

1. Agenda

Documents:

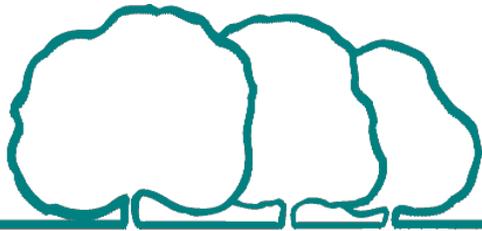
[JANUARY 23, 2017 CCE ADVISORY COMMITTEE AGENDA \(PDF\).PDF](#)

2. Presentations

Documents:

[JANUARY 23, 2017 PRESENTATION ON DAVIS CCE ADVISORY COMMITTEE \(PDF\).PDF](#)

[JANUARY 23, 2017 PRESENTATION ON VALLEY CLEAN ENERGY ALLIANCE \(PDF\).PDF](#)



City of Woodland

**COMMUNITY CHOICE ENERGY
TECHNICAL ADVISORY COMMITTEE
JANUARY 23, 2017 - 6:00 P.M. – 8:00 P.M.**

**Woodland Community and Senior Center
2001 East Street, Woodland CA**

Agenda

1. Welcome and Roll Call
2. Public Comment

This is an opportunity for members of the public to comment on subjects related to Community Choice Aggregation (Community Choice Energy) that are not on the agenda.

3. Meeting Notes Procedures
4. Presentation on City of Davis CCE Advisory Committee

Related document:

[Davis Advisory Committee Recommendation \(Appendix to February 16, 2016 City of Davis Staff Report – starts on page 02-15\)](#)

5. Presentation on Valley Clean Energy Alliance (VCEA)

Related documents:

[City of Davis and Yolo County Technical Study – Draft Final Report, prepared by TEA, The Energy Authority](#)

[Updated pro forma for Davis and Yolo County CCE program, with and without Woodland participation](#)

[Summary of VCEA JPA governance and organization](#)

6. Discussion of Work Plan Elements and Schedule
7. Discussion of Next Steps
8. Next Meeting
9. Adjourn

NOTICE: *Individuals who need special assistance or a disability-related accommodation, including auxiliary aids or services, in order to participate in this meeting should contact Roberta Childers, Environmental Sustainability Manager, at least 1 working day before the meeting. Roberta may be reached at (530) 661-2060 or by emailing roberta.childers@cityofwoodland.org.*

City of Davis
Community Choice Energy
Advisory Committee (CCEAC)

Gerry Braun
Vice Chair, Davis CCEAC

1/23/17

Stages of CCE formation process

- Phase 1 – Initial exploration of Davis CCE potential (Jan – June 2015)
- Phase 2 – Evaluation of implementation options (July 2015 to February 2016)
 - Status Quo (PG&E)
 - Davis Only
 - Davis + Yolo CCE
 - Join MCE (Davis Only)
 - Join MCE (Davis + Yolo)
 - Outsourced Implementation Options
- Phase 3 (in progress) – Formation of VCEA as Davis-Yolo JPA and preparation for launch (March 2016 to present)

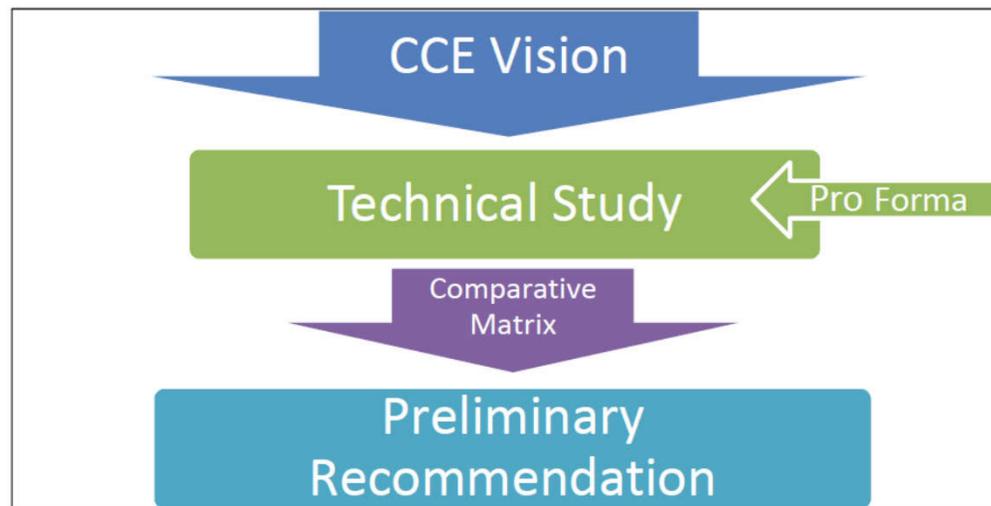
The Davis CCEAC and/or its technical working group played a central role in all phases of the process.

Phase 1

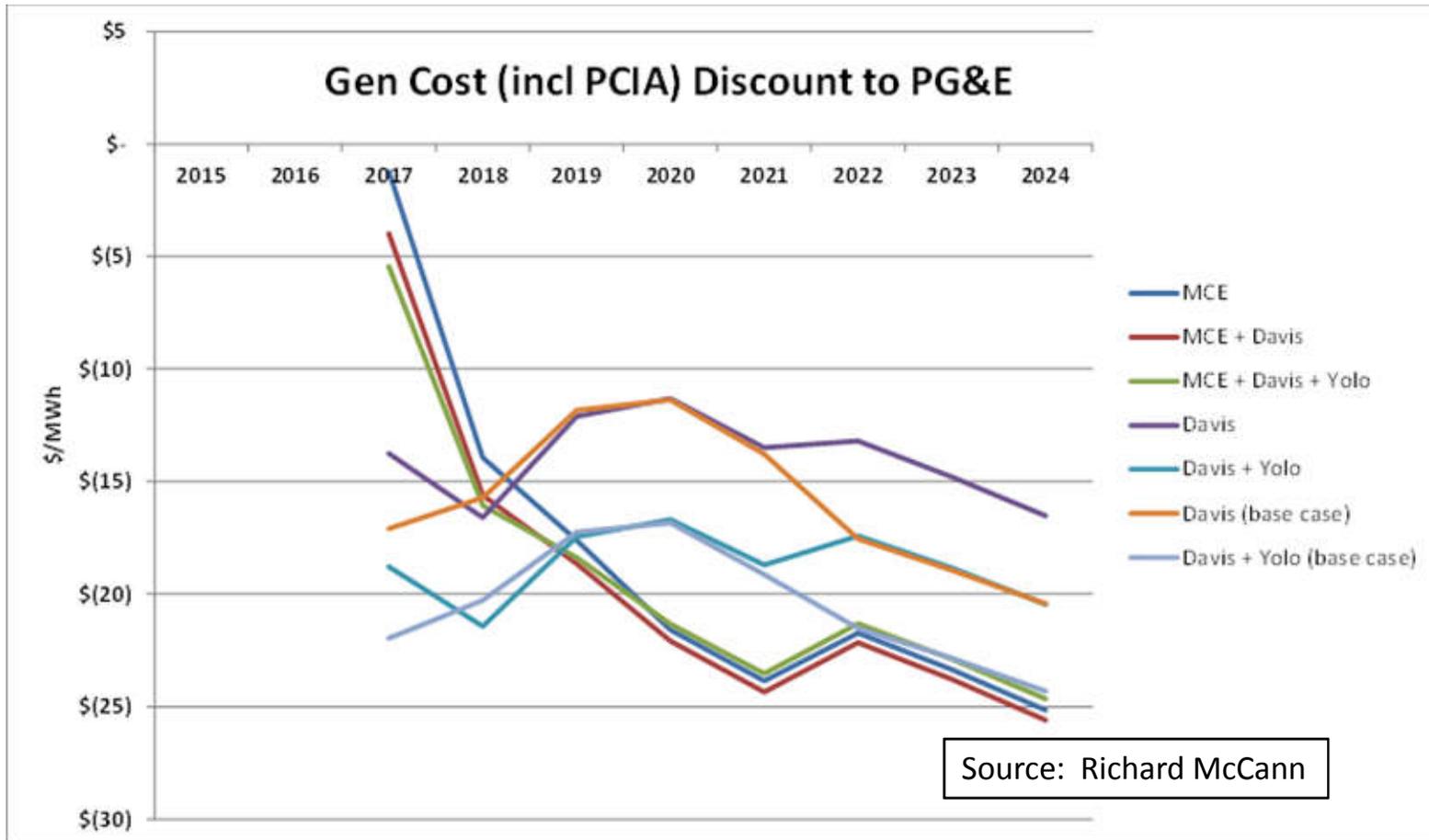
- (Davis) Coalition for Local Power (CLP) organized and registered as CA non-profit in early 2014
 - In January, 2015, CLP recommended that the city consider implementing CCE
 - City Council appointed CCE Advisory Committee (CCEAC) in February 2015
 - CCEAC charged to advise on CCE feasibility for Davis
 - Included current appointees to existing commissions and committees, CLP board members, and representatives of important local constituencies (e.g., Chamber of Commerce, School District)
- Davis CCEAC:
 - Appointed four topical sub-groups (Costs and Admin, Information Resources, Legal and Policy, and Community Outreach)
 - Performed initial research, including meetings with existing CCEs and CCE formation consultants, confirmed Davis CCE feasibility and recommended city engage consultant to conduct technical study
 - Appointed technical study working group to finalize vision statement and work with city staff and consultant

Phase 2

- Davis CCEAC Technical Study Working Group:
 - Drafted Scope of Work for technical study to help determine best CCE implementation option
 - Evaluated consultant bids and made recommendation
 - Monitored and contributed to consultant analysis throughout study process
 - Conducted in-depth comparative analysis of implementation options
 - Provided answers to detailed list of questions posed by City Council upon receiving staff and CCEAC recommendations



Generation Cost Comparison



Working Group Final Scoring

Table ___
 Davis Technical Study
 Comparative Analysis of Implementation Models

Score: 2	Highly Favorable
1	Moderately Favorable
0	Neutral
-1	Moderately Unfavorable
-2	Highly Unfavorable

Comparative Crit	Considerations	Weight	Status Quo (PG&E)	Davis Only	Davis + Yolo	Join MCE - Davis Only	Join MCE - Davis+Yolo	CCP - Davis Only	CCP - Davis+Yolo
1	Rate Competitiveness								
	Are rate payers expected to pay no worse than the same, and preferably less than, the status quo?		Yes	Yes	Yes	Uncertain	Uncertain	Yes	Yes
	Level of anticipated rate payer savings under range of future scenarios	50%	0.00	1.43	1.92	2.00	1.97	1.30	1.47
	Accretion of financial reserves for energy investment, financial and risk management	50%	-3.84	2.00	1.95	1.39	1.29	1.59	-0.53
	Score - Rate Competitiveness	50%	-1.9	1.7	1.9	1.7	1.6	1.4	0.5
2	Governance & Local Control								
	Weight of individual vote in governing board decisions	5%	-2.0	2.0	1.5	1.0	1.0	2.0	2.0
	Complexity, contentiousness & transparency of decision making process	5%	-2.0	0.0	-0.5	1.0	1.0	-1.0	-1.0
	Ability of community to interact with governing board	10%	-2.0	2.0	2.0	1.0	1.0	2.0	2.0
	Directing energy investments to meet local objectives	40%	-2.0	2.0	2.0	1.0	1.0	1.0	1.0
	Adoption of planning, management and business practices consistent with local objectives	20%	-2.0	2.0	2.0	1.0	1.0	0.0	0.0
	Flexibility to adopt to evolving market, regulatory, legislative conditions	20%	-2.0	1.0	1.2	1.5	1.5	0.5	0.5
	Score - Governance & Local Control	30%	-2.0	1.7	1.7	1.1	1.1	0.8	0.8
3	Risks & Mitigation								
	Startup risk	15%	2.0	-1.0	-1.5	1.5	1.5	-1.0	-1.0
	Customer opt out risk	10%	1.0	-1.0	-1.5	-0.5	-0.5	-2.0	-2.0
	Operating risk (excluding market and counterparty risk)	15%	0.0	-1.0	-0.5	1.0	1.0	-1.5	-1.5
	Market and counterparty risk	35%	0.0	1.0	1.0	1.0	1.0	1.0	1.0
	Incumbent utility opposition risk	5%	2.0	0.0	-0.5	0.0	-0.5	-0.3	-0.3
	Legislative and regulatory risk	15%	-1.0	-2.0	-2.0	-1.5	-1.5	-2.0	-2.0
	Host entity risk	2%	1.0	-1.0	-1.0	0.0	0.0	-2.0	-2.0
	Management of unwinding contracts & partnerships	2%	2.0	-2.0	-1.0	0.0	0.0	0.0	0.0
	Management of CCA shutdown	1%	2.0	-2.0	-1.0	0.0	0.0	-1.0	-1.0
	Score - Risks & Mitigation	20%	0.4	-0.4	-0.5	0.5	0.4	-0.6	-0.6
4	Overall Rating								
	Total Weighted Score where Max Score = 2	100%	-1.5	1.3	1.4	1.3	1.2	0.8	0.3

Assumptions & Recommendations

- Davis CCE Working Group Assumptions:
 - Robust, fully-staffed level of effort in the implementation phase of Yolo/Davis CCA formation
 - Funding commitment sufficient to ensure timely, transparent and competitive sourcing of key organizational leadership and initial permanent staff positions
 - Competitive out-sourcing of other core functions
- Final WG Recommendations:
 - Concurred with City Staff 1st choice: Davis + Yolo County JPA, with caveats:
 - “If affirmative Yolo County decision is not made by March 2016, consider implementing 2nd Choice, i.e. Davis only.”
 - “If WG assumptions are not confirmed by events, consider corrective action.”
- Full CCEAC endorsed WG recommendation and authorized further assistance to city staff for implementation phase, i.e.:
 - Prepare position descriptions and scope statements
 - Interview candidate individuals and organizations
 - Make related recommendations

Phase 3

- Davis City Council and Yolo County Supervisors unanimously decided in March, 2016 to form a JPA based on staff, consultant and advisory work to that point.
 - Next phase emphasized JPA formation and governance, supported by city and county staff and LEAN Energy US (a CCE formation and governance consultant).
 - Davis CCE WG:
 - Advised regarding consultant work scope
 - Reviewed multi-service vendor RFP
 - Prepared and submitted draft CEO position description
 - Advised regarding formation critical path
 - Initiated ad hoc expert brainstorming on city's clean energy roadmap
 - Engaged informally with PG&E regarding city/utility collaboration possibilities related to energy and city broadband service initiative

Success Factors

- Phase 1
 - Respected and pro-active CCEAC chair
 - Diverse CCEAC members, all with local roots and on-going engagement
 - Invited presentations by prospective partners, consultants and CCE pioneers
 - City Council sub-committee dialog and engagement with CCEAC
- Phase 2
 - Electricity sector experts with shared view toward electricity sector decentralization and decarbonization
 - Regular schedule of meetings during technical study, including consultant, city staff, CCEAC technical working group and LEAN US
 - Collaborative approach among all participants
 - In-depth WG discussions to achieve unanimity in final recommendation to City and County
- All Phases
 - Pro-active engagement
 - Continuous email dialog and CCE information sharing
 - Diligent, collaborative and effective staff coordination

Consider...

- Woodland's long-term goals for energy services (e.g. local economic impacts, local flexibility, local climate action, etc.)
- Woodland's unique energy profile, energy usage/deployment trends and opportunities for local clean energy resource deployment
- Meeting with CCE pioneers operating today to help gain insight on CCE implementation practicalities
- Changing CCE business environment, e.g.:
 - How Davis technical study inputs may have changed in the year since the study was completed (Refer to Woodland technical working group and/or request consultant assistance.)
 - Regulatory contingencies, e.g. potential changes affecting or replacing the Power Charge Indifference Adjustment (PCIA)
- Emerging business models and plans enabling:
 - Access to better integrated and cost-effective out-sourced services
 - Greater reliance on local resources
- Need for sustained citizen involvement advising on these matters

Links to suggested additional references:

[Local CCE economic impacts](#), [CCE business planning](#), [CCE business models](#),
[Local integrated energy analysis](#)

Summary: Davis CCE Advisory Committee Benefits

- Demonstrated benefits of citizen advisory process:
 - Pro-actively advocated initial inquiry into CCE
 - Contributed subject matter expertise and diverse energy sector experience
 - Familiarity with relevant local information and background
 - Close liaison with staff and prospective JPA board
 - Facilitated teamwork with technical study consultants
 - Ability/willingness to translate study findings into recommendations
 - Augmentation and development of staff resources
 - Independence/objectivity/continuity/locally invested in outcome
- Locally sourced advice and teamwork:
 - Saves money and time and reduces risk in all stages of project
 - Fosters citizen investment in success
 - Especially valuable in CCE context
 - Citizen understanding is limited, and subject is complex
 - Relevant local government experience and capacity are limited
 - Limited pool of potential JPA leadership/management candidates having prior CCE experience

Thank You!

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916-402-4143



Valley Clean Energy Alliance

City of Woodland Advisory Committee

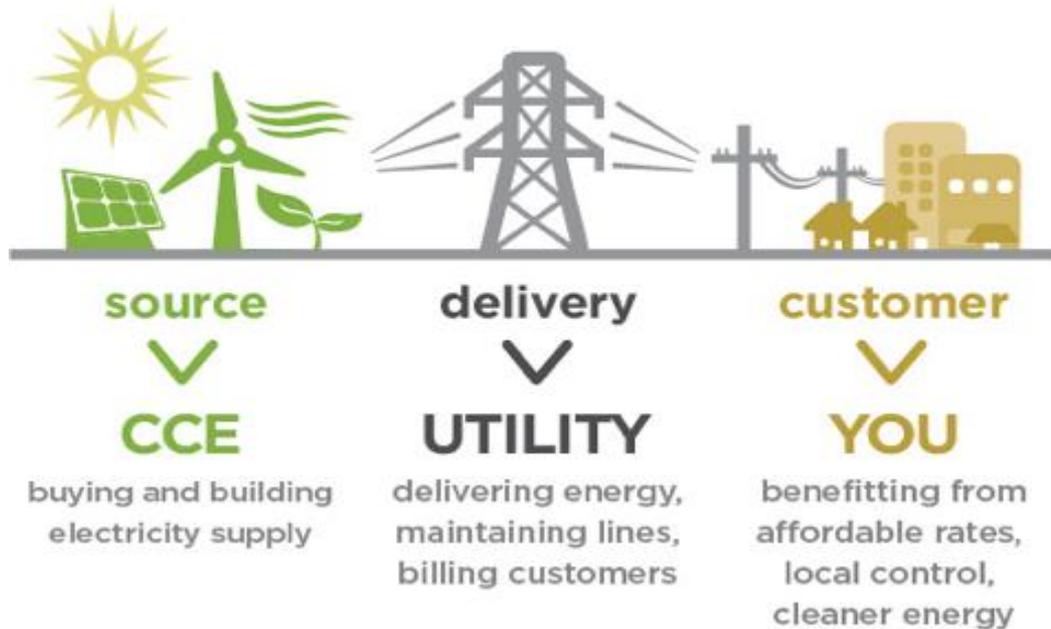
January 23, 2017



What is CCE?

CCE enables local governments to procure and/or develop power on behalf of their public facilities, residents and businesses. It has proven to increase renewable energy and lower greenhouse gases while providing competitive electric rates.

How Community Choice Energy Works



CCE is Growing in CA



- Operational CCEs**
 - MCE Clean Energy (*includes Napa County, parts of Contra Costa and Solano Counties*)
 - Sonoma Clean Power
 - Lancaster Choice Energy
 - Clean Power San Francisco

- 2016 Launch**
 - San Mateo County / *Peninsula Clean Energy*
 - Los Angeles County / *LA County Clean Energy*

- Exploring / In Process**
 - Alameda County / *East Bay Community Energy*
 - Butte County
 - City of San Jose
 - Contra Costa County
 - Humboldt County
 - Lake County
 - Mendocino County
 - Monterey County*
 - Placer County
 - Riverside County
 - San Benito County*
 - San Bernardino County
 - San Diego County
 - San Luis Obispo County**
 - Santa Barbara County**
 - Santa Clara County / *Silicon Valley Clean Energy*
 - Santa Cruz County*
 - Solano County
 - Ventura County**
 - Yolo County

*Monterey Bay Tri-County

**Central Coast Tri-County

CCE Results Thus Far



Launch Year/ # of Customers	2015 Avg. Customer Rate Savings	Power Options (current)
2010 ~ 175,000 accts.	2-5% below PG&E	56% Renewable 100% Renewable 100% Local Solar
2014 ~ 200,000 accts.	6-14% below PG&E	36% Renewable 100% Renewable
2015 ~ 55,000 accts.	3-4% below SCE	35% Renewable 100% Renewable

MCE – Sample Rate Structure (old)

Example Monthly Residential Electric Charges*	PG&E	MCE Light Green	MCE Deep Green	MCE Local Sol
	22%** Renewable Energy	50% Renewable Energy	100% Renewable Energy	100% Local Solar
PG&E Electric Delivery (all customers)	\$37.30	\$37.30	\$37.30	\$37.30
Electric Generation (all customers)	\$45.12	\$37.97	\$42.60	\$65.75
Additional PG&E Fees (MCE customers only)	-	\$5.71	\$5.71	\$5.71
	Average Total Cost \$82.42	Average Total Cost \$80.98	Average Total Cost \$85.61	Average Total Cost \$108.76

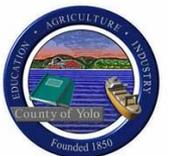
*The above comparison is based on a typical usage of 463 kWh at PG&E's rates effective as of March 1st and MCE's current rates for the April 2015 to March 2016 fiscal year under the Res-1/E-1 rate schedule. Costs shown are an average of summer and winter rates in baseline territory X with gas heating; actual differences may vary depending on usage, rate schedule and other factors.

**Most recently verified.



Statutory & Regulatory Requirements

- Enabled by AB 117 and amended by SB 790; local ordinance required
- Permissible by cities, counties and some special districts; Public utilities and Direct Access customers exempt
- Program required to serve all residential customers; may also serve municipal, commercial and agricultural accounts
- CCE is an opt-out program and becomes default electric generation provider; minimum 4 notifications pre/post commencement of service; annual noticing thereafter
- Implementation Plan must be certified by CPUC; Also, utility service agreement, \$100k Bond, CAISO deposits
- As a load serving entity, certain statutory and regulatory requirements apply (e.g State RPS, Resource Adequacy, etc.)
- Utility cost recovery/exit fee (PCIA) paid by CCE customers
- Equitable treatment of customer classes is required
- Utility low income/CARE programs remain in place



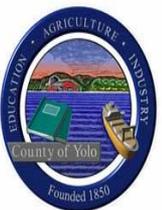
Valley Clean Energy Alliance – Mission

Valley Clean Energy Alliance

A locally controlled (not for profit) energy provider

Mission:

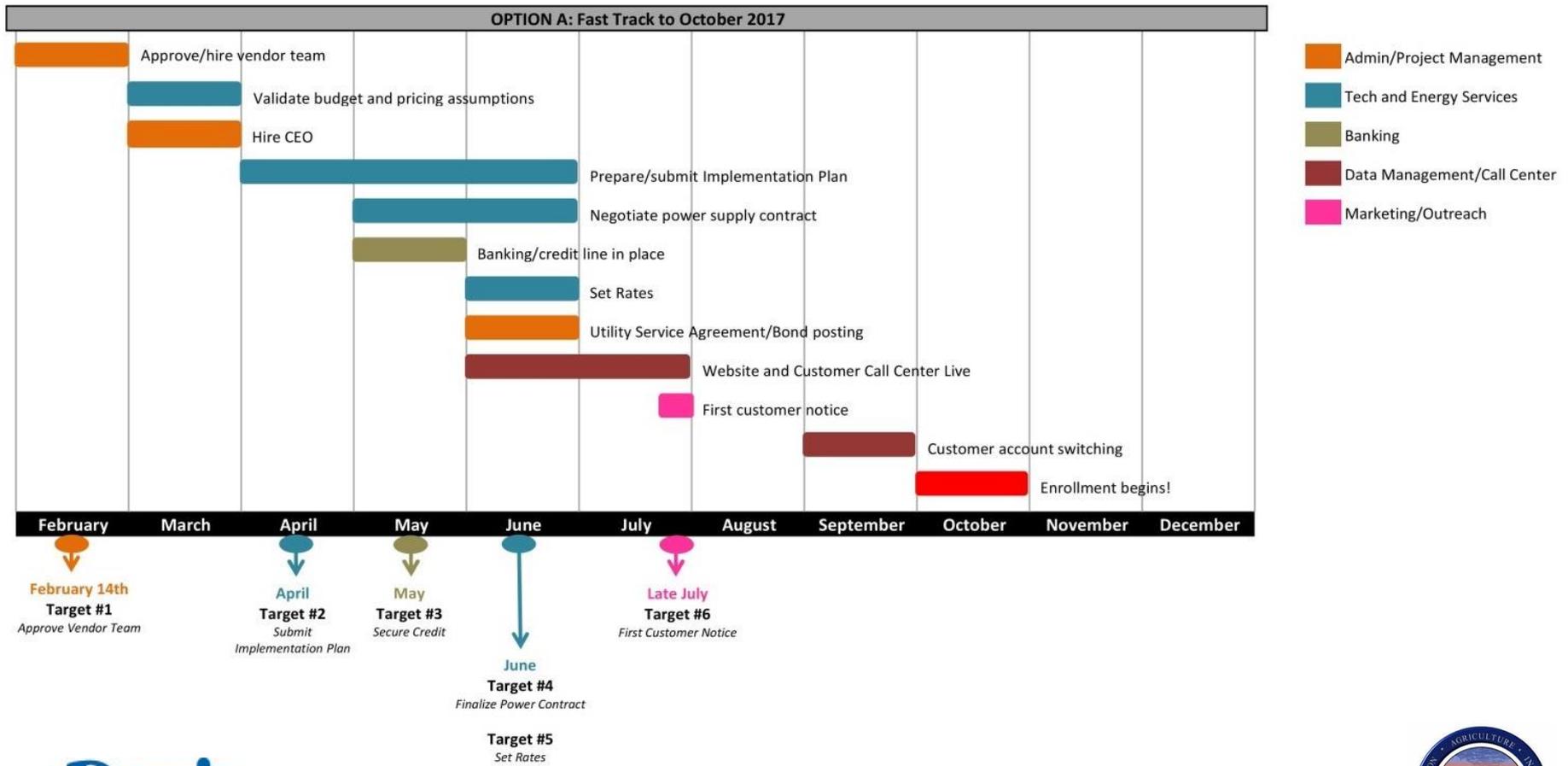
Deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions.



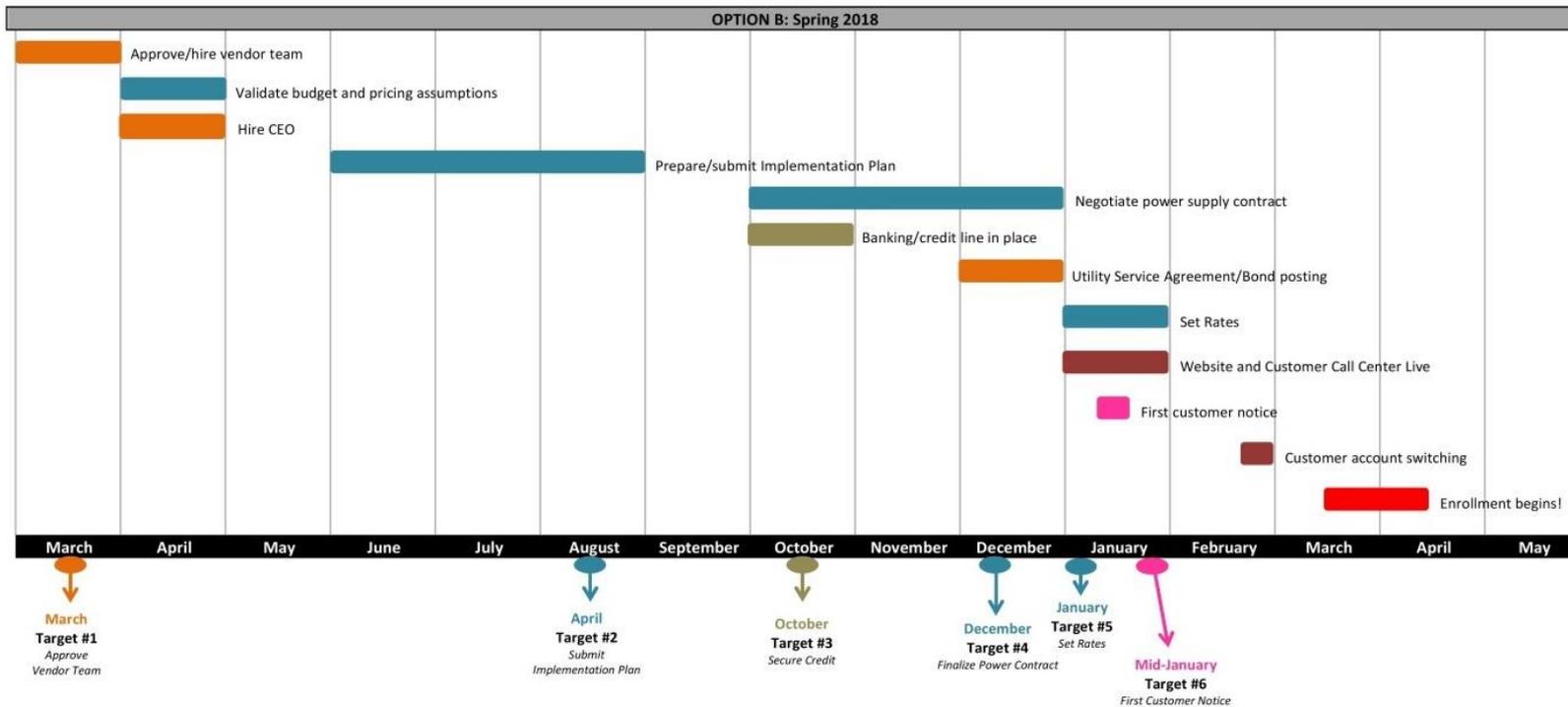
Yolo/Davis Key Milestones

2012/2013	Yolo County CCE Steering Committee explores concept
February 2015	Davis CCE Advisory Committee formed; includes County Rep
April/May 2015	Davis Public Forums; on-going outreach
June 2015	City Council orders Technical study; City and County authorize letter of intent to MCE
December 2015	Tech Study Draft Complete
February 2016	3rd Public Forum; Davis CCE Advisory Committee recommends formation of Davis+Yolo CCE
March 2016	Final Tech Study adopted; BOS and City Council adopt reso's to move forward with joint CCE; outreach to Farm Bureau; CCE/JPA formation efforts initiated
June 2016	City/County budgets include \$500,000 each for CCE program

Critical Path Timeline - Option A



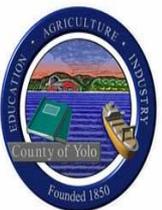
Critical Path Timeline - Option B



Valley Clean Energy Alliance – Staffing

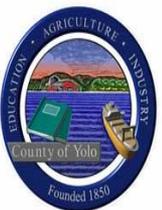
Staffing

- Current: County + City; cooperative service agreements for legal, financial, admin, consultants
- Short-term: CEO + County/City support + consultant vendors (elect services, Outreach, data/call center)
- Mid/Long-term: TBD. Expect some form of CEO + internal staff team: wholesale energy specialist, key account manager, power analyst, admin, + consultant legal, financial



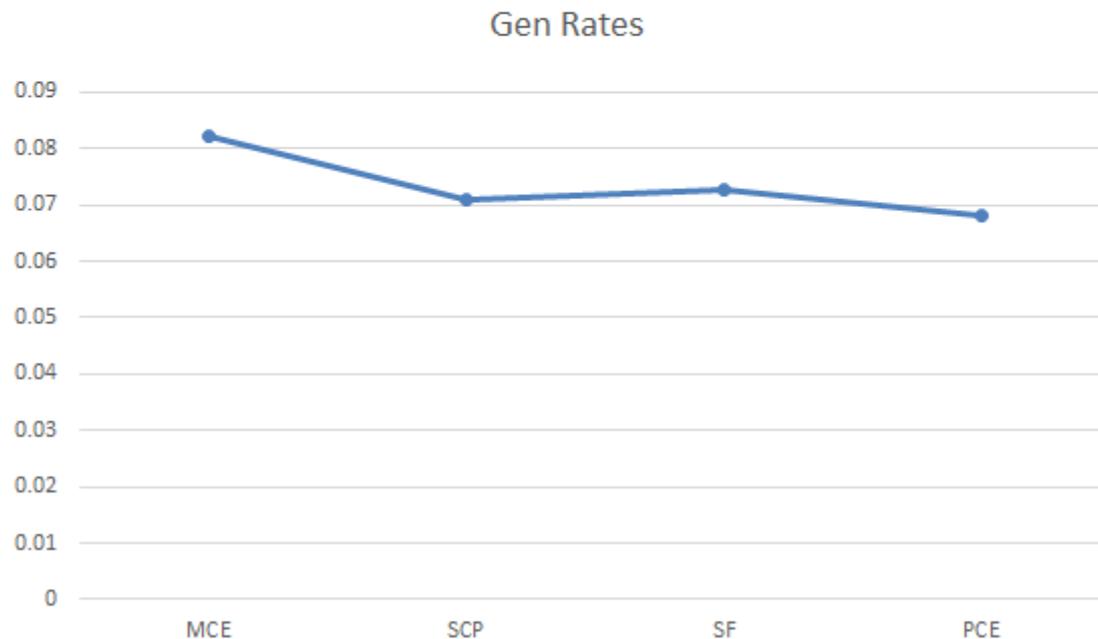
Valley Clean Energy Alliance – Governance

- Existing: Davis + Yolo County – 2 board members each
- If Woodland joins: Add two Woodland elected members.



Key rate considerations

- If one looks at rates across CCAs over time, trend is downward (consistent with Davis/Yolo Tech Study)
- MCE, SCP, SF, then PCE – all go progressively lower. But no guarantee this trend will continue



2016 Generation Rate Comparisons

Sonoma Clean Power (all figures in \$/kWh)

Rate Class	Category	PG&E	SCP Clean Start	EverGreen
Residential (E-1)	Generation	0.0967	0.0710	0.106
	Total gen rate, including PCIA	0.0967	0.0949	0.129
	% Difference		2% LOWER	
Commercial (A-1)	Generation	0.0971	0.0764	0.111
	Total gen rate, including PCIA	0.0971	0.0949	0.129
	% Difference		2.2% LOWER	
Agriculture (AG-1)	Generation	0.101	0.082	0.117
	Total gen rate, including PCIA	0.101	0.101	0.136
	% Difference		SAME	

2

2016 Generation Rate Comparisons

CleanPowerSF

Rate Class	Category	PG&E	Green	SuperGreen
Residential (E-1)	Generation	0.097	0.073	0.093
	Total gen rate, including PCIA	0.097	0.096	0.117
	% Difference		1% LOWER	
Commercial (A-1)	Generation	0.097	0.078	0.098
	Total gen rate, including PCIA	0.097	0.096	0.117
	% Difference		1% LOWER	

2016 Generation Rate Comparisons

Peninsula Clean Energy (all figures in \$/kWh)

Rate Class	Category	PG&E	PCE Default (50%)
Residential (E-1)	Generation	0.0986	0.0682
	Total gen rate, including PCIA	0.0986	0.0920
	% Difference		5% LOWER
Commercial (A-1) Summer	Generation	0.114	0.0897
	Total gen rate, including PCIA	0.114	0.1083
	% Difference		5% LOWER
Agriculture (AG-1) Summer	Generation	0.0981	0.0738
	Total gen rate, including PCIA	0.0981	0.0932
	% Difference		5% LOWER

Financial & Market Risks/Mitigations

Supply Imbalance; over or under	Low	Can be mitigated with prudent hedging/power planning, some degree of 'open position', and forward procurement activities
Customer Opt-Outs	Low	Opt-out risk is most substantial during program commencement and can be mitigated with competitive/lower rates and effective outreach
Current Power Market	Low	Current market prices are below historic averages, including some renewables. Risk of future pricing increases can be mitigated through hedging and diversified supply portfolio
Future Power Market	Moderate	Many factors influence this such as overall economy, availability of various supply types, fracking, natural gas pricing. Customer impacts can be mitigated by informed procurement early on and healthy reserves to smooth unanticipated rate spikes
City/County Exposure	Low	Could lose initial contribution and any used working capital credit if program does not launch
Financial/Credit	Low	Prudent planning and operations, healthy reserves, prudent use of debt, credit rating; developing CCA track record helps