



249 S. Highway 101, P. O. Box 564, Solana Beach, CA 92075 sandiegoenergydistrict.org

## **Moving Toward a San Diego Community Choice Energy Program: Comments of the San Diego Energy District**

Good Morning, Chairman Brown and SEAB members.

My name is Erika Morgan and I serve as Executive Director of the San Diego Energy District. SDED was formed in 2011 to "...*accelerate the transition to a clean energy economy through 100% renewable, locally-generated electricity...*" and for the past 6 years, that mission has been our most central focus.

SDED is a member of the San Diego Community Choice Alliance, and as such we support the Alliance's principles for a fair and workable Community Choice program in San Diego. We are also on the Steering Committee of the California Alliance for Community Energy.<sup>1</sup> Through this statewide network of Community Choice advocates and practitioners, we follow closely the evolution of Community Choice programs, including their growing sophistication in responding to the risks and challenges of implementation. I'd like to make four quick points.

**First**, we support the SEAB Recommendation urging the City to move ahead with a Business Implementation Plan for a Community Choice energy program. This Plan should examine HOW to launch the program efficiently and effectively.

- We also agree with the comment that this Plan should verify assumptions made in the Feasibility Study, particularly in the critical areas of local renewable energy development, associated job growth and health benefits. I refer SEAB to the Study done by the Center for Climate Protection for the City of San Jose, from which I quote:

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<sup>1</sup> [www.cacommunityenergy.org](http://www.cacommunityenergy.org)



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*"The scenario with the highest level of local solar development yields the greatest number of jobs, 12,000 for the San Jose region over 6 years, and an associated \$1.25 B of incremental economic activity over that same period".<sup>2</sup>*

**Second**, this Plan should explicitly apply the emerging "best practices" for Community Choice programs. Papers detailing these practices are at both the Cal-CCA and the CA Alliance for Community Energy website. Two management practices deserve specific call-out, as they could significantly reduce the costs and risks described in the San Diego Feasibility Study.

- 1) **"At Risk Contracting"** – The City of Solana Beach has demonstrated how this approach works. They completed Phases I and II of their implementation process, with contracted expertise, completed their Business Plan and a draft of their Implementation Plan and passed their Formation Resolution without spending *any* appreciable capital. They accomplished this by requiring as a term of their contract that the consultants work "at risk" until the CCA has launched, then receive payment from CCA income. This approach could reduce significantly the start-up capital, associated borrowing and interest expense described in the San Diego Feasibility Study.
- 2) **"Energy Portfolio Management Services"**<sup>3</sup> – New CCAs are under pressure to start efficiently – as such, several have moved away from issuing separate RFPs for separate functions (load forecasting, energy procurement, contracts management, scheduling, data management, etc.). New CCAs like Redwood Coast Energy Authority and the new Valley Clean Energy Alliance (serving Davis and Yolo County) have utilized teams and/or entities that offer a comprehensive and integrated suite of energy- and risk management services. Such sophisticated portfolio management services have

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<sup>2</sup> pg. 3, Executive Summary. "Community Choice Energy: What is the Local Economic Impact?" Prepared for the City of San Jose by Center for Climate Protection September 2016. Available at <https://www.sanjoseca.gov/index.aspx?NID=5119>, as "Local Economic Impact Report".

<sup>3</sup> For more information on this model, please see the white paper at <http://cacommunityenergy.org/our-position-on-utility-grade-energy-services/>



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been utilized for years by municipal utilities. Increasingly, these “energy portfolio manager services” are proving beneficial to Community Choice programs, enabling them –for example – to source from multiple suppliers of various types, including distributed resources, more quickly than past experience.

**Third** – SDED adds its voice to those of SEAB and others, urging the City to join and participate actively in Cal-CCA. Cal-CCA represents the best collection of hands-on experience with the issues inherent in Community Choice implementation. Membership provides an opportunity to both learn from the State's most thoughtful and experienced CCA leaders and to follow closely several foundational proceedings.

Chief among these is the PCIA proceeding. SDED and other Community Choice voices agree that we're ready to “pay our fair share” of the legitimately-incurred costs. Yet any resolution of these cost allocation battles must be fair to *both* sides – IOU customers *and* CCAs customers. The objective of Cal-CCA participation is to ensure – from close-in to the details of this debate, and surrounded by people who understand it better than any of us – that the City of San Diego understands and agrees that the mechanisms and allocations represented in the CPUC's draft Order, expected summer 2018, ARE in fact fair to all involved.

**Fourth** – The Business Plan should take another lesson from Solana Beach. Throughout their Phase I planning efforts, the City conducted public outreach and communications efforts. In these events and venues, they also got feedback from their residents. They asked just three questions, one of which was simply “Are you interested in having a CCA program in



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Solana Beach?" 83% of respondents said Yes. Other questions asked Why, and whether folks wanted more information and updates. 93% of respondents wanted those updates.<sup>4</sup>

SDED recommends that the Business Implementation Plan build in similar planks of public education and feedback. We believe that San Diego will see very similar percentages of support for the program and interest in following its implementation.

One final point - a well-done Business Implementation Plan could also cover a good deal of the territory required in the CPUC's mandated Implementation Plan. If done right, an outcome of this next planning step would be a draft Implementation Plan. In that way, the City would be essentially killing two birds with one stone, another wise use of funds.

In closing, we applaud SEAB's position and recommendations, to urge the City to take the next step by completing a thorough Business Implementation Plan. We look forward to a Plan that demonstrates HOW the San Diego CCA can be implemented to realize the benefits that residents, businesses and all San Diego ratepayers want to see. We pledge our support and assistance to this effort. Thank you.

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<sup>4</sup> Please see the City of Solana Beach's October 17, 2017 "CCA Development and Implementation Update", available at <http://www.ci.solana-beach.ca.us/cca>.