



FOR IMMEDIATE RELEASE
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STATEMENT: Councilmembers Sean Elo-Rivera, Joe LaCava, and Monica Montgomery Steppe Outline Energy Independence Plan

*SAN DIEGO – San Diego’s energy future entered a new chapter this week with approval of the gas and electric franchise agreements with SDG&E. The signing of these agreements marks the beginning of new contracts, but more importantly, brings opportunities and a responsibility for us as City leaders to ensure the City is better positioned in the future. Our offices are collectively committed to climate justice, transparency, accountability, and an exploration of alternatives to investor-owned utilities through an Energy Independence Plan. **We believe there exists a path to accomplish the goals and priorities we identified in the deliberations of these agreements and are immediately beginning this work.***

Commitments secured from Mayor Gloria and SDG&E serve as critical first steps in developing an Energy Independence Plan for the City. To be effective in realizing our goals, we will work with our colleagues and the community to create such a Plan, beginning with several key components: the creation of an energy independence fund, completion of a municipal utility feasibility study, addition of accountability and transparency requirements, and an implementation plan for the Cooperative Agreement.

Energy Independence Fund

Our offices will work with the Mayor and Environment Committee to create an Energy Independence Fund, which will allocate a minimum of \$1.2 million of SDG&E's franchise bid payments over the next five years. The \$1.2 million is the difference between the amount SDG&E will pay annually to the City over the first five years of the agreements (\$10 million) and the projected franchise revenue (\$8.8 million) from the City's proposed Fiscal Year (FY) 2022 budget. These funds will create a pool of money for thoughtful, strategic investments, such as a refund payment to exit our agreement with SDG&E, that would allow for energy independence. Where the franchise agreements provide off-ramps, this funding should create opportunities for feasible alternatives that make these off-ramps viable.

Public Power Feasibility Study

Completing a public power feasibility study is the next step toward developing alternatives to investor-owned utilities and will provide an analysis of the viability of municipalization for the City of San Diego. The study will include an analysis of the costs, benefits, and process of creating an alternative to investor-owned utilities. The study will:

- Estimate the value of SDG&E assets;*
- Estimate the severance costs;*
- Forecast the rates;*
- Estimate start-up, operations, and maintenance costs; and*
- Determine preliminary business modeling and financing costs*

Additional items analyzed by the study will be identified through a community engagement process.

Review of Conflict of Interest for Compliance Review Committee Members

As part of the franchise agreements' accountability and transparency measures, a Compliance Review Committee (CRC) will be formed to review audit findings, assess compliance with agreement terms, and provide input to the Mayor and City Council. As stated in the agreements, members of the CRC will not have a conflict of interest. Upon CRC member nominations from the Mayor and City Council, the Environment Committee will publicly interview the members as an informational item and ensure there are no conflicts of interest among those nominated.

"On Tuesday, I voted in support of the Mayor's proposed Franchise Agreement and committed to the community that I would take immediate action to ensure San Diego is better positioned the next time we determine our energy future" said Councilmember Sean Elo-Rivera. "Today, I'm proud to stand with two colleagues who fought hard for the best franchise deal possible as we look toward the future and begin the process of building a path toward energy independence. While these are just the first steps, they are critical and demonstrate our mutual commitment to doing the work San Diegans deserve."

"There is no alternative to meeting our climate goals and the City must consider all available options in this process," said Councilmember Joe LaCava. "The Energy Independence Plan is the responsible first step for the long-term protection of ratepayers and for providing future city leaders the tools to address an evolving energy landscape."

"Despite the vote taken by Council this week, we have a responsibility to forge a path forward for our energy independence, and I am committed to continuing the work," said Councilmember Monica Montgomery Steppe.

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