

Memorandum

Date: May 8, 2014

To: Chairman and Members, City of San Diego Sustainable Energy Advisory Board
From: CCA Working Group (Emily Wier, Charles Buck, Douglas Kot, Jay Powell)

Subject: Priority Guiding Principles for City of San Diego CCA Feasibility Study

Background. At the April 8, 2014 meeting of the SEA Board, the CCA Working Group was asked to draft a set of priority principles to guide the City CCA Feasibility Study for SEA Board consideration, adoption and transmission to the Mayor and City Council.

The current feasibility study funded through donation by a third-party nonprofit is being conducted by Commonwealth Energy Consortium through a direct contract to the City of San Diego. Study sponsors note that it is a core function of the current study to demonstrate cost-benefit relative to business as usual (BAU). It is also a core function of this study to demonstrate why a City of San Diego CCA will be superior to BAU for energy mix, ancillary benefits and workforce development. As an example, sponsors assert that available studies show substantially more equivalent job creation with local solar compared to remote, utility-scale solar generation.

A subsequent CCA study, if authorized by the City Council would serve to validate or revise the conclusions in the Commonwealth Energy Consortium CCA tech study which is anticipated to be available for review later this summer.

Recommendations.

The following five principles constitute our recommendations for principles to guide additional studies and implementation of a City of San Diego CCA and we request that this memorandum be posted on the SEA Board website and incorporated in back up information to the full Board, staff and available to other stakeholders and interested public prior to the May 13 SEA Board meeting.

1. **The CCA feasibility study should be modeled as an opt-out program.** In order to optimize the purchasing power of the CCA program, it is important that it remains an opt-out system. Presently, AB 2145 is being proposed to among other things, make it an "opt-in" system. An opt-in CCA is against the intent of the original establishing legislation.

2. **The CCA feasibility study should include a list of associated community investment and policy priorities.** SEA Board recommends that the feasibility study include additional criteria, including:

- a) use of local labor with an emphasis on investment in under-resourced communities
- b) consideration for livable wage and benefits and training and certification requirements
- c) evaluation of any impacts on current job market, and establishment of a jobs transition program for anyone negatively impacted by CCA establishment
- d) commitment to local businesses and supplier contracting policy
- e) achievement of greenhouse gas emissions reductions targets

There should be priority points assigned in evaluative criteria for power purchasing and investment that benefit these factors.

3. The CCA feasibility study should follow the state loading order through local implementation. The CCA program should encourage local energy efficiency programs and distributed generation renewable energy sources. The CCA program shall promote and enhance consumers' ability to meet their own energy needs through investment in building- and site-based renewable energy and energy storage on homes, businesses and integrated into the utility distribution system.

4. The CCA feasibility study should set targets to achieve 100 percent local renewables by 2035. The CCA program shall develop a strategy to make San Diego a net energy producer. The ideal is that roof top and parking lot solar and compatible storage are heavily promoted to push electric energy up out of the neighborhoods into the rest of the local grid, storage and eventually out of the City. Local energy use and generation goals will be set and data will be monitored by official community planning area and customer class to measure progress in achievement of goals and to ensure incentives and resources are provided equitably to all communities throughout the city.

5. The San Diego CCA feasibility study shall define a business and implementation plan with enforceable targets. Similar to Sonoma Clean Power, provide a plan to phase in geographic areas, customers use groups and locally generated renewable energy resources to achieve the goal of producing all CCA energy from renewables generated within and on developed land or land designated for urban development within the City of San Diego CCA boundary.

Similarly, have in place a business plan and clear enforceable targets to achieve local hire and contract business goals in five year benchmarks. (ie, 2020, 2025, 2030, 2035 and onward).

Progress in achieving these goals should be reported to the Mayor and City Council through an annual report from staff and review and recommendations from the City SEA Board.

The SEA Board has been asked by City Council Environment Committee (formerly Natural Resources and Culture) for "stakeholder input and community feedback at an upcoming meeting". SEA Board will post information about CCA program discussions and studies on its website and conduct outreach to educate and engage various communities and constituencies regarding the benefits of a CCA program and could be employed as a community sounding board to ensure accountability in implementing the CCA business plan.

Other Time Sensitive Recommendation:

It is the recommendation of SEA Board that the Mayor and City Council endorse a resolution in opposition to Assembly Bill 2145 (Bradford) which seeks to change the fundamental enrollment option from an "opt out" to an "opt in" system. As noted in recommendation #1 in this memo, such a change would significantly adversely impact the purchasing power of a City CCA. In addition, this legislation would interfere with the ability of the City of San Diego as a local government entity to provide an alternative energy choice program that is essential to achieving state mandated greenhouse gas reductions.