




THE CITY OF SAN DIEGO

TODD GLORIA
MAYOR

M E M O R A N D U M

DATE: April 3, 2026
TO: Honorable Council President Joe LaCava and Members of the Council
FROM: Mayor Todd Gloria 
SUBJECT: Public Power Feasibility Study — Phase 2 Report

In conjunction with the award of the gas and electric franchises to San Diego Gas & Electric in July 2021, my administration agreed with City Council to investigate the feasibility of an alternative to the provision of electric and gas services from an investor-owned utility (IOU) through establishment of some form of public energy utility. Following a competitive procurement, NewGen Strategies & Solutions LLC was awarded the technical consultant contract for this effort.

The Phase I Public Power Feasibility Study Report was presented to City Council in July 2023 and provided a high-level view of the municipalization process, including: structure and governance options for a public energy utility; process maps illustrating legal, regulatory, and financial steps to establish a Public Power entity; initial financial determinations regarding the value of the SDG&E system; and initial financial and operational options and needs for a public energy utility.

Building upon the Phase I Report, the Phase 2 Report refined the data and assumptions to further assess the financial feasibility of a public energy utility. The Phase 2 Report completes the scope of the Public Power Feasibility Study and NewGen's contract with the City. NewGen's analysis identifies some potential benefits of a public energy utility; however, the Report also identifies significant and unavoidable risks and the substantial cost and complexity of establishing one.

Before any future decisions can be made, the City's financial outlook and the regulatory environment need to be closely monitored. Of particular importance are active proceedings before the California Public Utilities Commission involving Pacific Gas & Electric and the City and County of San Francisco. These proceedings will create important precedent for any jurisdiction in California seeking to municipalize its energy utility and will have implications for the costs and feasibility of such efforts statewide. Specifically, the binding valuation methodology in that case is not what was utilized in NewGen's study. I intend to monitor those proceedings closely before drawing any further conclusions about the City's path forward.

This month, City Council will also receive the latest reports from the energy franchise compliance auditor and recommendations from the City's Franchise Compliance Review

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Committee. Alongside this continuing energy franchise compliance process and monitoring of the utility landscape, the Public Power Feasibility Study provides additional data and context to help the City manage its ongoing utility relationships and inform future decisions about the City's energy franchise agreements and alternative delivery options.

I appreciate the City Council's partnership on this effort and continued work on this critical issue to serve the best interests of San Diego constituents and ratepayers.

Attachment 1: Public Power Feasibility Study Phase 2 Report

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