

From: Rosia, Ashley
To: [Rosia, Ashley](mailto:Rosia.Ashley)
Subject: RE: Sempra Services CCA Position
Date: Friday, September 15, 2017 12:07:15 PM

From: infosemprservices [<mailto:info@sempraservices.com>]
Sent: Friday, September 08, 2017 1:15 PM
To: Caldwell, Erik <ECaldwell@sandiego.gov>; Straw, Jack <JTStraw@sandiego.gov>
Cc: Hansen, Mike <MHansen@sandiego.gov>
Subject: Sempra Services CCA Position

Hi Erik and Jack:

I am writing because the points you made at Thursday's Chamber of Commerce committee meeting indicated to me that the Mayor's office may ask City Council to vote on Community Choice Aggregation (CCA) absent of critical information it needs to determine costs and benefits for taxpayers.

You indicated the Mayor's office might not wait, for example, for the CPUC to determine the exit fee. This is especially troubling when you consider the city's draft CCA report concludes that the City and its taxpayers could face a \$2.8 billion downside risk if the program is implemented and the exit fee increases by a mere 10% per year.

A 10% annual increase in the exit fee, or PCIA, is described in the draft Feasibility Study as a "worst case" scenario. In order to put this "worst case" scenario in perspective, I would note that the PCIA for PG&E has increased in every year since 2013, and in only one year has that increase been as low as 10%. The overall increase in PG&E's PCIA since 2013 has been over 400%. This experience tends to indicate that what has been described in the draft CCA Feasibility Study as a "worst case" scenario may be more accurately described as a best-case scenario.

Doesn't it make sense to wait for the CPUC to weigh in, which it is expected to early next year, so the risks to taxpayers are fully understood?

Further, when asked whether the CCA feasibility achieves the City's aspirational goal of 100% renewable energy by 2035 and achieves the GHG emission reduction targets, you indicated that it did. Sempra Services has evaluated the study and fails to understand how this is possible.

Please help us understand how the 50%, 80% or the far more expensive 100% City sponsored CCA program scenario could achieve these goals. Obviously, a default alternative below 100% renewables could not result in 100% of the city's electricity demand being served exclusively with renewable energy, and it would not be reasonable to expect 100% of the city's electricity consumers to take service under a more expensive default option when they could save money by opting out and taking service at a lower rate from SDG&E.

Of course, if the latest version of SB100 is adopted, all of the city's electricity demand would be served with zero carbon resources without regard to whether CCA is implemented, and taxpayers

would not face any additional downside financial risk. I would think this would also be an important consideration for staff.

The city's draft CCA report also details the amount of GHG reductions achieved through its procurement program, yet the report clearly contemplates purchasing renewable energy from existing resources that are already reducing emissions, whether or not CCA is implemented. Is it the City's intention to impose enormous downside financial risk on taxpayers merely to claim credit for GHG emission reductions that are already occurring? We were of the impression that it is our mutual goal to achieve real and additional emission reductions and achieve actual environmental benefits.

Sempra Services remains supportive of the City's Climate Action Plan goals, but we believe they should be pursued by implementing measures that are designed to achieve meaningful and actual environmental benefits. Climate Change is an issue that should be addressed through real and additional emission reductions, not by merely shuffling contracts and paper credits to create the appearance of action without environmental benefits.

Thursday morning, Sempra Services released the statement attached which details our position on CCA. As clearly detailed, Sempra Services **can support** the City establishing a CCA provided the following issues are addressed: an equitable cost recovery is determined and included in your assessment to avoid large customer cost shifts, a clear benefit to the environment is achieved, and GHG emission reduction goals outlined in the City's Climate Action Plan are achieved with new renewable energy projects.

Our concerns were elevated following the Chamber's committee hearing primarily because you indicated the Mayor's office plans to take the CCA proposal forward to City Council even though the exit fee cost to the City and taxpayers remains unresolved. I urge you to reconsider, to gather all of the information that is needed for City Council to make an informed decision about whether the City of San Diego should enter the energy business.

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We look forward to your responses and our ongoing dialogue to achieve our mutual goals while protecting the interests of our customers.

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Sempra Services supports CCA under the right conditions

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Sempra Services Corporation

[Read Sempra Services' Position on CCA](#)

Dear Friend,

Many municipalities throughout San Diego County are in various stages of developing Climate Action Plans to ensure a cleaner and more sustainable future. One strategy under consideration for reducing emissions is a government-controlled energy procurement model known as Community Choice Aggregation, or CCA. As the public discussion continues to unfold on the best and most cost-effective means of achieving our region's climate goals, we feel it is important to share with you Sempra Services' position on CCA.

Sempra Services supports CCA under the right conditions. We believe that any proposed CCA must accomplish the following three objectives to be considered for implementation:

1. It must be equitable for all the region's electric customers
2. It must provide real and additional environmental benefits
3. It must reduce greenhouse gas (GHG) emissions.

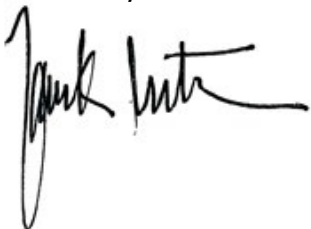
As you may be aware, Sempra Services was created to begin a dialogue on how we can best reduce emissions, help inform all community stakeholders of the realities and opportunities for reducing GHG emissions, and ensure that electricity customers in the region have access to clean, affordable power.

Please click on the button above or below this email to read Sempra Services' detailed position statement on CCA, including our analysis of recently proposed CCA models and the evolving legislative and regulatory landscape.

A number of critical issues and questions need to be addressed before we believe a CCA is a responsible and effective option for meeting our region's climate goals. We are committed to keeping San Diego a leader in renewable energy and working together with all industries - transportation, electricity and agriculture - to deliver measurable reductions in emissions that protect our environment.

We all have a role to play in increasing local renewable energy and reducing GHG emissions. We look forward to engaging in a robust dialogue about how we can achieve a cleaner future together. If you have any questions, please don't hesitate to contact me or visit our website at www.SempraServices.com.

Sincerely,



Francisco J. Urtasun
Regional Vice President of External Affairs

[Read Sempra Services' Position on CCA](#)

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