

# Community Choice Energy

**Carpinteria City Council Meeting**

July 23, 2018

Erin Maker

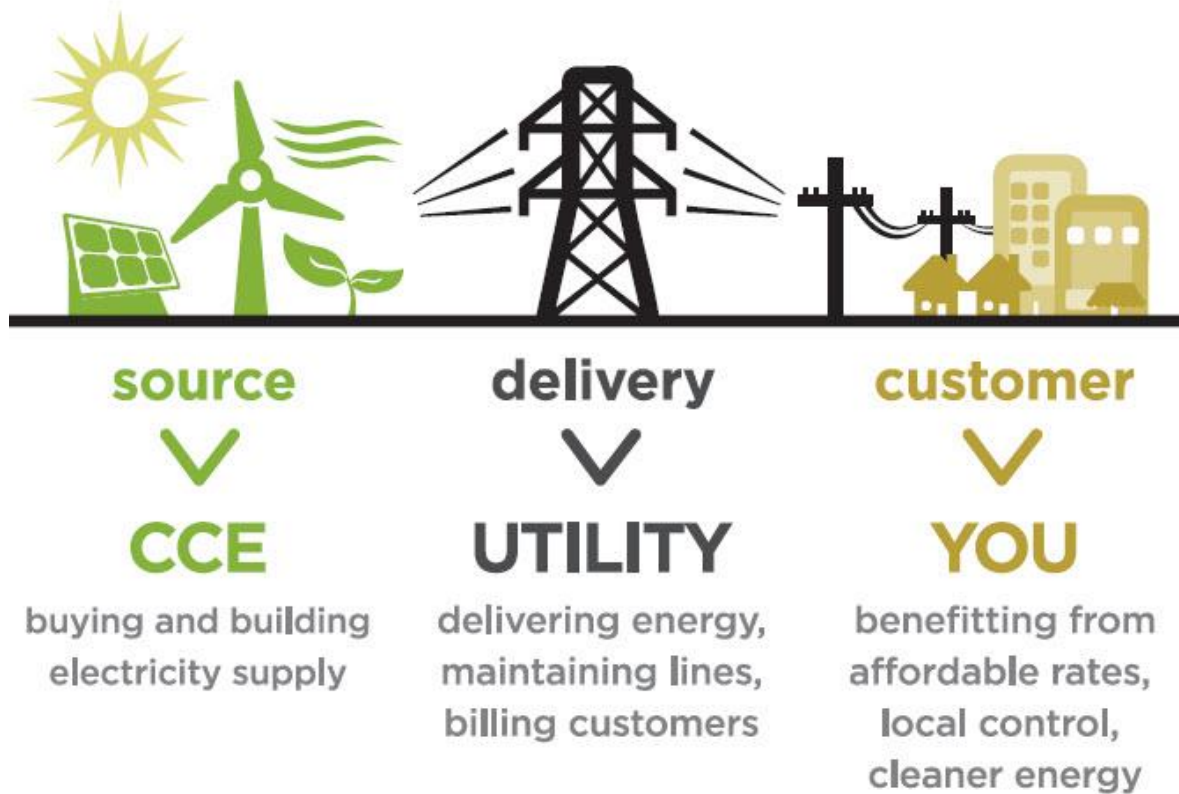


# Background

1. 2015 – Council authorized participation in Advisory Working Group to explore feasibility of a Tri-County CCE Study and authorized funds
2. November 2015 – Received update on Tri-County Regional CCE Feasibility Study
  - Finding: Likely not feasible
3. Approved using remaining funds for additional CCE study.
  - Clean Energy Working Group formed between the cities of Carpinteria, Goleta, Santa Barbara & County of Santa Barbara

# Background

## How Community Choice Energy Works



# July 17, 2018 Actions

- County of Santa Barbara
  - 3-2 vote in favor of adopting a Resolution on Intent to move forward with formation of a JPA
- City of Santa Barbara
  - Unanimous vote in favor of bringing back a resolution of intent to move forward with formation of a JPA
- City of Goleta
  - Unanimous vote in favor of adopting Resolution of Intent to move forward with formation of a JPA

# Evaluating CCE Feasibility

1. Can the CCE be rate competitive with existing investor owned utility (IOU) rates?
  - Rates are set estimating all costs, including energy and estimated exit fees set by the IOUs.
2. Will the CCE have long-term financial viability?

# Feasibility Study Scope

1. 3 geographic participation scenarios
  - All Santa Barbara County (unincorporated + 7 incorporated cities)
  - Unincorporated Santa Barbara County Only
  - City of Santa Barbara Only
  
2. 3 renewable energy content levels
  - Renewable Portfolio Standard compliant (33% to 50% renewable)
  - **50% renewable \*\***
  - 75% renewable
  
3. 11-year study period: 2020-2030

# Feasibility Study Results

- A CCE program serving all or part of Santa Barbara County can **offer cleaner electricity at a slight cost savings** relative to PG&E (North County) and SCE (South County).
- The **All County scenario offers the greatest cost savings, accelerates the break-even point, and generates the largest revenues** for local investment.
- **50% renewable** option balances environmental and cost considerations.

# Feasibility Analysis for All County 50% Renewable Energy Scenario

Start-up Capital (\$)	Break Even (Year)	Net Surplus (\$)		Average Residential Customer Bill Impact (\$/Year)	
		Year 1	Year 11	Year 1	Year 11
\$9.3M	Year 1	\$4.3M	\$24.6M	PG&E: ↓ \$11 SCE: ↓ \$8	PG&E: ↓ \$51 SCE: ↓ \$55



# Risks and Uncertainties

- **Energy market**
  - Energy prices may be higher than expected
- **Regulatory risk**
  - PCIA (Power Charge Indifference Adjustment) or “exit fees”
- **Customer load risk**
  - Customers may opt out at a higher rate than expected
- **Risk mitigation Strategies**
  - Financial reserve policy
  - Power portfolio management
  - In-house and consultant expertise

# Council Direction

1. Receive and file the PEA Community Choice Energy Study.
2. Direct Staff to return with a Resolution of Intent for further participation in the formation of a Regional CCE Program; or,
3. Choose not to proceed with further exploration of CCE