June 18, 2018

Councilmember David Alvarez Chair, Committee on the Environment

Councilmember Scott Sherman, Vice Chair, Committee on the Environment

Councilmember Chris Cate, member, Committee on the Environment

Councilmember Georgette Gomez, member, Committee on the Environment

Re: June 2018 Semiannual Report, Sustainable Energy Advisory Board

The Sustainable Energy Advisory Board (SEAB) was established by the San Diego City Council to serve as an advisory board to the Mayor, City Council and City Manager on energy policy and future energy needs for the metropolitan San Diego area and to assist the City’s attainment of its energy independence and renewable energy goals. The duties and functions of SEAB are described in section 26.04 of the San Diego Municipal Code. SEAB has adopted General Operating Procedures and adopts an annual work plan to guide its work. The Work Plan for 2018 is attached.

SEAB is required to report its progress to the City Council Committee on the Environment every six months. The purpose of this memorandum is to provide that report.

San Diego Climate Action Plan: Pathways to Achieve 100% Renewable Energy by 2035

The City of San Diego adopted its Climate Action Plan in December of 2015. It includes a goal of achieving 100% renewable energy on the city-wide electrical grid by 2035. Action 2.1 is to present to the City Council for consideration a Community Choice Aggregate (CCA) or another program that increases the renewable energy supply on the electrical grid.

For the last year, SEAB’s focus has been almost exclusively on assisting the City evaluate strategies for achieving the goal of 100% renewable energy on the city-wide electrical grid by 2035. This has included reviewing both the CCA Feasibility study and the alternate approach offered by SDG&E. SEAB’s comment letter on the CCA Feasibility Study was submitted to the Mayor and City Council in late November 2017. SEAB’s comment letter on the alternative approach suggested by SDG&E was submitted to the Mayor and City Council on May 15, 2018.

SEAB provided Guiding Principles and Minimum Performance Criteria for the Feasibility Study for Community Choice Aggregate proposal based on working group recommendations and public stakeholder input and testimony.[[1]](#footnote-1)

The City engaged Willdan Financial Services to prepare a feasibility study for a community choice aggregate. SEAB received a copy of the feasibility study in July of 2017 and spent the balance of that year discussing and analyzing it. SEAB’s recommendation on the CCA feasibility study was submitted to the Mayor and City Council in late November 2017.

The City also engaged MRW to provide an expert, third party review of both the CCA Feasibility Study and the SDG&E Renewable Energy Program Proposal. SEAB reviewed both documents prepared by MRW in March and discussed them at the April meeting.

Both MRW and SEAB identified certain issues with the CCA Feasibility Study which require further study. It is our understanding that all will be addressed in the CCA Business Plan that is currently being prepared.

SDG&E submitted a response to a specific RFP issued by the City as a possible alternative for achieving the CAP 100% Renewable Energy goal. Jennifer Sommers of SDG&E made a presentation to SEAB at the February meeting on energy procurement. Her presentation is available on the SEAB website. SEAB received a copy of SDG&E’s 100% Renewable Energy Program Proposal in March 2018 (for review in advance of a presentation by SDG&E at the March meeting). SEAB submitted questions in advance. Emily Shults, SDG&E VP of Energy Supply presented SDG&E’s proposal to SEAB at the March meeting. She responded to questions from SEAB at the time. SDG&E also provided written responses to questions.

In March, SEAB appointed a working group composed of four of its members (Doug Kot, Jay Powell, Eddie Price, and Eric Scheidlinger) to review the proposal, the Peer Review Study and responses to questions and draft a recommendation on SDG&E’s proposal. The working group’s draft memorandum was discussed at the May meeting of the full SEAB and approved as amended (6-1-0 vote). SEAB’s comment letter was submitted to the Mayor and City Council on May 15, 2018.

Our expectation is that the CCA business plan will be available for review in late third quarter or fourth quarter 2018.

Request for Action by the City Council

1. Municipal Code Provision Recommendations

Portions of the Municipal Code should be updated. SEAB adopted recommendations for updates in 2015 and forwarded a marked-up copy of the relevant section of the San Diego Municipal Code to the Mayor and City Council Environment Committee in 2015 and again by letter dated May 15, 2017. SEAB respectfully requests that these recommendations be considered by the City Council and that section 26.04 of the Municipal Code governing SEAB should be updated.

1. SEAB Membership

San Diego Municipal Code defines SEAB membership as follows:

1. San Diego Regional Energy Office
2. San Diego Gas & Electric
3. Environmental Advocate
4. Labor Organization
5. Solar Power System Manufacturer or Installer
6. Building Industry
7. Chamber of Commerce/Business Community
8. Two regular at-large members
9. Two at-large alternate members

The recommendations we have provided update the first seat to indicate the practice of designating that seat from the Center for Sustainable Energy. In addition, recommendations are provided to clarify the terms and duties of members.

The position for a Solar Power System Manufacturer or Installer is vacant and has been vacant for over a year. We respectfully request that the position should be filled and would be glad to assist, if desirable, in identifying qualified candidates.

It is our understanding that the City Council can make appointments to these seats if the Mayor does not appoint within 45 days of the expiration of those terms.

Goals for the Next Period

Our expectation is that we will continue to review SDG&E’s proposal if the company provides additional information. Furthermore, we anticipate that the CCA business plan will become available in the fall. We will support city staff as they work toward a recommendation to the City Council later in the year. In addition, we plan to review the Energy Efficiency Benchmarking Ordinance and Municipal Energy Strategy being prepared by Staff for City Council review. In 2017, we provided recommendations on these measure to city staff. We also plan to review programs for low income individuals and families as well as impacts on Communities of Concern. Finally, we would like to review the Water-Energy Nexus and Pure Water Program.

Please contact me if you would like additional information or a presentation to the Committee. We welcome any comments, recommendations or requests for review on any energy related issues.

Respectfully submitted,

Julia R. Brown, Chair

Sustainable Energy Advisory Board

Cc Mayor Kevin Faulconer

1. Neither these guiding principles nor any other SEAB recommendations on the subject of Community Choice Aggregation reflect the input or recommendations of SDG&E, which has refrained from participating in discussions on this subject in compliance with the Community Choice Code of Conduct that has been adopted by the California Public Utilities Commission. [↑](#footnote-ref-1)