




# City of Camarillo

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## AGENDA REPORT

Date: January 13, 2016

To: Honorable Mayor and Councilmembers

From: Bruce Feng, City Manager 

Submitted by: Roger Pichardo, Management Analyst

Subject: **Consider Participating in a Regional Feasibility Study for Community Choice Aggregation**

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### SUMMARY

Consider a request by the County of Ventura to participate in a regional feasibility study for Community Choice Aggregation. The study will evaluate the potential benefits and risks of a regional Community Choice Aggregation program.

### DISCUSSION

#### Background

In June 2015, the County of Santa Barbara elected to fund a feasibility study for a Community Choice Aggregation program, and to expand the study to Ventura and San Luis Obispo counties, if interested. The County of Ventura has requested participation from all cities in the county (see correspondence attached). Camarillo's cost to participate in the study as a member of the steering committee is \$25,000. To date, the cities of Moorpark, Ventura, Ojai, Simi Valley, and Thousand Oaks have authorized funding for the study with other cities anticipated to do the same soon.

#### Legislation Authorizing Community Choice Aggregation

Community Choice Aggregation was authorized by Assembly Bill 117 and was signed into law in California in 2002. Local governments who form a Community Choice Aggregation are authorized to pool their electricity load to purchase and/or develop power on behalf of their residents, businesses, and municipal accounts.

Community Choice Aggregation authorizes participating agencies to facilitate the purchase and sale of electrical energy, establish rates, and select the sources of electricity, which can collectively contribute to reductions in Greenhouse Gas Emissions when power is purchased from renewable energy sources. Community Choice Aggregation can also contribute to economic development by increasing the demand for renewable energy resources, thereby creating additional jobs in the renewable energy market. Community Choice Aggregation

works in partnership with existing utility companies, which would continue to deliver the power, maintain the grid and infrastructure, and provide consolidated billing and other customer services. Community Choice Aggregation may result in lower energy costs for the consumer, though this benefit is not guaranteed. Consumer savings is highly dependent on the mix of energy supplied to the customer—renewable energy is often times more expensive than traditional sources (coal, oil, natural gas) resulting in higher energy bills for the consumer. Community Choice Aggregation programs are monitored and regulated by the California Public Utilities Commission (CPUC).

### Process of Establishing Community Choice Aggregation

The initial phase of establishing Community Choice Aggregation requires completion of a feasibility study, which is used to evaluate the potential benefits and risks. The study will define the program objectives, as well as financial, political, administrative, and regulatory considerations of establishing a regional program.

If the feasibility study supports the establishment of Community Choice Aggregation, the second phase will include the adoption of a resolution by participating member agencies proclaiming formal support to establishing Community Choice Aggregation. An Implementation Plan will be prepared for review and consideration by the California Public Utilities Commission. The Implementation Plan will describe in detail how Community Choice Aggregation will be structured and how it will operate. Matters addressed will include sources of electricity, rate setting process, member agencies, and responsibilities as part of a future formation of a Joint Powers Agency and a Joint Powers Agreement. Additionally, this phase comprises a Statement of Intent that will address universal access to the program, reliability, customer class equity, and other requirements.

The third and final phase of the program is to provide customers an opportunity to opt out of Community Choice Aggregation without penalty during the enrollment period.

### Existing California Community Choice Aggregation Programs

Currently, there are three Community Choice Aggregation programs operating in California. Marin Clean Energy (MCE) and Sonoma Clean Power (SCP) are located in northern California (PG&E territory). Lancaster Choice Energy (LCE) is the first Community Choice Aggregation program in Southern California (SCE territory). Each of the Community Choice Aggregation programs has realized some of the stated benefits of pooled aggregation including consumer cost savings, local energy resiliency, security and control. MCE, in operation for five years, has reduced GHG emissions by 60,000 tons, which is equivalent to removing 12,500 cars from the road for one year. According to an annual report published by MCE, in 2014 MCE averaged \$5.9 million in energy savings. Additionally, MCE developed renewable energy resources in the form of solar and wind farms, creating 2,400 California jobs, and has achieved a 56% renewable energy mix, exceeding the state mandate that requires all California utility providers to obtain 33% of the energy they sell from renewable resources by 2020. For comparison purposes, at last report, Pacific Gas and Electric (PG&E) has only achieved a 27% renewable energy mix, while Southern California Edison has only achieved a 24% renewable energy mix; 15% of that total was solar energy. Marin Clean Energy residential customers with an average monthly energy consumption of 536 kWh, and

who are enrolled in 50% renewable energy choice, are saving \$1.48 per month on their energy bill, while commercial customers with an average monthly energy consumption of 1,244 kWh are saving \$11.43 per month in comparison to PG&E service.

According to Sonoma Clean Power's 2014-2015 Clean Power Annual Report, their program launched in May 2014 and, in the first year of operation, realized a 48% reduction in Green House Gas emissions relative to PG&E's 2013 data. Additionally, Sonoma Clean Power provided \$13.6 million in energy savings to customers and achieved a 36% renewable energy mix. Sonoma Clean Power residential customers with an average monthly energy consumption of 536 kWh, and who are enrolled in 36% renewable energy choice, are saving \$7.23 per month on their energy bill, while commercial customers with an average monthly energy consumption of 1,372 kWh are saving \$20.93 per month in comparison to PG&E service.

According to Lancaster Choice Energy, the program launched in May 2015 and is able to offer a 35% renewable energy mix and rate stability due to the fact that rates are only changed once annually. Lancaster Choice Energy residential customers with an average monthly energy consumption of 669 kWh, and who are enrolled in 35% renewable energy choice, are saving \$0.37 per month on their energy bill, while commercial customers with an average monthly energy consumption of 887 kWh are saving \$0.43 per month in comparison to Southern California Edison service.

#### Regional Community Choice Aggregation Feasibility Study

The creation of a regional Community Choice Aggregation program may lower electrical costs and offer rate stability to Camarillo residents and businesses, while cutting back Green House Gas emissions, as required by AB 32, and potentially creating jobs in the green power market. The degree to which Camarillo could benefit from a Community Choice Aggregation program, as well as potential other costs the City may incur, are unknown currently, and will be identified through a feasibility study. Therefore, staff recommends the City participate in the feasibility study for a regional Community Choice Aggregation program. The requested contribution from cities with a population exceeding 45,001 is a maximum of \$25,000. As a participant, the City would have a seat on the advisory working group and be able to appoint one technical staff member. Participation in the study is an opportunity for the City to influence the objectives and presumptions of the study for the benefit of Camarillo residents and businesses.

#### **BUDGET IMPACT**

Approval of this action would require an appropriation of \$25,000 for participation in the feasibility study for the Community Choice Aggregation program in Account No. 101-1401-414.32-01. Total estimated cost of the feasibility study is \$500,000, which will be shared among participating agencies.

#### **SUGGESTED ACTION**

A Motion to approve participation in the feasibility study for the Community Choice Aggregation program with the County of Santa Barbara, County of Ventura, and County of

San Luis Obispo at a cost not to exceed \$25,000, and authorize the City Manager to sign all documents necessary for the City's participation in the study.

**ATTACHMENTS**

Correspondence

Finance Review: RC

**J. Matthew Carroll**  
Assistant County Executive Officer

**Paul Derse**  
Assistant County Executive Officer/  
Chief Financial Officer

**Catherine Rodriguez**  
Assistant County Executive Officer/  
Labor Relations & Strategic Development

**Shawn Atin**  
Human Resources Director

January 4, 2016

Mr. Bruce Feng, City Manager  
City of Camarillo  
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Camarillo, CA 93010

e-mail: [bfeng@cityofcamarillo.org](mailto:bfeng@cityofcamarillo.org)

RE: Interest in Community Choice Energy

Dear Mr. Feng:

On June 9, 2015, the Santa Barbara County Board of Supervisors approved an appropriation to help cover the cost of Phase 1, including a feasibility study, for Community Choice Energy (CCE) for Santa Barbara County. Santa Barbara County staff was directed to invite participation and contributions from other local municipalities and neighboring Counties. As a result of their request, the City of Santa Barbara and the Community Environmental Council, a non-profit, each agreed to contribute \$50,000 towards the study. And on August 11, 2015, the Ventura County Board of Supervisors authorized the expenditure of \$50,000 for the County of Ventura to participate.

As noted in the attached letter, we would reach out to each of our Cities if the cost of the feasibility study increased. Santa Barbara County now estimates the cost of the feasibility study to be \$500,000. Therefore, in conjunction with Santa Barbara County, we've developed the following suggested contribution amounts.

- For Cities with a population of less than 20,000 – \$7,500
- For Cities with a population between 20,001 and 45,000 – \$15,000
- For Cities with a population over 45,001 – \$25,000
- For neighboring Counties – \$50,000

If your City contributes towards the study, your jurisdiction can appoint one technical staff member to the advisory working group.

Regardless of financial contribution, we are requesting your participation in working with the two Counties to acquire applicable electricity load data from the utilities.

We look forward to hearing from you. You can contact me at (805) 654-3836 or [susan.hughes@ventura.org](mailto:susan.hughes@ventura.org).

Sincerely,



Sue Hughes  
Senior Deputy Executive Officer

Attachment