc.).</p>
<p>Opt-out potential</p>	<p>The City is aware of several large commercial companies within the San José area that had secured direct access of electricity supply prior to the suspension by the CPUC, effective September 20, 2001. Those companies currently are purchasing electricity at rates that are lower than currently provided by PG&E. Initial discussions with these companies indicate that they would more than likely opt out of a San José CCA. Additional due diligence would need to be conducted to identify any other companies or large electricity account with direct access, in order to understand the impact of other opt-out candidates. The scenario in which a large amount of commercial load opts out of the CCA has a significant impact on CCA costs and economics.</p>
<p>Impacts on City's electricity franchise Fees and utility taxes</p>	<p><u>Franchise Fees:</u> If the City of San José implements a CCA program, Franchise Fee revenue to the City will likely decline. Currently, PG&E remits a 2.3% Franchise Fee to the City. Revenue loss could range from \$3M to \$6M per year based on assumed migration between 50% and 100%.</p> <p><u>Utility Users Tax (UUT):</u> Per San José Municipal Code Section 4.68,</p>

	<p>every person using electrical energy in the City shall pay a UUT at the rate of 5% of gross charges. Participation in a CCA Program may affect the gross charges upon which the UUT is based. It is anticipated that CCA residential customers will pay a premium for green energy which will result in an increase to gross charges and ultimately higher UUT revenue submitted to the City. However, commercial customers may pay a discounted rate which will result in a decrease in UUT revenue. Staff is working with PG&E to obtain data in order to provide an estimate on the potential impact to UUT revenues.</p> <p>Furthermore, should billing become the responsibility of the City as a result of participation in the CCA, additional expenses may be incurred.</p>
<p>Governance</p>	<p>Further analysis is recommended to identify potential governance issues and opportunities. Some areas that would be analyze include:</p> <ul style="list-style-type: none"> -- Would the CCA area be restricted to the City of San José? -- Are there cost savings to be achieved if the area was expanded to the entire County? -- Would the citizens of San José support the City's efforts in developing a CCA program -- Is there a potential for "partnering" with the Marin Clean Energy Authority?
<p>Jobs potential analysis</p>	<p>At this time, the Marin Clean Energy Authority has only created 4 direct jobs as a result of their CCA. Other jobs created as a result of the CCA include the energy efficiency jobs created as a result of the higher residential rate and the citizen's desire to save energy, and associated solar installation jobs. Further analysis on the jobs potential for a San José effort is needed.</p>
<p>Power supply</p>	<p>Marin Clean Energy uses renewable sources like solar, wind, geothermal, and biomass located in California, Oregon, and Washington State. An assessment of suppliers for San José would need to be determined as part of the business plan.</p>
<p>Longer term generation and distribution</p>	<p>There is concern within the state of California about the ability of the grid in handling increased renewables. Several studies are occurring at the state and federal level to identify transmission upgrades that would need to be done in order to accommodate the high levels of projected renewable resources</p>

<p>Energy efficiency services</p>	<p>Ability (or inability) to offer energy efficiency services in the near term—beyond rate incentives (pricing of electricity to encourage energy efficiency). The first few years of the organization may not provide enough capital/incentives/rebates for actually assisting the community with energy efficiency retrofits. Marin Clean Energy is looking to become Public Goods Charge (PGC) provider, similar to current Local Government Partnerships/Energy Watch Programs (San José’s program is the Silicon Valley Energy Watch Program). Currently, however, the PGC funds program is slated to end by December 2011, however, there is proposed statewide legislation that would continue this program.</p>
<p>Community reaction/ political issues</p>	<p>Transparency and openness in communicating with the public is an important feature in developing a CCA. This has the effect of helping to build trust in the public and to counter any opposing claims that may come forward about the program’s viability. Marin spent considerable time in polling the community, and holding public meetings to inform their citizens of the potential for CCA development.</p>
<p>Credit market</p>	<p>A CCA’s success is dependent on market conditions that would affect its ability to obtain a strong credit rating, and succeed with bond sales, or other financial mechanisms</p>
<p>Timeline for development</p>	<p>CCA development can take several years (2-4), in order to develop an effective business plan, ensure effective rates, costs, and involve the community in the decision making.</p>

Results and Recommendations

The City’s Green Vision Goal of receiving 100% of its electricity from clean, renewable sources by 2022 is a bold and ambitious goal. It has enabled all who are involved with this goal an opportunity to think outside the box, explore creative innovations, and develop partnerships with both public and private entities on avenues to achieve this goal. The reality of achieving this goal within the designated timeframe is proving to be a challenge, particularly in the current economic climate in the nation, state and city.

With this preliminary research and analysis, staff was able to identify the primary options for achieving the City’s Green Vision Goal related to renewable energy. Three initial options that were explored—solar installations throughout the city, direct access opportunities, and community choice aggregation—all have significant funding, regulatory, legislative, and staff resource impacts for the City as reported in the attached document.

Staff is recommending not continuing with further CCA efforts at this time, but instead, monitoring CCA efforts and returning to the Council with possible recommendations for a work plan should the key uncertainties and benefits change.

In addition, staff is recommending exploring areas that could advance the City's Green Vision goal related to renewable energy, especially ones that are currently being considered at the state level, such as Smart Grids, Direct Access and Feed-in Tariffs.

A Feed-in Tariff is a renewable energy policy that typically offers a guarantee of payments to project owners for the total amount of renewable electricity they produce, access to the grid, and stable, long-term contracts. The goal of feed-in tariffs is ultimately to offer cost-based compensation to renewable energy producers, providing the price certainty and long-term contracts that help finance renewable energy investments.

It has been recognized that one of the primary challenges with renewable integration into the grid is the intermittent nature of the resource. The smart grid could mitigate this by utilizing intelligent monitoring, protection and control technology, and storage technology to effectively integrate and manage new sources of bulk and distributed renewable energy supply.

Staff is specifically looking for Council direction on the following:

- Continued, and expanded collaboration with the California Public Utilities Commission, PG&E, and other stakeholders for the identification and implementation of activities that support the City's achievement of Green Vision goals. Specific opportunities (detailed in the attached report) identified by the CPUC and others include development and/or expansions of Smart Grid, Direct Access, Feed-in-Tariff, or other programs as a means of achieving increased renewables and economic development programs.
 - Expanding the City's participation in regulatory proceedings before the CPUC and others to encourage state and federal policies that promote the increased use of renewables, renewable portfolio standards, other green pricing mechanisms, and GHG reduction strategies.
 - Explore the opportunity for convening key stakeholders to discuss innovative opportunities for increasing renewables.

ATTACHMENT A – Community Choice Aggregation—California and National Case Studies

The Northeast Ohio Public Energy Council

The Northeast Ohio Public Energy Council (NOPEC), is a council of governments made up of 131 member communities spread across nine Northeast Ohio counties. Voters in each of these communities approved participation in an aggregation by passing ordinances that authorized their local government to aggregate utility customers within the community. With more 420,000 electricity customers and 200,000 natural gas customers, NOPEC is the largest public energy aggregation in the United States.

Cape Light Compact

Cape Light Compact is a public entity formed in 1997 to advance the interests of consumers in the newly restructured electric industry. Cape Light serves 200,000 consumers from all 21 towns on Cape Cod and Martha's Vineyard that purchases power on behalf of all customers in the municipality, implements energy efficiency programs, and administers rate-payer funded surcharge.

The San Joaquin Valley Power Authority

The San Joaquin Valley Power Authority (SJVPA) was an initiative of the Kings River Conservation District (KRCD) to provide CCA in Kings County and to the cities of Clovis, Dinuba, Hanford, Kerman, Kingsburg, Parlier, Reedley, and Sanger. The following timeline describes key events from the inception of the SJVPA and events that led to suspension of the program.

- **Inception:** From January through April of 2004, KRCD received letters of interest from eight local cities and the County to investigate a regional Community Choice program. From April to September of the same year, KRCD conducted Community Choice workshops with the cities and the County. Between September of 2004 and March of 2005, a Memorandum of Understanding (MOU) was developed between KRCD and the cities and the County. In March of 2005, they formed a MOU Management Committee, performed a feasibility assessment, and developed a financial model.
- **Business and Implementation Plan:** In September of 2005 they conducted an independent peer review of the financial model, and between October of 2005 and August of 2006, they prepared a Community Choice business plan and implementation plan. In September of 2006 they conducted regional workshops with MOU governing boards on the business plan, and in November, SJVPA was formed. In January of 2007 SJVPA submitted an implementation plan to CPUC and KRCD selected Citigroup as energy provider. In April CPUC certified the plan and KRCD issued a Request for Proposals for Eligible Renewable Electric

Power Supply. In May the cities of Hanford and Kerman and Kings County elected to implement Community Choice and Tulare County joined San Joaquin Valley Power Authority.

- **Fracture:** In June the cities of Corcoran, Kingsburg, Clovis, Dinuba, Selma, Lemoore, Parlier, Sanger and Reedley and Tulare County elected to implement Community Choice. In July KRCD announced long range, zero emission solar power plan and Fresno City Council voted against joining Community Choice. In October of 2007 SJVPA executed the power service agreement and the Tulare County Board of Supervisors voted to leave the San Joaquin Valley Power Authority. From November 2007 through May 2009 energy service agreement negotiations were on-going.
- **Lawsuit with PG&E and Settlement:** On April 10 of 2008, the San Joaquin Valley Power Authority (SJVPA) and PG&E jointly filed a settlement agreement with the CPUC. The agreement represented a proposed settlement of the complaint filed by the SJVPA in June 2007 regarding PG&E's marketing conduct against SJVPA's CCA program. In the settlement, PG&E agreed that it will provide functional separation between its marketing activities and its utility activities. Also, PG&E acknowledged that participating cities and counties have transferred to SJVPA their respective rights to serve customers and that SJVPA's board of directors is responsible for governing the Community Choice program.
- **Suspension:** In June of 2009 the program was suspended due to market conditions. SJVPA had been negotiating with CitiGroup's energy arm, but tight credit markets and volatile energy prices hindered that effort.

For more information on the SJVPA, check the following websites:

http://www.communitychoice.info/status_timeline/

<http://www.communitychoice.info/news/news2009-06-26.php>

<http://www.krcd.org/newsletters/vol6-no2-connections/>

East Bay Cities

Beginning in 2004, the Cities of Berkeley, Emeryville and Oakland initiated a process to investigate offering retail electric services to customers located within the cities through CCA. The cities' primary objectives with CCA were to exercise local control over energy policy, promote greater use of renewable energy and reduce carbon emissions, and to offer rates that are competitive to PG&E, while insulating taxpayers from any financial liabilities.

Each of the cities conducted feasibility studies (subject to peer review by a team of independent, expert consultants) during 2004-2005 to identify the benefits and risks of forming CCA programs. The feasibility studies found that over the medium to long term the cities could increase use of renewable energy, stabilize electric rates, and offer rates that would be competitive with PG&E. The ability for public agencies to obtain low cost capital financing for generation projects was identified as a key factor in being able to

achieve these objectives. Following review of the feasibility study findings, the cities decided to jointly develop a comprehensive business plan that would refine the initial analysis and address issues not included within the feasibility study scope. This business plan presents a proposal for the three cities to join together to form a regional CCA program serving a large portion of the East Bay to accelerate the shift away from natural gas and toward greater use of wind, solar, geothermal, biomass and other renewable resources. The CCA Program would seek to establish local energy efficiency and renewable energy programs. The plan outlines how an East Bay CCA program would be organized, funded and operated.

In October of 2010, Berkeley decided to postpone a decision on whether to participate in CCA for the time being to observe the implementation of CCA in Marin and other jurisdictions and receive periodic updates from the Berkeley Energy Commission on the implementation of CCA in other jurisdictions.

For more information, check the following website:

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=20972>

Emeryville staff recommended that the report be accepted and that no further action be taken to implement the plan due to the high cost of the next phase and lack of city funds to pay for it.

Oakland has also opted to postpone any action due to financial risks to customers and to the City and because of legal challenges and the likely 33% Renewable Portfolio Standard the State may (and did) adopt (see agenda report: October 2008)

Marin Energy Authority

The Marin Energy Authority is the Joint Powers Authority that administers the Marin Clean Energy (MCE) CCA program, currently the only CCA operating in California. Members of MEA are the County of Marin, City of Belvedere, Town of Fairfax, City of Mill Valley, Town of San Anselmo, City of San Rafael, City of Sausalito, and the Town of Tiburon. The Marin Clean Energy Business Plan was released in the Spring of 2008. MEA was formed in December 2008. The CCA program was launched on May 7, 2010. MCE offers customers a “light green” product of 25% renewable energy, and a “deep green” 100% renewable energy option for an extra fee. MCE also offers a variety of incentives for energy efficiency and renewable energy.

For more information, visit:

www.marincleanenergy.info

http://marincleanenergy.info/images/stories/PDF/Briefing_Booklet_trimmed.pdf

ATTACHMENT B – City of San José—Research Interviews Conducted

NAME	TITLE	AFFILIATION	RESOURCES
Anne Smart	Energy Director	Silicon Valley Leadership Group	
Carlos Velasques	Regulatory Analyst	California Public Utilities Commission	<u>CPUC CCA Information</u>
Cordel Stillman	Deputy Chief Engineer	Sonoma County Water Agency	<u>SCWA Press Release</u>
Crystal Tufenkjian	Manager of Public Relations and Community Affairs, KRCD	Kings River Conservation District/San Joaquin Valley Power	<u>San Joaquin Valley Power Authority CCA Program</u>
David Orth	General Manager	Kings River Conservation District/San Joaquin Valley Power	<u>San Joaquin Valley Power Authority - CCA Approval Letter</u>
Dawn Weisz	Executive Officer	Marin Energy Authority	<u>Marin Clean Energy</u>
Gerry Braun	Associate Director of the UC Davis Energy Institute, Associate Director of the CREC, and Director of Cal-IRES	UC Davis, California Renewable Energy Collaborative (CREC), California Integrated Renewable Energy Systems (Cal-IRES)	<u>CCA Overview Presentation</u>
John Dalessi	Principal, Dalessi Management Consulting	Former Navigant consultant	<u>CCA Pilot Project Guidebook</u>
Kara Gross	Vice President, Executive Director, Silicon Valley Economic	Joint Venture Silicon Valley	

	Development Alliance		
Kelly Krpata	Director, Applied Materials Climate Prosperity Initiative	Joint Venture Silicon Valley	
Kirby Dusel	Principal, Paradigm Energy Consulting	Former Navigant consultant	
Mike Campbell	Community Choice Aggregation Director	San Francisco Public Utilities Commission	<u>CleanPowerSF</u>
Mike Sandler	Climate Protection Program Manager	Sonoma County Transportation Authority / Regional Climate Protection Authority	<u>Community Choice Aggregation Study Session Packet</u>
Rachel Massaro	Associate Director, Climate Initiatives	Joint Venture Silicon Valley	
Sean Casey	Retiree/Former SF PUC employee	San Francisco	
Shawn Marshall	Vice Chair / Executive Director	Marin Energy Authority / Lean Energy US	<u>Forming a National CCA Network: Feasibility, Findings and Recommendations</u>
Woody Hastings	Renewable Energy Implementation Manager	Climate Protection Campaign	<u>CCA Factsheet</u>

An interview with PG&E was requested but there were difficulties in scheduling a meeting with all appropriate staff.

ATTACHMENT C - Rate Comparison—Selected rates

MARIN ENERGY AUTHORITY SELECTED COMPARISON WITH PG&E RATES

MCE RATE SCHEDULE

FY 2012 Rates
 Effective April 8, 2011

**comparison based on generation component of unbundled PGE rate*

***PGE Transmission & Distribution charges still apply to both providers*

Basic Residential Rate			
RES-1 (PG&E Equivalent E-1, M, S, SR, T)		PGE E-1*	MEA premium / discount
ENERGY CHARGE (\$/KWH)			
TIER 1 (Baseline Usage)	0.037	0.03552	4.17%
TIER 2 (101-130% of Baseline)	0.045	0.04384	2.65%
TIER 3 (131-200% of Baseline)	0.134	0.12463	7.52%
TIER 4 (201-300% of Baseline)	0.185	0.14449	28.04%
TIER 5 (Over 300% of Baseline)	0.215	0.14449	48.80%

Basic Low-Income Residential Rate			
RES-1-L (PG&E Equivalent EL-1 (CARE))		PGE EL-1*	MEA premium / discount
ENERGY CHARGE (\$/KWH)			
Baseline	0.044	0.0427	3.04%
Above Baseline	0.055	0.05517	-0.31%

Small Commercial Rate			
COM-1 (PG&E Equivalent A-1)		PGE A-1*	MEA premium / discount
ENERGY CHARGE (\$/KWH)			
SUMMER	0.083	0.08458	-1.87%
WINTER	0.055	0.05634	-2.38%

Small Commercial Rate			
COM-6 (PG&E Equivalent A-6)		PGE A-6*	MEA premium / discount

ENERGY CHARGE (\$/KWH)			
SUMMER			
PEAK	0.216	0.2355	-8.28%
PART-PEAK	0.085	0.08923	-4.74%
OFF-PEAK	0.042	0.04221	-0.50%
WINTER			
PART-PEAK	0.066	0.06796	-2.88%
OFF-PEAK	0.043	0.04283	0.40%

Medium Commercial Rate			
COM-19-S (PG&E Equivalent E-19-S, V)		PGE E-19S*	MEA premium / discount
ENERGY CHARGE (\$/KWH)			
SUMMER			
PEAK	0.099	0.09933	-0.33%
PART-PEAK	0.066	0.06527	1.12%
OFF-PEAK	0.052	0.05086	2.24%
WINTER			
PART-PEAK	0.057	0.05622	1.39%
OFF-PEAK	0.049	0.04807	1.93%
DEMAND CHARGE (\$/KW)			
SUMMER			
PEAK	7.600	7.87	-3.43%
PART-PEAK	1.600	1.68	-4.76%

Large Commercial/Industrial Rate			
COM-20-P (PG&E Equivalent E-20-P)		PGE E20P*	MEA premium / discount
ENERGY CHARGE (\$/KWH)			
SUMMER			
PEAK	0.102	0.10188	0.12%
PART-PEAK	0.066	0.06519	1.24%
OFF-PEAK	0.050	0.04892	2.21%
WINTER			
PART-PEAK	0.054	0.05361	0.73%

OFF-PEAK	0.046	0.04544	1.23%
DEMAND CHARGE (\$/KW)			
SUMMER			
PEAK	8.000	8.14	-1.72%
PART-PEAK	1.700	1.78	-4.49%

Deep Green Option

Customers electing the Deep Green service option will pay the applicable rate for the Light Green service option plus the Deep Green energy charge

ENERGY CHARGE (\$/KWH) 0.01*

*Note: As part of the April 2011 rate change:

- The \$10.00/mo membership fee for Deep Green customers has been eliminated.
- The PCIA credit has been removed. For many customers the PCIA is accounted for through a rate reduction