

Friends of San Diego Clean Energy

Community Choice Aggregation: Rates & Program Components

**Presentation for the City of San Diego
Sustainable Energy Advisory Board**

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Community Choice Aggregation: Rates & Program Components Table of Contents

- 1 – BENEFITS AND RISKS OF A CCA
PROGRAM**
- 2 – FEASIBILITY STUDIES**
- 3 – EXISTING CCA PROGRAMS:
RATES AND PROGRAM COMPONENTS**
- 4 – RENEWABLE PORTFOLIO
STANDARD**
- 5 – CCA EFFORTS IN SAN DIEGO**

1 – BENEFITS AND RISKS OF A CCA PROGRAM

Primary Benefits

- Consumer choice
- Higher renewable energy content
- Local control over energy decision-making
- Local investment and economic development
- Price stability

Primary Risks

- Expense of “pre-startup” and startup costs
- Low participation
- Financial risk associated with energy industry

2 – FEASIBILITY STUDIES

Feasibility Studies: Background

- Scope of feasibility study depends on the goals and direction provided by an agency or local government.
- Basic components:
 - CCA rates relative to Investor-Owned Utility (“IOU”) rates
 - Renewable content
- Peer review is typical.
- Sonoma CCA Feasibility Study is comprehensive and includes several other components.

Sonoma Feasibility Study

Sonoma feasibility study looked at several key components of a CCA program, but not overall economic development impacts:

- Renewable Content
- Greenhouse Gas Reductions
- Rate Structure
- Startup Costs
- Job Creation

Source: Dalessi Management Consulting et al., Report on the Feasibility of Community Choice Aggregation in Sonoma County, October 11, 2011

Sonoma Feasibility Study: Renewable Scenarios

Sonoma study included four renewable energy scenarios:

- 33% renewable by 2020 (current RPS standard), 20% local projects
- 51% renewable by 2020, 27% local projects
- 75% renewable by 2020, 40% local projects
- 85% renewable by 2020, 65% local projects

Source: Dalessi Management Consulting et al., Report on the Feasibility of Community Choice Aggregation in Sonoma County, October 11, 2011

Sonoma Feasibility Study: Results

- Significant greenhouse gas reductions: 54%-58% under scenarios 3 and 4.
- Startup Costs: \$1.7 million.
- Projected rates slightly higher than PG&E's to begin, then trended down below PG&E's rates over time.
- Over the 20-year study period, consumers would pay between 3% and 8% more than PG&E.
- Between 100 and 1,100 short-term jobs created, and between 15 and 400 long-term jobs.

Source: Dalessi Management Consulting et al., Report on the Feasibility of Community Choice Aggregation in Sonoma County, October 11, 2011

3 – EXISTING CCA PROGRAMS: RATES AND PROGRAM COMPONENTS

Existing CCA Programs Outside of California

- Illinois – 600+ CCA programs
- Ohio – 300+ CCA programs
- Rhode Island – 37 CCA programs
- Massachusetts – 6 CCA programs
- California – 2+ CCA programs
- New Jersey – 2 CCA programs

Source: <http://www.leanenergyus.org/cca-by-state/>

Existing CCA Programs in California

- Marin Clean Energy (“MCE”) launched in 2010 and provides the best information about a CCA program.
- Sonoma Clean Power (“SCP”) launched at the end of last year (2013).
- San Francisco’s program has been approved, but division over implementation has slowed progress.

Marin Clean Energy: Program Components

- Two rate schedules:
 - Light Green: 50% Renewable
 - Deep Green: 100% Renewable

- Mix of power sources:
 - Hydropower
 - Geothermal
 - Solar
 - Wind
 - Natural Gas

- Local renewable energy development fund

Source: <http://www.marincleanenergy.com>

Marin Clean Energy: Residential Rates

Residential: E-1 / RES-1	PG&E	MCE Light Green (50% Renewable)	MCE Deep Green (100% Renewable)
Generation Rate (\$/kWh)	\$0.08652	\$0.07400	\$0.08400
PG&E Delivery Rate (\$/kWh)	\$0.11908	\$0.11908	\$0.11908
PG&E PCIA/FF (\$/kWh)	n/a	\$0.01160	\$0.01160
Total Electricity Cost (\$/kWh)	\$0.20560	\$0.20468	\$0.21468
Average Monthly Bill (\$)	\$104.41	\$103.94	\$109.02

Note: The table compares electricity costs for a typical residential customer in the MCE/PG&E service area (Marin County and Richmond) with an average monthly usage of 508 kilowatt-hours (kWh). This is based on the recent 12-month billing history for all customers on E-1 / RES-1 rate schedules for PG&E's and MCE's published rates as of February 12, 2014.

Source: <https://mcecleanenergy.com/rates>

Marin Clean Energy: Small Commercial Rates

Commercial: A-1 / COM-1	PG&E	MCE Light Green (50% Renewable)	MCE Deep Green (100% Renewable)
Generation Rate (\$/kWh)	\$0.09081	\$0.07405	\$0.08405
PG&E Delivery Rate (\$/kWh)	\$0.10458	\$0.10458	\$0.10458
PG&E PCIA/FF (\$/kWh)	n/a	\$0.01027	\$0.01027
Total Electricity Cost (\$/kWh)	\$0.19538	\$0.18889	\$0.19889
Average Monthly Bill (\$)	\$ 231.03	\$ 223.36	\$ 235.18

Note: The table is based on monthly usage of 1,182 kWh. Rates are current as of February 12, 2014.

Source: <https://mcecleanenergy.com/rates>

Marin Clean Energy: Energy Efficiency

- AB 117 provides that CCA programs can become administrators of energy efficiency funding that is collected from bundled ratepayers and customers of the CCA program applying for the funding.
- Marin Clean Energy (“MCE”) launched a \$4 million energy efficiency program for 2013 and 2014 available to all customers in its jurisdiction.
- MCE created an accompanying loan program in partnership with local banks. Customers can take out a low interest loan and pay it back through their PG&E bill.

Source: Marin Energy Authority, Energy Efficiency Program for 2013-2014:
Program Implementation Plan, July 16, 2012

Marin Clean Energy: Energy Efficiency, Cont.d

- Administration of energy efficiency funding by CCA programs supplements programs by Regional Energy Networks or Investor-Owned Utilities.
- Important source of local investment and economic development.
- MCE's plan includes a workforce development component to train the local workforce in the energy efficiency trade.

Source: Marin Energy Authority, Energy Efficiency Program for 2013-2014:
Program Implementation Plan, July 16, 2012

4 – RENEWABLE PORTFOLIO STANDARD

Renewable Portfolio Standard

- CCA programs in California are subject to the Renewable Portfolio Standard, just as an IOU is subject to RPS.
- CCA program must reach 33% renewable content by 2020.
- Requirement is easily met with a CCA program that prioritizes increasing renewable energy.

5 – CCA EFFORTS IN SAN DIEGO

San Diego County CCA Status

The County's Comprehensive Renewable Energy Plan (CREP) will address the following:

- Survey of available renewable resources
- Update and overview of CCA programs
- Best management practices in other jurisdictions
- Economic analysis, including “not just construction jobs,” but also R&D jobs and the industry as a whole

San Diego Feasibility Studies

CCA Study #1: POC

- Protect Our Communities (“POC”) Foundation is funding a study on behalf of the City of San Diego at a cost of approximately \$60,000.
- Scope includes rates and renewable content.
- Primary contractor is Commonwealth Energy Consortium.
- City has submitted a data request to SDG&E. Data has or should be released any day.
- Peer review is part of the study plan.

CCA Study #2: City of San Diego

- City plans to do its own CCA feasibility study.
- Scope of the City study has not yet been determined, but the Sonoma study provides a good model.
- Recommend startup costs and job impacts be included.
- Possible funding in the FY 2015 budget for a CCA feasibility study.

Next Steps for CCA in City of San Diego

- Complete feasibility studies and conduct additional research as necessary.
- Approve CCA program with specific program components.
- Form agency and JPA if necessary.
- Enter into power purchase agreements and launch CCA program.

Questions and Comments

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