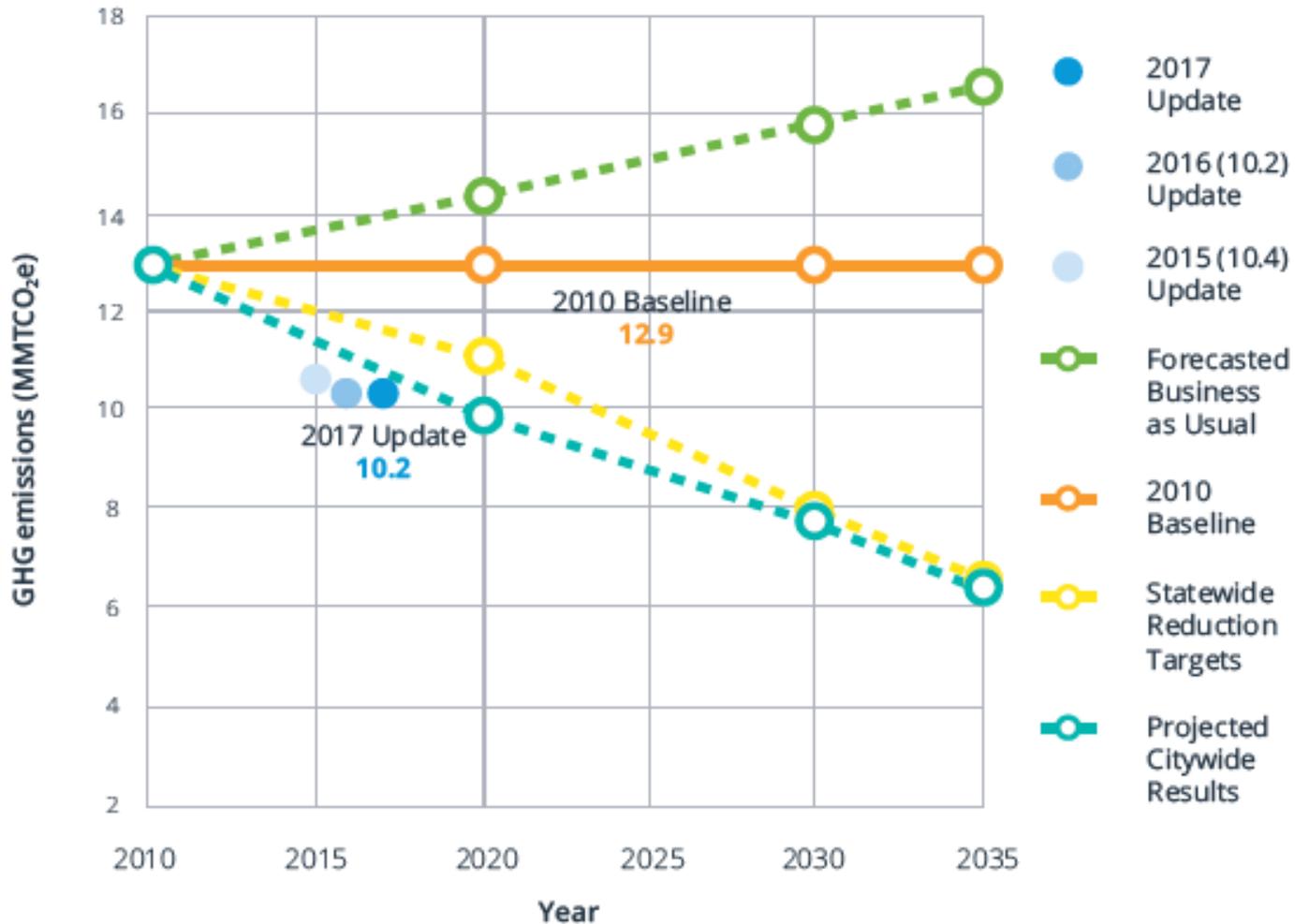


City of San Diego Community Choice Aggregation

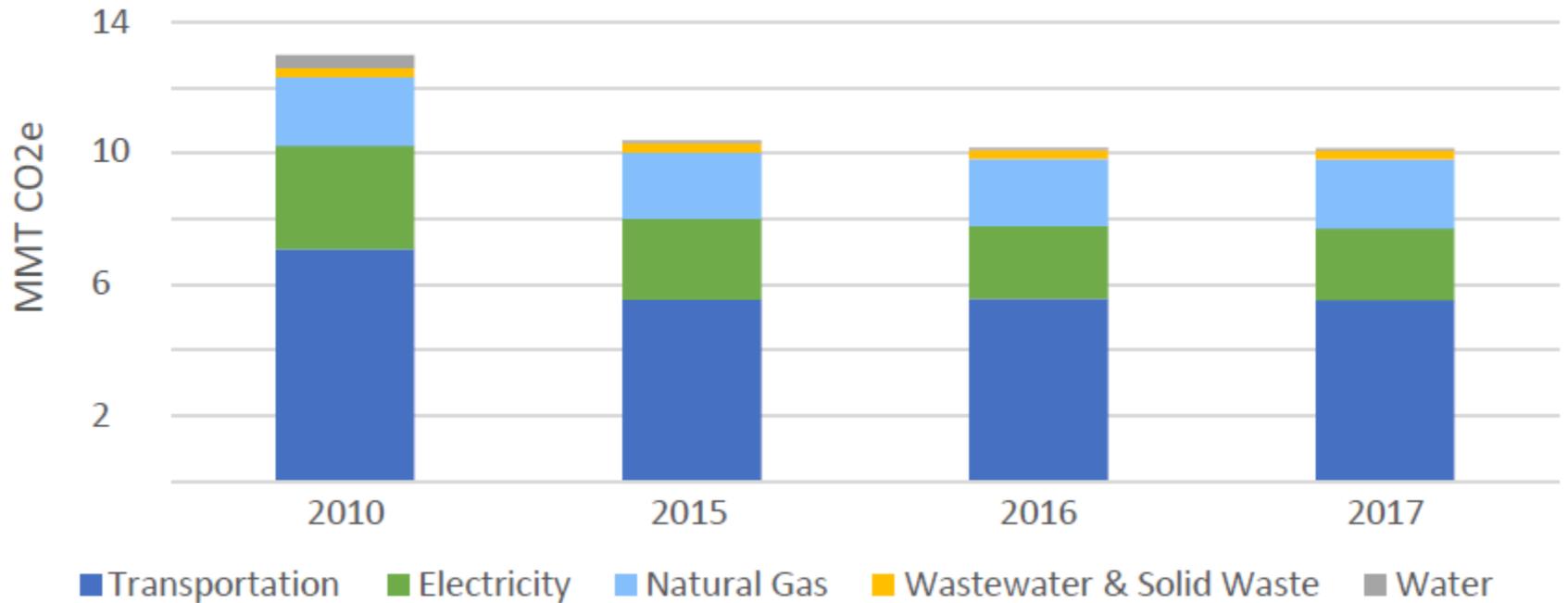
Cody Hooven
Director/Chief Sustainability Officer
Sustainability Department



Greenhouse Gas Emissions



City of San Diego Greenhouse Gas Emissions (2010-2017)



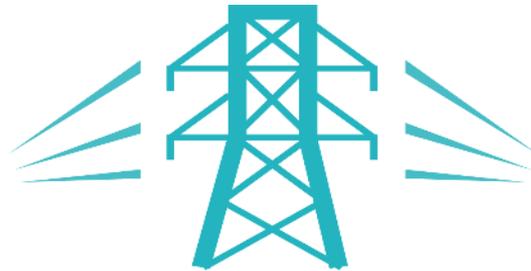
MMT CO₂e = million metric tons of carbon dioxide equivalent

Energy Source Options

Utility



ENERGY SOURCE
SDG&E



ELECTRIC DELIVERY
SDG&E Utility Service



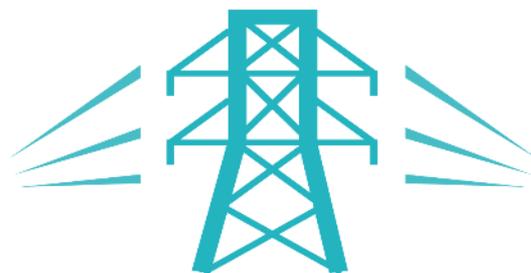
CUSTOMER

OR

CCA



ENERGY SOURCE
CCA

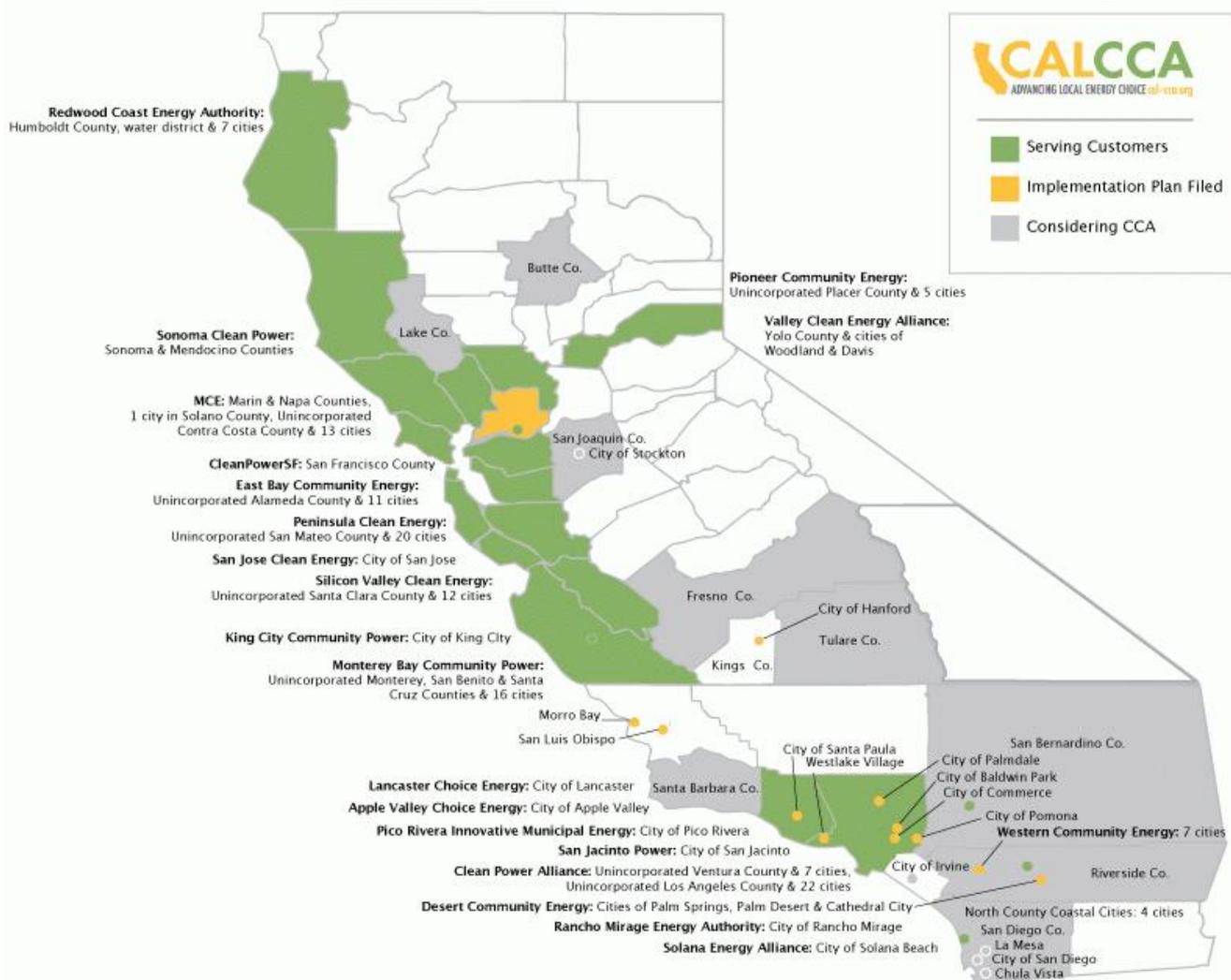


ELECTRIC DELIVERY
SDG&E Utility Service



CUSTOMER
Community Choice

California CCA Activity



CSD CCA Would be the 3rd Largest

CCA	Load (GWh)	Incumbent IOU	% of incumbent IOU's total 2018 load
Clean Power Authority (LA Co.)	~10,000	SCE	12%
East Bay Community Energy (Alameda Co.)	~7,000	PG&E	9%
City of San Diego	~6,000	SDG&E	30%
MCE (Northern CA)	5,000	PG&E	6%
San Jose	4,000	PG&E	5%

San Diego Goals

Rate Competitiveness and Financial Stability

- Competitive rates
- Financial operations consistent with an investment-grade entity

Achieve Climate Action Plan Goals

- Reduce GHG by 50% by 2035
- 100% renewable electricity by 2035

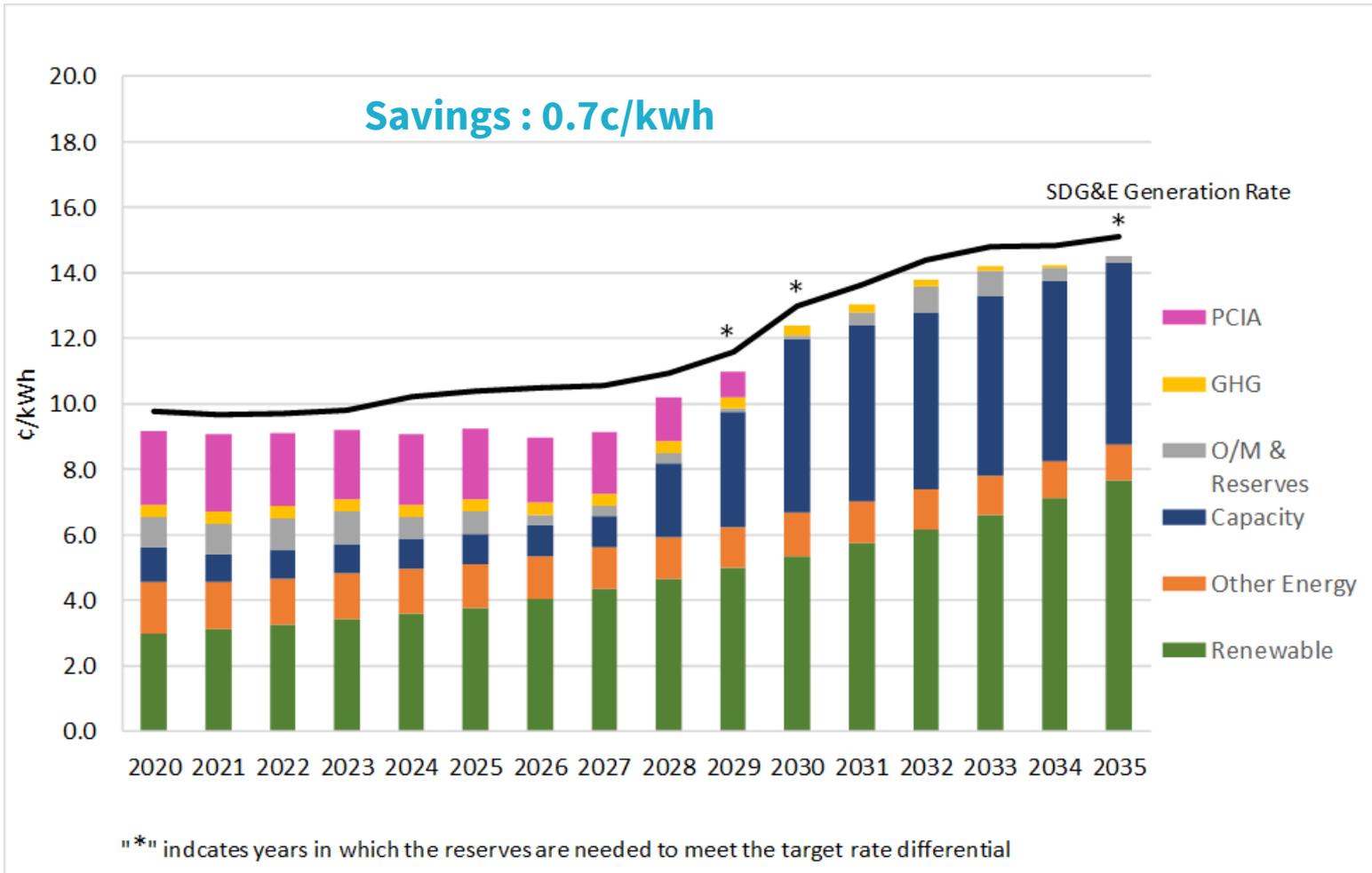
Additional benefits

- Local economic development
- Citizen participation in decision-making
- Targeted customer service/energy efficiency/EV/solar programs

Major Cost Components of a CCA

PCIA	Exit Fee paid to SDG&E so that CCA doesn't harm other SDG&E customers
GHG	Cap and Trade allowances
O&M	CCA Operating costs (includes start-up cost amortization)
Reserves	Funds set aside for financial reserves/rate stabilization
Capacity	Cost of meeting "Resource Adequacy" requirements
Other Energy	Non-RPS-eligible power (e.g., hydro or "firming")
Renewable Energy	Energy from Renewable Portfolio Standard compliant resources

Average CCA Cost And SDG&E Rates



Revenue Investment Options

From 2020 to 2035:

Total Net Income: ~\$1.75 billion

Annual Average Net Income: ~\$110 million

Net Income can be used

- To increase rate competitiveness
- To implement local energy programs
- To develop local renewables

Revenue Projections in \$ Millions

Year	CCA Revenues	Expenses (including reserve contributions)	Value of 5% Rate Discount	Discretionary Funds
2021	\$ 585	\$ 386	\$ 31	\$ 199
2022	\$ 592	\$ 401	\$ 31	\$ 191
2023	\$ 600	\$ 412	\$ 32	\$ 188
2024	\$ 625	\$ 423	\$ 33	\$ 202
2025	\$ 634	\$ 433	\$ 33	\$ 201
2026	\$ 639	\$ 447	\$ 34	\$ 193
2027	\$ 640	\$ 463	\$ 34	\$ 176
2028	\$ 658	\$ 576	\$ 35	\$ 82
2029	\$ 693	\$ 668	\$ 36	\$ 24

CCA Governance

Function	Under City-Only Model	<u>Under JPA Model</u>
Overall Guidance	<ul style="list-style-type: none"> • Mayor • City Council Rate-setting board 	<ul style="list-style-type: none"> • JPA Board, made up of representatives of member communities • Voting structures vary
Strategic Direction	<ul style="list-style-type: none"> • CCA Management 	<ul style="list-style-type: none"> • CCA Management
Execution of Strategic Direction and Plan	<ul style="list-style-type: none"> • CCA Director and Staff • City Business Services and Communications Support 	<ul style="list-style-type: none"> • CCA Director and Staff • CCA hired communications staff or contractors
Controls	<ul style="list-style-type: none"> • CCA Management, answering to city council 	<ul style="list-style-type: none"> • CCA Management, answering to JPA Board

Summary of CCA Risks

Risk	Magnitude	Mitigation
Financial Risk to City	Medium-low	Minimize city exposure
Procurement-Related Risks (i.e., can't meet rate or GHG targets)	Medium-low	Enter into balanced portfolio of power contracts
Legislative and Regulatory Risks	High	Monitor and advocate at legislature and CPUC
PCIA Uncertainty	High	Establish rate-stabilization fund to account for volatile PCIA
PCIA Policy Uncertainty	Medium	Monitor and advocate at legislature and CPUC
Availability/price of low-carbon resources	Medium	Enter into balanced portfolio of power contracts

Financing

Task	Cost Estimate for FY20	Funding Source
Hire consultants to provide regulatory, legal support including CPUC PCIA Phase 2	\$200,000	City budget – Energy Fund
Start-up of CCA (hiring, contracting, equipment & lease, marketing & communications, etc.)	\$5 to 10 million	JPA loan
Working Capital at full launch	\$30M-\$120M	JPA loan

Implementation Timeline (Calendar Year)

2019

Q2

- Continue meetings with potential founding members of a JPA
- Continue engagement in regulatory proceedings
- City Council approves budget

Q3

- City Council acts to officially form the new JPA

Q4

- CCA is now stand-alone organization

2020

- Hire staff
- Solicit for services needed
- Procure energy
- Develop and implement customer engagement program

2021

- CCA begins service to customers (phased in by customer class)

www.sandiego.gov/sustainability

Cody Hooven
Director/Chief Sustainability Officer
Sustainability Department

