

OAKLEY



CALIFORNIA

Agenda Date: 06/28/2016

Agenda Item: 3.10

STAFF REPORT

Date: June 28, 2016
To: Bryan Montgomery, City Manager
From: Joshua McMurray, Planning Manager

Approved and Forwarded to City Council:

Bryan Montgomery, City Manager

SUBJECT: Authorize the City Manager to sign the Memorandum of Understanding with Contra Costa County and participating and non-participating cities regarding a technical study to evaluate alternatives for potentially implementing Community Choice Energy within the jurisdictions included in the study

Background and Summary

The City Council has been discussing the topic of Community Choice Energy since late 2015 and decided at the February 23, 2016 City Council Meeting to not move forward with joining Marin Clean Energy and instead track the topic as it progresses through the County and bring back more information in early 2017. On March 15, 2016, the Contra Costa County Board of Supervisors (Board) directed County staff to work with interested cities within Contra Costa County to conduct a technical study of Community Choice Energy. The Board directed County staff to request that each participating city contribute financially towards the cost of the technical study in an amount proportional to the size of that city's population. Because of the City Council action back in February, the City of Oakley has not committed any funds to the County for the technical Study.

The technical study will analyze electrical load data that the County has requested from PG&E for the unincorporated area and the 14 cities in Contra Costa County that are not currently participating in a CCE program. Currently there are 5 cities in Contra Costa County that are members of MCE Clean Energy. In February 2016 there were only 3 cities, with Lafayette and Walnut Creek joining MCE shortly thereafter.

The study will provide participating jurisdictions information concerning the projected electricity rates that might be charged by a CCE program and the revenues that such a program might generate, the ability of a CCE program to lower greenhouse gas emissions generated from energy use within the County, and the extent to which a CCE program could stimulate economic activity in the County through implementation of local renewable energy generation projects. Similar technical studies have been performed recently in other Bay Area counties that are in the process of implementing Community Choice Energy programs, such as Alameda County, San Mateo County and Santa Clara County.

The technical study will compare 3 different CCE program models that could be implemented by participating jurisdictions in Contra Costa County. These are: forming a new joint powers authority (JPA) of interested jurisdictions within Contra Costa County, forming a similar JPA in partnership with jurisdictions in Alameda County, and joining the CCE program initiated in Marin County known as MCE Clean Energy.

The attached Memorandum of Understanding (MOU) describes the roles and responsibilities of the County and cities regarding the technical study. Presently, 8 of the 14 cities within Contra Costa County that are not already members of a CCE program have decided to contribute financially towards the technical study, and 6 cities have not decided to contribute financially (Oakley being one of those). Cities that have decided to contribute financially towards the cost of the study are designated in the MOU as "Funding Cities," and cities that are not contributing financially are designated and "Non-Funding Cities." The MOU provides Non-Funding cities an opportunity to become Funding Cities by providing a notice to that effect to the other parties by September 1, 2016.

The County has recently issued a Request for Proposals (RFP) to select a consultant to perform the technical study. The County and several of the Funding Cities will screen the proposals submitted in response to the RFP, and the County will enter into a contract with the selected consultant. Upon completion of the technical study, the Funding Cities will each reimburse the County for their proportionate share of cost based on their population size, up to a maximum amount established in the MOU.

The County will provide the Funding Cities with a draft of the technical study report once it is prepared by the selected consultant. The Funding Cities will have an opportunity to comment on the draft study. The Final Report will be provided to the Funding Cities, and the County and its consultants will assist in presenting the Final Report to City Councils. The Final Report will assist all of the jurisdictions covered in the study to decide whether to participate in the implementation of a CCE program.

Fiscal Impact

There is no Fiscal Impact to signing the Memorandum of Understanding.

Recommendation

Staff recommends the City Council authorize the City Manager to sign the Memorandum of Understanding with Contra Costa County and participating and non-participating cities regarding a technical study to evaluate alternatives for potentially implementing Community Choice Energy within the jurisdictions included in the study.

Attachments

1. Draft Memorandum of Understanding
2. Contra Costa County Board Order

**MEMORANDUM OF UNDERSTANDING REGARDING
TECHNICAL STUDY OF ELECTRICAL LOAD DATA FOR
COMMUNITY CHOICE ENERGY**

This "Memorandum of Understanding Regarding Technical Study of Electrical Load Data for Community Choice Energy" ("MOU") is entered as of _____, 2016 ("Effective Date"), by and among Contra Costa County, a political subdivision of the State of California ("County"), the Cities of Brentwood, Clayton, Concord, Martinez, Pittsburg, and Pleasant Hill, and the Towns of Danville and Moraga (collectively the "Funding Cities" and each a "Funding City"), and the Cities of Antioch, Hercules, Oakley, Orinda, Pinole, and San Ramon (collectively the "Non-Funding Cities" and each a "Non-Funding City"). The County, the Funding Cities, and the Non-Funding Cities are referred to herein together as the "Parties," and each is sometimes referred to herein as a "Party."

Recitals

- A. The Parties desire to cooperate to study options for participating in Community Choice Energy ("CCE"), pursuant California Public Utilities Code sections 331, 366, and 366.2, and other applicable laws and regulations.
- B. To study options for participating in CCE, the Parties will need to obtain, from Pacific Gas and Electric Company ("PG&E"), electrical load data for all of the Parties' jurisdictions. The electrical load data for the Parties' jurisdictions is collectively referred to herein as the "Load Data." The Load Data is confidential and not subject to public disclosure pursuant to Public Utilities Code section 8380. Each Funding City and each Non-Funding City has authorized PG&E to release to the County the Load Data for electricity use within that city's jurisdiction. PG&E will require the County to enter into a non-disclosure agreement ("NDA") before PG&E will release the Load Data to the County.
- C. The Load Data must be analyzed to determine the electricity needs within the Parties' jurisdictions, and to evaluate options for participating in CCE. The analysis of the Load Data will require the services of a technical consultant.
- D. The Parties enter into this MOU to identify their roles and responsibilities with respect to studying options for participating in CCE, and to establish a procedure for a Non-Funding City to become a Funding City under this MOU.

Agreement

NOW, THEREFORE, the Parties agree as follows:

1. **County's Responsibilities.**
 - A. Load Data. The County will enter into a NDA with PG&E and will obtain the Load Data from PG&E. The County will maintain and dispose of the Load Data

in accordance with the provisions of the NDA and all applicable laws and regulations.

B. Selection of a Technical Consultant.

1. After the County requests the Load Data from PG&E, the County will prepare and publish a request for proposals (“RFP”) to solicit proposals from qualified technical consultants for the analysis of the Load Data and for the preparation of a technical report. The County will solicit comments on the RFP from the Funding Cities before the County publishes the RFP.
2. An evaluation committee will evaluate responses to the RFP, and will be responsible for either (i) recommending a technical consultant that, in the committee’s opinion, is most qualified to analyze the Load Data, or (ii) recommending that no technical consultant be retained from among the technical consultants that respond to the RFP. The evaluation committee will be comprised of five representatives of the Parties – two representatives from the County, and one representative from each of the Cities of Brentwood and Pittsburg, and the Town of Danville. The County, as the Party responsible for retaining a technical consultant, shall have sole discretion to determine whether to follow the evaluation committee’s recommendation, and to determine whether to enter into a contract with a technical consultant.
3. If the County selects a technical consultant (the “Consultant”) to analyze the Load Data, the County will negotiate and, if negotiations are successful and any required Board of Supervisors approval is obtained, enter into a contract with the Consultant, to require the Consultant to do all of the following: (a) analyze the Load Data to determine the electricity needs within the Parties’ jurisdictions, (b) evaluate the Parties’ options for participating in CCE, (c) prepare a draft technical report documenting the Consultant’s analysis and findings (“Draft Report”), and (d) prepare a final technical report documenting the Consultant’s analysis and findings (“Final Report”), all of which are collectively referred to herein as the “Consultant Services.”

C. Technical Report.

1. After the Consultant prepares the Draft Report, the County will provide each Funding City a copy of that report. The County will provide each Funding City 30 days to comment on the Draft Report, as described in Section 2.A., below, before the County directs the Consultant to prepare the Final Report. The County will review and discuss with the Consultant all comments the County receives from the Funding Cities within that 30-

day period. The County will cooperate with the Funding Cities to resolve any conflicting or inconsistent comments.

2. Within 10 days after the Consultant provides the County the Final Report, the County will provide each Funding City a copy of the Final Report so that the Parties may present the Final Report to their governing bodies in a timely manner. Within 60 days after the Consultant provides the County the Final Report, the County will provide each Funding City: (a) documentation showing the Consultant's total charges to the County for the performance of all Consultant Services, including any reimbursable expenses (the "Total Consultant Charges"), and (b) a request for reimbursement of the Funding City's share of Total Consultant Charges, calculated in accordance with Section 2.C., below.

2. **Funding Cities' Responsibilities.**

A. Comments on the RFP and Draft Report. Within 30 days after the County provides a Funding City a copy of the Draft Report, the Funding City will provide the County with that city's written comments related to the Draft Report, if any. The Funding Cities will cooperate with the County to resolve any conflicting or inconsistent comments.

B. Presentations. The Funding Cities will coordinate with the County to schedule any presentations concerning the Final Report before the cities' governing and advisory bodies.

C. Reimbursement of County.

1. Calculation of Reimbursement. Except as otherwise specified in Section 2.C.2., below, within 30 days after receipt of a request for reimbursement from the County pursuant to Section 1.C.2., above, each Funding City shall pay the County that city's proportional share of the Total Consultant Charges, calculated as follows:

$$[(\text{Total Consultant Charges}) \times [(\text{Funding City's Population}) \div (\text{Population of unincorporated Contra Costa County} + \text{population of all Funding Cities})] = \text{Amount of Funding City's Reimbursement to County}]$$

The request for reimbursement will calculate the amount due from each Funding City based on the total number of Funding Cities, including any city that becomes a Funding City under Section 3.F.

2. Maximum Reimbursement for Specified Funding Cities. Notwithstanding the resultant of the calculation in Section 2.C.1., above, no Funding City shall be required to reimburse the County in excess of the Funding City's approved maximum reimbursement limit, as follows:

<u>Funding City</u>	<u>Maximum Reimbursement</u>
Brentwood	\$30,000
Clayton	\$5,000
Concord	\$25,000
Danville	\$18,000
Martinez	\$15,000
Moraga	\$10,000
Pittsburg	\$15,000
Pleasant Hill	\$15,000

3. Miscellaneous Provisions.

- A. Confidentiality of Data. The Parties agree that, notwithstanding anything to the contrary contained herein, nothing in this MOU shall require the County to disclose, disseminate, or dispose of Load Data in any manner that would violate the terms of the NDA, or any state or federal laws or regulations.
- B. No Obligations to Pursue CCE. The purpose of this MOU is to provide for the Parties' roles and responsibilities related to undertaking a technical study to analyze options for the Parties' potential future participation in CCE. Nothing in this MOU obligates any Party to become a community choice aggregator, or to participate with other Parties to establish a community choice aggregator, or to participate in CCE, or to take any other future discretionary actions.
- C. No Joint Powers Agency. Nothing in this MOU creates, nor shall it be construed as creating, a partnership, joint venture, or a joint exercise of powers agency separate and apart from the Parties hereto.
- D. Assignment; No Third-Party Beneficiaries. This MOU may not be assigned unless the assignment is approved in writing by all Parties. Nothing in this MOU, express or implied, is intended to confer on any person, other than the Parties and their successors and assigns, any rights or remedies by reason of this MOU.
- E. Notices. All notices and other correspondence required to be given under this MOU shall be in writing, and shall be delivered in person, by overnight carrier, or by U.S. Mail, to the following person and address designated for each Party. A notice shall be deemed given on the same day if it is personally delivered, on the next day if it is delivered by overnight carrier, or on the fifth (5th) day after the postmark date if it is given by U.S. Mail.

Contra Costa County:
Jason Crapo
Dept. of Conservation and
Development
30 Muir Road
Martinez CA 94553

Antioch:
Julie Haas-Wajdowicz
200 H Street
Antioch CA 94531

Brentwood:
Casey McCann
150 Park Way
Brentwood CA 94513

Concord:
Laura Simpson
1950 Parkside Drive
Concord CA

Clayton:
Gary Napper
6000 Heritage Trail
Clayton CA 94517

Danville:
Nat Rojanasathira
510 La Gonda Way
Danville CA 94526

Hercules:
David Biggs
111 Civic Drive
Hercules CA 94547

Martinez:
Michael Chandler
525 Henrietta Street
Martinez CA 94553

Moraga:
Ellen Clark
329 Rheem Boulevard
Moraga CA 94556

Oakley:
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3231 Main Street
Oakley CA 94561

Orinda:
Daisy Allen
22 Orinda Way
Orinda CA 94563

Pinole:
Michelle Fitzer
2131 Pear Street
Pinole CA 94564

Pittsburg:
Peter Guadagni
440 Walnut Avenue
Vallejo CA 94592

Pleasant Hill:
Andrew Murray
100 Gregory Lane
Pleasant Hill CA 94523

San Ramon:
Lauren Barr
2401 Crow Canyon Road
San Ramon CA 94583

A Party may change its contact person and address listed above by giving written notice to all other Parties.

- F. Amendment. At any time before September 1, 2016, a Non-Funding City may become a Funding City by providing all Parties written notice that the city will be a Funding City under this MOU. The notice shall specify the city's maximum reimbursement limit under Section 2.C.2., if any. A city giving notice shall have all the rights and obligations of a Funding City under this MOU, effective on the date notice is given. At any time during the term of this MOU, a Funding City may increase, but not decrease, its Maximum Reimbursement limit under Section 2.C.2. by providing all Parties written notice specifying the increased limit. Except as otherwise provided in this Section 3.F., this MOU may be modified only by a written amendment signed by all Parties.

- G. Effective. This MOU shall be effective as to a Party upon the execution of the MOU by that Party.
- H. Construction. If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force.
- I. Governing Law. This MOU shall be governed and construed in accordance with California law.
- J. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original.

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CONTRA COSTA COUNTY

By: _____
Jason Crapo
Deputy Director

Approved as to form:
Sharon L. Anderson, County Counsel

By: _____
Deputy County Counsel

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CITY OF ANTIOCH

By: _____
Forrest Ebbs
Community Development Director

Approved as to form:

By: _____
City Attorney

CITY OF BRENTWOOD

By: _____
Gustavo Vina
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF CONCORD

By: _____
Valerie Barone
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF CLAYTON

By: _____
Gary Napper
City Manager

Approved as to form:

By: _____
City Attorney

TOWN OF DANVILLE

By: _____
Joseph A. Calabrigo
Town Manager

Approved as to form:

By: _____
Town Attorney

CITY OF HERCULES

By: _____
David Biggs
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF MARTINEZ

By: _____
Jim Jakel
Interim City Manager

Approved as to form:

By: _____
City Attorney

TOWN OF MORAGA

By: _____
Bob Priebe
Interim Town Manager

Approved as to form:

By: _____
Town Attorney

CITY OF OAKLEY

By: _____
Bryan H. Montgomery
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF ORINDA

By: _____
Janet Keeter
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF PINOLE

By: _____
Michelle Fitzer
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF PITTSBURG

By: _____
Joseph Sbranti
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF PLEASANT HILL

By: _____
June W. Catalano
City Manager

Approved as to form:

By: _____
City Attorney

CITY OF SAN RAMON

By: _____
Greg Rogers
City Manager

Approved as to form:

By: _____
City Attorney



Contra
Costa
County

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: March 15, 2016

Subject: Consider options for potential implementation of Community Choice Energy within the unincorporated area of the County.

RECOMMENDATION(S):

Consider the following options regarding potential implementation of Community Choice Energy (CCE) within the unincorporated area of the County:

Option 1: Work with interested cities in Contra Costa County to obtain electrical load data from PG&E and conduct a technical study of the following three CCE alternatives:

- Form a new joint powers authority of the County and interested cities within Contra Costa County for the purpose of implementing Community Choice Energy
- Join Marin Clean Energy (MCE)
- Form a new joint powers authority with Alameda County and the interested group of cities in the two-county region

Option 2: Proceed with the steps necessary to join Marin Clean Energy (MCE).

Option 3: Undertake an abbreviated technical study summarizing technical studies recently completed by other Bay Area cities and counties and including a comparison of tradeoffs between CCE alternatives available to the County.

APPROVE

OTHER

RECOMMENDATION OF CNTY
ADMINISTRATOR

RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **03/15/2016** APPROVED AS RECOMMENDED OTHER

Clerks Notes: SELECTED OPTION 1

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 15, 2016

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: 925-674-7722

cc:

FISCAL IMPACT:

Option 1: Technical Study

The estimated cost of the activities associated with partnering with cities within the County to conduct a technical study of Community Choice Energy is \$400,000. This includes an estimated \$225,000 in consulting services and \$175,000 in County staff costs to manage the project. Staff recommends that the cities be proposed to share in the cost of the technical study consultant, which would reduce the County's overall cost to \$300,000.

These costs would include an amendment to the County's current consulting services contact with LEAN Energy to increase the contract limit by \$75,000 to assist DCD with obtaining electrical load data from PG&E, refining the scope of the technical study and developing the RFP, evaluating proposals from consultants for conducting the technical study, interpreting the results of the technical study and reporting the findings of the technical study to cities, the IOC and the Board of Supervisors. LEAN Energy would also assist County staff in conducting community outreach activities to provide information and education to the public and to gather public input to assist decision-makers in evaluating the results of the technical study.

The cost of the actions associated with Option 1 also includes an estimated \$50,000 for the County's share of cost for conducting a technical study. The total cost of the technical study is estimated to be up to \$150,000. The balance of the cost not paid by the County is proposed to be paid by participating cities proportionate to their share of the total population of the jurisdictions covered by the study.

The estimated \$175,000 cost of County staff time for management of the activities associated with Option 1 includes DCD staff time until the end of 2016 at a cost of approximately \$150,000 plus the cost of County Counsel staff time, estimated to be \$25,000 during 2016.

If a technical study resulted in the County taking additional steps to implement a CCE program, such steps would involve additional time and expense. The cost of these additional steps would depend on the outcome of the study. The estimated schedule and budget following completion of a technical study is described in more detail in Attachment E to this report. The greatest expense would be associated with a scenario involving the formation of a new joint powers authority of the County and cities within Contra Costa County. The cost of forming such a JPA and launching a program is estimated to be approximately \$2 million. These costs would likely be reimbursed by the JPA to the County from CCE program revenues.

Option 2: Take Steps to Join MCE

The estimated cost of activities associated with studying membership in MCE that would be comparable to a full technical study is minimal. There may be some research required of County staff and consultants to answer questions the Board may have regarding MCE, but the estimated cost of addressing these issues would be no more than \$10,000.

If the Board reaches a decision to join MCE and directs staff to take the actions necessary to do so, there would be additional costs of approximately \$50,000 associated with County staff time in DCD and County Counsel related to preparing an ordinance and resolution for adoption by the Board, assisting MCE with program launch activities, and coordinating with Contra Costa cities regarding MCE membership. These costs could be described as "back-end" costs and are not comparable to the "front-end" costs associated with the costs of a technical study as described in Option 1 above. The back-end costs of \$50,000 are more comparable to the back-end costs associated with JPA formation and program launch activities that might follow a technical study, as described more fully in Attachment E.

Option 3: Abbreviated Technical Study

The cost of this option is estimated to be approximately \$65,000. This would include \$50,000 in consulting services to perform the study and \$15,000 in County staff time for project management. The cost of next steps would depend on the approach selected, similar to Option 1, however a portion of a full technical study could be necessary if the abbreviated technical study prompted selection of the option to form a new JPA.

Summary

Overall, the cost of Option 1 (Technical Study) is by far the greatest, and the cost of Option 2 (Join MCE) is the least. Option 3 (Abbreviated Technical Study) represents a middle ground that would provide some of the benefits of a full technical study at a reduced cost and in a shorter time period.

Reimbursement and Potential Source of County Funds

The County would seek to have its costs associated with this project reimbursed in the future from the revenues of a new CCE program should a new JPA be created for this purpose. If a new JPA is not established, the County's costs are unlikely to be reimbursed.

DCD's costs related to this project in the current fiscal year, including the cost of consulting services, can be offset by the unspent portion of the \$200,000 in General Fund revenues budgeted in DCD for FY 2015-2016 for the newly created position of County Sustainability Coordinator, which has not yet been filled. Depending on the direction chosen by the Board, it is anticipated that most, if not all, costs associated with this project in FY 2015-2016 can be paid for from this funding source.

BACKGROUND:

Community Choice Energy (CCE) is described in State law as Community Choice Aggregation. CCE involves cities and counties, or a joint powers authority (JPA) composed of cities and/or counties, pooling ("aggregating") retail electricity customers for the purpose of procuring and selling electricity. Under a CCE program, the CCE entity would become the default electricity provider to all electricity customers within the

service area. Customers would have the ability to opt out of service from the CCE and return to service from the incumbent electrical utility. In Contra Costa County, the incumbent electrical utility is Pacific Gas and Electric (PG&E).

Following the successful launch of CCE programs in Marin County in 2010 and Sonoma County in 2014, most other counties in the Bay Area and many counties throughout California are now in the process of implementing or studying the creation of CCE programs. The City and County of San Francisco and San Mateo County are planning to launch CCE programs in 2016. Alameda County and Santa Clara County are both in the process of establishing JPAs for this purpose and plan to launch programs in 2017.

On October 13, 2015, the Board of Supervisors (Board) accepted the recommendations of the Internal Operations Committee (IOC) and directed County staff to initiate outreach to cities within Contra Costa County to determine the level of interest cities have in joining with the County to investigate three alternatives for potentially implementing CCE in Contra Costa County. These three alternatives are:

1. Form a new Joint Powers Authority (JPA) of the County and interested cities within Contra Costa County for the purpose of CCE;
2. Form a new JPA in partnership with Alameda County, and interested cities in both counties; and
3. Join the existing CCE program initiated in Marin County known as Marin Clean Energy, or MCE

At its meeting on February 29, 2016, the IOC considered a status report from the Department of Conservation and Development (DCD) concerning CCE and heard from numerous members of the public. The IOC directed DCD to prepare a report to the Board of Supervisors (Board) presenting options for proceeding with potential implementation of CCE in the County's jurisdiction, including continuing work with cities to complete a technical study of the three CCE alternatives mentioned above, or proceeding with steps to join the CCE program known as Marin Clean Energy (MCE). Subsequent to the IOC meeting, staff identified an additional option not discussed at the IOC meeting, which is for the County to conduct an abbreviated technical study summarizing other technical studies that have been recently released by Bay Area cities and counties, and including a comparison of tradeoffs between CCE alternatives.

Results of Outreach to Contra Costa Cities

Between November 2015 and January 2016, County staff conducted a variety of outreach activities to engage cities on the topic of CCE. These activities included meetings with City Managers and other city staff, attendance at the December 3, 2015 Mayors Conference, three public workshops in mid-December held in different regions of the County, and presentations provided by County staff and consultants at five City Council meetings during the month of January.

On November 13, 2015, the County Administrator sent a letter (Attachment A) to all City

Managers in Contra Costa County asking for responses back from cities by January 31, 2016 indicating the level of interest cities have in partnering with the County to study CCE. This letter specifically asked if cities would authorize the County to obtain electrical load data from PG&E for the purpose of potentially conducting a technical study of CCE in Contra Costa County, and if the cities would be willing to contribute financially towards the cost of such a study if one were conducted.

To facilitate greater public understanding of CCE and assist cities in their deliberations on the subject, DCD staff and consultants hosted three public workshops in December 2015: the first on December 10 at Walnut Creek City Hall, the second on December 14 at the Hercules Public Library and the third on December 16 at the Brentwood Community Center. Average attendance at these workshops was approximately 20 people, and several cities sent representatives to attend the workshops.

During the month of January 2016, many City Councils throughout the County placed items on their agendas to discuss their interest in partnering with the County to further study implementation of CCE. County staff and consultants were invited to attend and make presentations at the Concord, Clayton, Pinole, Lafayette and Brentwood City Council meetings.

The workshops and city council meetings held in December and January generated several press articles, which can be viewed at the following links:

- [East Bay Express: \(10/12/15\)](#)
- [Contra Costa Times: \(1/8/16\)](#)
- [The Press: \(10/29/15\)](#)
- [Yodeler \(Sierra Club\): \(1/28/16\)](#)
- [East Bay Express: \(1/29/16\)](#)
- [MarinIJ: \(2/16/16\)](#)
- [The Press: \(2/18/16\)](#)

Responses from Cities

By the end of January, all 16 cities in Contra Costa County not currently enrolled in a CCE program (Richmond, El Cerrito and San Pablo are currently enrolled in Marin Clean Energy) provided written responses to the County (Attachment B) authorizing the County to request electrical load data from PG&E necessary for a technical study of CCE in Contra Costa County. Approximately half of these cities indicated varying degrees of willingness to participate in the cost of a technical study of this data, should such a study proceed. These responses are summarized in Table 1 below.

Table 1. City Responses to County

City	Load Data Authorization	Cost Sharing for Tech Study
Antioch	Yes	No indication

Brentwood	Yes	Yes, not to exceed \$30,000
Clayton	Yes	Yes, pending more details
Concord	Yes	Yes, not to exceed \$25,000
Danville	Yes	Yes, not to exceed \$18,000
Hercules	Yes	No indication
Lafayette	Yes	No indication
Martinez	Yes	No indication
Moraga	Yes	No indication
Oakley	Yes	No indication
Orinda	Yes	Need more information
Pinole	Yes	Need more information
Pittsburg	Yes	Yes, pending more details
Pleasant Hill	Yes	Yes, not to exceed \$15,000
San Ramon	Yes	Maybe, pending more details
Walnut Creek	Yes	Yes, not to exceed \$20,000

Internal Operations Committee Discussion and Direction

At its meeting on February 29, 2016, the Internal Operations Committee directed staff to present the Board with information concerning two options for consideration. One option is to proceed to work with cities in Contra Costa County to conduct a technical study of alternatives for implementing CCE. The other option is to forego such a technical study and proceed immediately to apply for membership in the CCE program called Marin Clean Energy, or MCE. MCE was created in Marin County, and has now expanded to serve jurisdictions in the Counties of Marin, Napa, Solano and Contra Costa, including the cities of Richmond, El Cerrito and San Pablo. Subsequent to the IOC meeting, staff conceived an alternative not discussed at the IOC meeting, which is for the County to conduct an abbreviated technical study summarizing other technical studies that have been recently released by Bay Area cities and counties, and including a comparison of tradeoffs between CCE alternatives.

Each of these three options has advantages and disadvantages, summarized as follows:

Option 1 – Proceed with Technical Study: If the County proceeds to conduct a technical study of CCE with a group of interested Contra Costa cities, the advantages are that County and the cities will receive additional information regarding projected CCE revenues and electricity rates under various renewable energy portfolio scenarios and a comparative analysis of the three CCE alternatives under consideration. The technical study would provide information about revenues that could be generated for new local programs and initiatives to promote energy efficiency and economic development through renewable energy generation projects. The technical study would inform decisions by the Board and city councils to either implement one of the three options studied, or to take no additional action. The disadvantages of conducting a technical study

are the time and expense associated with conducting the study.

The immediate next step in performing a technical study would be for the County to obtain electrical load data from PG&E on behalf of the County and the 16 cities that have authorized the County to do so. This would provide the County with detailed information regarding electrical usage within the covered jurisdictions, and would constitute the raw data necessary to conduct a technical study of potential CCE implementation within the County.

Based on prior Board direction, a technical study of CCE in Contra Costa County would evaluate three options: a program including only interested jurisdictions within Contra Costa County; a program that is a partnership with Alameda County and interested cities in the two-county region; and joining the existing CCE program originated in Marin County known as Marin Clean Energy, or MCE.

Such a technical study would be conducted by a qualified consultant selected through a competitive process. The technical study would evaluate electrical load data to determine the amount of electricity a CCE program would need to procure in order to serve electricity consumers in the participating communities, and would estimate the billing rates that a CCE program would need to charge electricity customers in order to pay for program operations.

The study would analyze how rates might vary under scenarios in which the CCE program offered customers different levels of electricity originating from renewable sources (for example, rates associated with 50% renewable or 100% renewable options). Electricity rates for these scenarios would be compared to products offered by the incumbent utility, PG&E (Attachment C). The technical study would also include a risk analysis of factors that could potentially interfere with successful operation of a CCE program within the County, such as risks associated with price volatility in energy markets and risks stemming from legal or regulatory changes. CCE technical studies performed in other Bay Area counties have included additional components, including analysis of the impact a CCE program might have on local renewable power generation and local job creation.

As stated in Table 1 above, roughly half of the cities in Contra Costa County have indicated some degree of willingness to contribute financially towards the cost of a technical study. Staff recommends that if the Board directs DCD to work with cities to finalize payment arrangement and initiate the technical study, the County and each participating city pay for a portion of the cost of the technical study similar to its proportion of the total population covered under the study.

If the Board directs staff to proceed with a technical study, staff would work with the cities to finalize the scope of the technical study, develop and issue a Request for Proposals (RFP), and select a consultant to perform the technical study. The County would then enter into a contract with the selected consultant. The results of the technical

study would be reported to the cities and the Board of Supervisors, and staff would seek further direction.

Option 2 – Join MCE: The advantages of the County proceeding to take steps now to join MCE are substantially lower start-up costs and a faster time to CCE program launch within the area served. The County would be able to leverage the considerable success MCE has achieved in creating a high-quality CCE program and would not need to go through the time and expense of recreating a similar program. A disadvantage of the County proceeding to join MCE without performing a technical study is that the County will not have access to information about the revenues projected to be generated from CCE electricity sales within the County and the potential to use such revenues to reduce consumer electricity rates, procure greater amounts of renewable energy, incentivize increased local renewable energy generation, or other purposes. If the County joins MCE, the revenues generated from electricity sales in Contra Costa County will be controlled by MCE's Board of Directors, who would represent jurisdictions covering portions or all of four counties, meaning that investments in initiatives such as additional renewable energy production would be spread over a larger area and controlled by a broader group of board members than a Contra Costa JPA . The County would also forego an opportunity to more thoroughly consider the tradeoffs between the three CCE alternatives the Board has previously expressed interest in evaluating through a technical study.

MCE is now comprised of 17 member jurisdictions. These include Marin County, all 11 cities in Marin County, the County of Napa, the City of Benecia, and the cities of Richmond, El Cerrito and San Pablo. MCE is presently accepting applications for new membership from jurisdiction within the four counties currently being served. MCE staff has indicated that all of the cities in Napa County are seeking membership during MCE's current inclusion period, which closes on March 31, 2016. Several additional cities in Contra Costa County are giving consideration to joining MCE as well, including Lafayette, Moraga, Oakley and Walnut Creek. If additional jurisdictions within the Counties of Contra Costa and Solano join MCE, the number of MCE's member jurisdictions could grow to 40 or more. MCE has weighted vote system that is 50% dependent on proportion of electrical load. Were Contra Costa County to join, it would likely have the largest vote of any single member.

If the County directs staff to take steps necessary to join MCE, the technical steps involved would include the County sending a letter of interest to MCE and subsequently adopting an ordinance and entering into a joint powers agreement to join MCE. MCE staff has indicated that the County could submit a letter of interest to MCE after the current MCE inclusion period closes on March 31, 2016, and that cities could join the County in its request for membership. Opening a new inclusion period for the County and Contra Costa cities, and approval of the County's membership in MCE, would be subject to approval by MCE's Board of Directors.

County staff would work with MCE staff to complete other necessary technical and operational steps, and to conduct marketing activities within the unincorporated area as

part of MCE's program launch in the new service area. The Board of Supervisors would need to designate one of its members as the County's representative on the MCE Board of Directors.

Should the Board wish to further contemplate joining MCE in the near term, staff recommends the County consider several uncertainties, the outcome of which will likely have an impact on the County. These include:

- Policy and organizational changes MCE may make as it continues to evolve into a regional agency rather than one originally formed solely to serve Marin County, such as
 - Change of name from MCE to a new name reflecting regional identity
 - Rotate the location of MCE Board meetings and add an office in Contra Costa County
 - Change Board membership and voting structure as MCE membership grows
 - Limits on geography area served and related limits on membership
- Comparison between MCE and PG&E billing rates for Contra Costa customers
- Policies to promote economic development and renewable energy generation in Contra Costa County

MCE is aware that such issues may be of concern to the County and other jurisdictions considering membership in MCE. MCE is evaluating these issues, but decisions have not yet been made (see Attachment D for information from MCE concerning these and other issues).

Option 3: Abbreviated Technical Study: Instead of conducting a full technical study, an alternative the Board may wish to consider is to conduct an abbreviated technical study that would summarize recently released technical studies conducted by other Bay Area cities and counties and would analyze tradeoffs between CCE options; for example, forming a new JPA versus joining an existing CCE program, such as MCE. The advantages of this alternative are that the Board would receive additional information regarding projected electricity rates under varying renewable energy scenarios, risk analysis, and economic development and renewable generation opportunities for jurisdictions that are similar to the County. Another advantage of this alternative is that it could be done at a lower cost and in a shorter amount of time than a full technical study, which would involve obtaining load data from PG&E and performing a detailed analysis of that data. A disadvantage of this alternative is that the analysis would not be specific to the County electricity load data and therefore some of the findings may not be as precise or reliable as a full technical study. Also, if the eventual outcome is to form a new JPA, portions of a full technical study, including analysis of electrical load data specific to Contra Costa County, would need to be subsequently completed. This alternative has been identified by staff following the February 29, 2016 IOC meeting, and was not discussed at the IOC meeting.

Public Involvement

If the Board directs staff to proceed with one of the three CCE options described in this report, staff recommends that the County's activities include a public involvement component. The recommended public involvement activities for each of the three options are as follows:

Option 1: Full Technical Study

- Public workshops to obtain public input
- Focused outreach to key stakeholder groups
- Web-based educational materials
- Presentations at Mayors Conference, city councils and other venues

Option 2: Join MCE

- Coordinate with cities in Contra Costa County to provide information concerning MCE

Option 3: Abbreviated Technical Study

- Public workshop prior to consultant preparing study, and a second public workshop to review a draft of the study
- Additional public involvement actions could be considered upon completion of the abbreviated study

Staff is aware that some members of the public have expressed an interest in creating an Advisory Committee to advise the Board and city councils on this topic. Staff is not recommending the creation of an Advisory Committee due to the added cost and time this would involve, and because staff believes the steps described above will allow for effective public input concerning the development of a CCE program without the significant effort involved in recruiting for and selecting members. However, if a more structured involvement program is desired, staff could suggest approaches for forming and structuring such a committee process.

Project Schedule and Budget

If the Board directs staff to proceed with a technical study of CCE (either a full study or an abbreviated one), this would represent the first phase of activity related to potential implementation of CCE within Contra Costa County. Following a technical study, additional steps would be required to launch a CCE program, should the Board decide to proceed with implementation.

An estimated schedule and budget for fully implementing CCE within the County is attached to this report (Attachment E). The time and expense associated with implementing CCE within the County would depend heavily on the outcome of the technical study and the resulting direction selected by the Board and participating cities.

The CCE option likely to require the greatest commitment of time and resources would be the option to form a new JPA comprised of the County and cities within Contra Costa County. Following the technical study, such an option would involve two additional phases of activity: JPA Formation and Program Launch. The activities associated with these additional project phases and the estimated time and expense to complete these activities are described in greater detail in Attachment D. Staff estimates the total time needed to implement the Contra Costa JPA option and begin providing electricity to customers would be in the range of two to three years and would cost approximately \$2 million. These costs would likely be recovered if a new JPA becomes operational.

If the Board directs staff to proceed with steps necessary to join MCE, either immediately or following a technical study, the cost and time associated with joining MCE are expected to be substantially less than creating a new JPA. The organizational start-up activities and costs associated with creating a new public agency would not be required.

However, a financial tradeoff associated with joining MCE is that jurisdictions in Contra Costa County would not have exclusive control over the revenues generated from a CCE program. If the County and several more cities in Contra Costa County decide to join MCE, Contra Costa jurisdictions would represent the majority of the population served by MCE. Therefore, Contra Costa jurisdictions would have a strong collective voice within MCE. Nevertheless, the majority of seats on the MCE Board of Directors would continue to be held by jurisdictions in Marin, Napa and Solano Counties.

Extrapolating from the experience of the existing CCE programs, CCE revenues generated from the sale of electricity within jurisdictions in Contra Costa County not currently in MCE would likely be in the hundreds of millions of dollars annually. Most of these revenues would be used to pay for energy procurement, with smaller portions used to pay for administrative costs, reserves, and local economic development and energy efficiency programs

CONSEQUENCE OF NEGATIVE ACTION:

If no action is taken, the County will not proceed with implementation of a Community Choice Energy program.

ATTACHMENTS

- Attachment A: CAO Letter to Cities re CCE
- Attachment B: City Responses to CAO Letter re CCE
- Attachment C: PG&E's New Solar Choice Offering
- Attachment D: Marin Clean Energy Documents
- Attachment E: Option I Technical Study Schedule and Budget PowerPoint Presentation