



STAFF REPORT

Date: May 9, 2017
To: Bryan H. Montgomery, City Manager
From: Joshua McMurray, Planning Manager
SUBJECT: **Adopt an Ordinance Authorizing the City to Join MCE Clean Energy**

Approved and Forwarded to City Council:


Bryan H. Montgomery, City Manager

Background and Summary

The City Council first received a presentation from MCE Clean Energy (MCE) as part of a Staff initiated item to discuss Community Choice Energy (CCE) on December 8, 2015. Staff then brought forward an Ordinance that would authorize the City to join MCE on February 9, 2016; however, the second reading and final adoption on February 23, 2016 never took place. Subsequently the City Council directed Staff to monitor the issue Countywide and bring back more information in the beginning of 2017. In that time there were several key developments regarding CCE in Contra Costa County. Two more Contra Costa County Cities joined MCE: Walnut Creek and Lafayette. That brought the total number of Contra Costa County cities served by MCE to five, which represents approximately 90,000 MCE customers currently within the County. In addition, the County also finished conducting a Technical Study (the City was included in the Technical Study but did not contribute financially towards the study), which is in Final form and analyzed three options: 1) Creating a new CCE Program with Contra Costa jurisdictions that are not yet participating in a CCE program, 2) join an existing neighboring program such as MCE or East Bay Community Energy (not established but forming in Alameda County), or 3) remain with PG&E. The Contra Costa County Board of Supervisors directed County Staff to look into option 2 above and a final decision will have been discussed at the May 2, 2017 Board of Supervisors meeting.

Staff brought the issue back in January 24, 2017 as an item recommending the City Council establish a Community Choice Energy Ad-Hoc Advisory Committee. The Committee was tasked with looking at available Community Choice Energy options for the City which included 1) MCE Clean Energy (formally known as Marin Clean Energy); 2) East Bay Community Energy (EBCE), which is an Alameda County entity in its early stages of development; and 3) do nothing which would mean Oakley residents/businesses would remain with PG&E and as a result, not have access to competitive alternative energy options. A total of two public meetings were held on February 15, 2017 and March 9, 2017, which allowed the Committee to discuss their research and findings.

A City Council work session was held on March 14, 2017 to discuss the Committee Findings as well as receive presentations from MCE, EBCE and Contra Costa County regarding the Technical Study. The Staff Report and attachments have been attached

for reference. At the meeting, the City Council directed Staff to hold a Public Community Meeting and invite both MCE and EBCE. The purpose of the meeting was to allow MCE and EBCE to present their information to the public and allow for public comments and questions. The meeting was held on April 5, 2017. Approximately 35 residents and business owners attended the meeting. Representatives from MCE attended the meeting to discuss their programs relating electricity generation. Although EBCE was invited to the meeting, they were not able to attend. Overall MCE seemed to be received well by the attendees. A majority of the comments related to cost of electricity, solar and how rates are structured.

After the meeting City Staff has had several conversations with both MCE and EBCE as well as other Cities in the County. There are several moving parts regarding CCE in the County and the following summarizes everything known up to the drafting of this Report. Staff will provide a more comprehensive update at the City Council meeting.

- The Town of Moraga Town Council voted to join MCE on April 26, 2017.
- The Contra Costa County Board of Supervisors will consider joining either MCE or EBCE on May 2, 2017.
- The Town of Danville Town Council will consider a Community Choice Energy Program on May 2, 2017. There is no formal Staff Recommendation.
- The City of Martinez will consider a Community Choice Energy Program on May 3, 2017. There is no formal Staff Recommendation.
- The City of Antioch will consider a Community Choice Energy Program on May 9, 2017. There is no formal Staff Recommendation.
- The City of San Ramon will consider a Community Choice Energy Program on May 9, 2017. There is no formal Staff Recommendation.
- The City of Pittsburg will consider joining MCE on May 15, 2017. City Staff along with the Pittsburg Power Company Subcommittee are recommending MCE.
- The City of Clayton will consider a Community Choice Energy Program on May 16, 2017. There is no formal Staff Recommendation at this time.
- The City of Pinole will consider a Community Choice Energy Program on May 16, 2017. There is no formal Staff Recommendation at this time.
- The City of Concord will consider joining MCE on May 23, 2017. The Long Range Planning and Internal Operations Committee is recommending MCE.

The cities of Brentwood, Hercules, Orinda and Pleasant Hill do not have any items scheduled for discussion.

The City Council authorized the City Manager to submit a non-binding Letter of Intent to MCE which in turn MCE responded back with a letter dated December 18, 2015. That letter is attached to this report for reference and outlines the information needed in order to submit a formal "Membership Application" to MCE. The process has not changed since 2015 and that letter is still on file with MCE today and does not need to be replicated. MCE is again offering a no-cost inclusion period where applications need to be submitted to MCE no later than June 30, 2017 (which the MCE Board recently extended from the original May 31, 2017 deadline). If the City Council chooses to waive the first reading and introduce the attached Ordinance, the City would be able to take advantage of this opportunity.

Staff still believes joining MCE is the easiest and most cost effective approach to providing Oakley's energy consumers a choice for the source of their energy.

Analysis

The first attachment to this report offers all of the data and information previously presented to the City Council over the past year and a half. Most of the information that was presented at the February 9, 2016 meeting is still valid and accurate. The exception would be the rate comparison information between MCE and PG&E, which has been updated as Attachment 7 to this report.

The City is currently one of 9 cities and the County currently looking at CCE, with one of the cities recently deciding to join MCE (Moraga) and two cities currently making a recommendation to join MCE (Concord and Pittsburg). This is significant in that if these two cities end up joining, along with the Town of Moraga that would bring the total number of potential residents served in the County to approximately 458,000 or about 41%. If the County decided to join MCE that percentage will be well over 50% of the population. Those numbers do not include the other cities that are currently exploring their options. They are also full population numbers and do not include customers who have opted out of MCE or will opt out once these new cities come on line.

It should also be noted that the recommendation from the City of Pittsburg Staff is supported by subcommittee recommendation of the Pittsburg Power Company. The City of Pittsburg is unique in that it has a municipal energy utility (Island Energy) that is operated on Mare Island. The City has direct access to professionals in the energy & municipal utilities industry that is rare among most jurisdictions.

In speaking with representatives from MCE, it is expected that the earliest the City of Oakley could be on line would be spring 2018. This is mainly due to the increase in the number of jurisdictions that are expressing interest in joining MCE. It is very apparent that most cities will be making a decision, one way or another, on this topic in the very near future.

One of the most important benefits that the City can realize are the economic impacts that are a direct result of the CCE programs. At the March 14, 2017 Work Session, MCE presented a story about the Freethy Industrial Park in Richmond.

This project supported 26 local jobs, produces enough power for 600 homes and generates \$550,000 a year in revenue for the project developer. This is just one example of the opportunities that may not be possible in Oakley without a CCE program. At the same meeting, Staff informed the City Council that the recently approved Phase 2 of the Oakley Executive RV and Boat Storage project had their solar application denied by PG&E as they recently changed requirements after they spent months trying to gain approval. If the City chooses to join MCE, it would give property owners the choice to realize real economic incentives currently not offered by PG&E. The County CCE Technical Study included information on available land within the Northern Waterfront and specifically the Oakley area in which 43 sites were identified as having capacity for solar projects. These sites do not necessarily have to have ground mounted solar projects, as there is capacity for future roof mounted solar would also be an option. The former Dupont property is a viable site in the future where roof mounted solar could help facilitate the development of the property.

If the City Council chooses to join MCE, Staff has prepared an Ordinance for tonight's meeting. Staff would then then bring back all of the required documents to be adopted at the May 23, 2017 meeting.

Fiscal Impact

As long as the City is able to submit a complete Membership Application to MCE prior to the June 30, 2017 deadline, there would be no cost to the City for the membership analysis. If the membership analysis is favorable and then MCE approves the City's membership in the program, then there will be a small Staff time commitment upfront and will diminish over time. Staff estimates this to be a few hours a week at the most.

CEQA

This action not a project as defined in accordance with California Environmental Quality Act (CEQA) Guidelines, Section 15378 because the proposed action will not result in any direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Joining a Community Choice Aggregator (CCA) such as MCE presents no foreseeable significant adverse impact to the environment because the California State regulations such as the Renewable portfolio Standard (RPS) and Resource Adequacy (RA) requirements apply equally to CCAs as they do Investor-Owned Utilities. State CEQA Guidelines Section 15378(b)(5) states that a project does not include "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environment." Further, it can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable (Guidelines For the Implementation of the California Environmental Quality Act, 14 CCR 15061(b)(3).

Recommendation

Staff recommends the City Council waive the first reading and introduce the attached ordinance authorizing the City to join Marin Clean Energy.

Attachments

1. March 14, 2017 Staff Report
 - a. Excluding Attachments 2 through 8 to Attachment 1 of the February 9, 2016 Staff Report
2. MCE Letter
3. Draft Ordinance
4. Draft Resolution
5. Draft Memorandum of Understanding
6. Draft Request for load data from PG&E
7. Joint Rate Comparisons for MCE
8. Comparison of MCE and EBCE Programs

OAKLEY

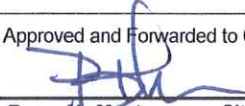


CALIFORNIA

STAFF REPORT

Date: Tuesday, March 14, 2017
To: Bryan H. Montgomery, City Manager
From: Joshua McMurray, Planning Manager
Subject: **Community Choice Energy (CCE) Work Session**

Approved and Forwarded to City Council:


Bryan H. Montgomery, City Manager

Summary and Recommendation

The City Council appointed a six member Community Choice Energy Ad-Hoc Advisory Committee on January 24, 2017. The Committee was tasked with looking at available Community Choice Energy options for the City which included 1) MCE Clean Energy (formally known as Marin Clean Energy); 2) East Bay Community Energy (EBCE), which is an Alameda County entity in its early stages of development; and 3) do nothing which would mean Oakley residents/businesses would remain with PG&E and as a result, not have access to competitive alternative energy options. Since the Committee was established, two public meetings were held on February 15, 2017 and March 9, 2017. The meetings allowed the Committee to discuss their research and findings. City Staff was available over these past several weeks as well as during the public meetings to provide any technical assistance requested by the Committee.

The Committee has done extensive research on the subject matter and has assembled several speakers representing MCE Clean Energy, East Bay Community Energy and Contra Costa County to provide additional input during their presentation. The Committee will end the presentation by providing the City Council its finding on how the City should proceed with the topic of Community Choice Energy.

Staff recommends that the City Council receive the presentation by the Community Choice Energy Ad-Hoc Advisory Committee and provide direction to Staff. If the City Council does choose to direct Staff to move forward with a CCE option, Staff plans on holding a Community Meeting on April 5, 2017.

Background

CCE is a hybrid approach between investor-owned utilities, like PG&E, and municipal utilities, like Palo Alto's, that was authorized by AB 117 in 2002. CCE enables local governments and some special districts to procure and/or develop power on behalf of their public facilities, residents and businesses. The existing utility (like PG&E) continues

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to be responsible for transmitting and distributing electricity through the grid, maintaining infrastructure, billing customers, and customer services.

Options

The City Council has several options available when considering how to direct Staff to proceed. The City could direct Staff to either pursue joining either MCE Clean Energy or East Bay Community Energy. Another option would be to direct Staff to do nothing where Electric customers would continue to receive electricity sourced by PG&E and would not have access to competitive energy options. Lastly, the direction could be to continue to monitor the issue in the County and surrounding areas. Staff does understand the complexity of the issue and that there are negative perceptions about CCE that may or may change with public outreach and education. Although that may be the case, Staff does believe that the trend for Cities and Counties will be to take part in CCE and getting in earlier than later has some benefit to residents and businesses in Oakley.

MCE Clean Energy

MCE Clean Energy was the first CCE to begin operating in California. MCE is a public, not-for-profit electricity provider operating under the Community Choice Energy model formed in 2008. It gives all residential, commercial, and municipal electric customers the choice of having 50% to 100% of their electricity supplied by renewable sources. MCE is governed by a 19-member Board of Directors representing each of the member communities it serves. MCE Clean Energy is a proven concept and has been operating for several years. There are several cities in Contra Costa County that have joined MCE to include Richmond, San Pablo, El Cerrito, Walnut Creek and Lafayette. This brings the total number of Contra Costa cities served by MCE to five, and represents approximately 90,000 MCE customers currently within the County.

The MCE Board has again decided to have an open inclusion period, ending May 31, 2017. This open inclusion period is similar to the previous one discussed in 2015/2016. In December 2015 the City Manager submitted a non-binding Letter of Intent, which is still valid and provides a placeholder with MCE if the City Council directs Staff to move towards this option. As discussed before, the City would also need to bring subsequent items back to the City Council for approval that include an ordinance to join MCE (which requires two separate votes), and pass a resolution, Memorandum of Understanding, and PG&E load data request. Once these steps are completed, MCE will conduct the membership analysis. Prior to the inclusion period, the membership analysis required a not-to-exceed Contract in the amount of \$15,000; however that amount has been reduced to \$0 if the City were to have a completed application submitted to MCE prior to the May 31st deadline.

Staff has attached the February 9, 2016 Staff Report which has all of the relevant attachments referenced above.

East Bay Community Energy

East Bay Community Energy (EBCE) is a newly formed Joint Powers Authority (JPA) based in Alameda County. The JPA is consist of Alameda County and 11 of its cities

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Costa County or City jurisdictions in Summer/Fall 2018. Staff from the Alameda Community Development Agency have reached out to City Staff to discuss Oakley's interest in EBCE. The timing of this coincided with this Work Session. Contra Costa County reached out to EBCE early in the year to gain information about EBCE's possible interest the process and the steps for the County and Cities within the County that may seek membership in EBCE. That letter from Contra Costa County is Attachment 2 to this report. EBCE responded to the County with Attachment 3 to this report. That letter from EBCE represents the framework for Contra Costa County and any City within the County that is not with MCE to request membership in EBCE. Staff has reviewed the letter and it appears the process is very similar to that of MCE, including waiving the cost to join the JPA.

Contra Costa County

As indicated above, the Contra Costa County Board of Supervisors has directed their Staff to explore the CCE options available to the County. Those options are the same that are available to the City of Oakley. Contra Costa County Staff will be providing an update as to where they are in the evaluation process during this Work Session. As indicated at the January 24, 2017 meeting, the Contra Costa Technical study which explores the potential of establishing Community Choice Energy in Contra Costa County was presented to the Board of Supervisors on January 17, 2017 where the Board of Supervisors directed Staff not to pursue Contra Costa County CCE and instead evaluate the other options available. That technical study and other information regarding the County efforts can be viewed through this link: <http://www.cccounty.us/cce>.

Community Choice Energy Ad-Hoc Advisory Committee

Staff has been notified that the City Council will be receiving information regarding the Committee's finding and other applicable resources after this Staff Report is published. Those documents will be distributed to the City Council prior to the March 14th meeting. In addition, the Committee would like the City Council to review Attachments 4 and 5 which discuss elements of Community Choice Energy.

Recommendation

Staff recommends that the City Council receive the presentation by the Community Choice Energy Ad-Hoc Advisory Committee and provide direction to Staff.

Attachments

1. February 9, 2016 Staff Report
2. January 27, 2017 Letter from Contra Costa County to EBCE
3. February 21, 2017 Letter from EBCE to Contra Costa County
4. California Public Utilities Commission Fact Sheet – Power Charge Indifference Adjustment (January 2017)
5. Community Choice Aggregation (En Banc) Background Paper

Agenda Date: 02/09/2016Agenda Item: 4.2

STAFF REPORT

Date: 2/2/2016

To: Bryan Montgomery, City Manager
From: Joshua McMurray, Planning Manager

SUBJECT: Ordinance Authorizing the City to Join Marin Clean Energy (MCE)

Summary and Background

On December 8, 2015 the City Council received a presentation from Marin Clean Energy (MCE) as part of a Staff initiated item to discuss Community Choice Energy or CCE (Staff report and attachments from the December 8th meeting are attached). MCE was the first CCE to begin operating in California. MCE is a public, not-for-profit electricity provider operating under the Community Choice Energy model formed in 2008. It gives all residential, commercial, and municipal electric customers the choice of having 50% to 100% of their electricity supplied by renewable sources. MCE is governed by a 17-member Board of Directors representing each of the member communities it serves. MCE focuses on maximizing the use of renewable energy sources in addition to providing competitive energy rates. The City Council authorized the City Manager to submit a non-binding Letter of Intent to MCE which in turn MCE responded back with a letter dated December 18, 2015. That letter is attached to this report for reference and outlines the information needed in order to submit a formal "Membership Application" to MCE. As stated in MCE's letter, the City has an opportunity to take advantage of the current no-cost inclusion period where applications need to be submitted to MCE no later than March 31, 2016. If the City Council chooses to waive the first reading and introduce the attached Ordinance, the City would be able to take advantage of this opportunity.

CCE is intended to provide customers options in the electric utility marketplace. These options available to residents might grow over time as the County or other entities get involved in the CCE discussion. The City has an opportunity to provide both residents and businesses a choice as to who produces/procures energy that they use.

Analysis

As stated in the previous Staff Report, CCE is a hybrid approach between investor-owned utilities, like PG&E, and municipal utilities, like Palo Alto's, that was authorized by AB 117 in 2002. CCE enables local governments and some special districts to procure and/or develop power on behalf of their public facilities, residents and businesses. The existing utility (like PG&E) continues to be responsible for transmitting and distributing electricity through the grid, maintaining infrastructure, billing customers, and customer services.

MCE Membership Process

If the City Council introduces the Ordinance, Staff will place the final Ordinance and the balance of the submittal documents on the next City Council meeting agenda for adoption. These documents include:

1. Adoption of a Resolution requesting membership (See Attachment 4)
2. An executed Memorandum of Understanding (See Attachment 5)
3. Signed Request for load data from PG&E (See Attachment 6)

When all prerequisite documents are approved, MCE will review and approve the City's ordinance and MCE will conduct an economic feasibility analysis (membership analysis) prior to approving membership. The MCE Board would then adopt a resolution authorizing the City's membership in the program.

Current Rates and Opting Out

At the December 8th City Council meeting, Staff was directed to bring back a comparison of rates from Community Choice Aggregators (CCA) such as MCE and Sonoma Clean Power. Both MCE and Sonoma Clean Power partner with PG&E to create comparisons for energy rates and average monthly charges. This information is publically available on each entity's website. MCE's information can be accessed through this link: <http://www.mcecleanenergy.org/rates/>. Although the comparisons are structured the same it should be noted that MCE and Sonoma Clean Power have different renewable percentages and use different kilowatt hour usages for each comparison. MCE offers both a 50% renewable option and two 100% renewable options, while Sonoma Clean Power offers a 36% renewable option and one 100% renewable option. You will generally find that the comparisons show that the renewable options, at a per kilowatt hour rate, are offered at a lower cost than the comparable PG&E rate (which is now at least 27% renewable).

What you will typically find in the average bills as shown in the comparisons is that the lower renewable offering results in a lower monthly electric bill while the fully renewable rate is usually more than the average PG&E bill. The reasoning for that is the Power Charge Indifference Adjustment or PCIA fee that is imposed on Community Choice Aggregators. This fee is charged to cover PG&E's generation costs acquired prior to a customer's switch to a third-party electric generation provider. So, although in most cases the renewable rate is cheaper than the PG&E rate, the PCIA fee makes the average bill higher for customers that want the 100% renewable option.

One of the concerns from most communities is what happens once a City is a member of a CCA. If the City became a member of MCE, everyone in the City would automatically be opted into the MCE 50% renewable rate structure. In the event that customer would rather use energy procured by PG&E, they would have to opt-out of MCE. This process is easy and can be accomplished on the MCE website and by phone. On average, MCE has experienced less than a 20% opt-out rate. If a customer chooses to opt out, they may request to do so at any time. If a customer chooses to opt out after the first 60 days (two months) of service, s/he will have to pay a one-time administrative fee (\$5 for residential customers; \$25 for commercial

customers) and would then be subject to PG&E's terms and conditions. Presently, if customers chose to opt out of MCE after 60 days, PG&E will require a one year waiting period before customers can return to MCE.

The larger issue is if the City as a whole wanted to opt out of the MCE membership. This has never been requested as MCE is fairly new (formed in 2008). In talking with MCE, the biggest challenge presented in this scenario is the power that has been procured by MCE through multiple year contracts (often 20 years or more) would need to be reimbursed in some way. There is a 'Withdrawal' provision in MCE's Joint Powers Authority (JPA) Agreement; however Oakley should only join MCE if we are committed to remaining with the JPA long term. It would likely be very expensive to buy out long term energy contracts for the City upon withdrawal. Staff has provided this provision from the JPA Agreement as Attachment 8.

Options

The City Council could choose to not approve the Ordinance and accompanying documents and decline to pursue membership in MCE. Electric customers would continue to receive electricity sourced by PG&E and would not have access to competitive energy options.

Alternatively, the City Council could direct Staff to monitor the County as they contemplate a Contra Costa County CCE. Staff has spoken with the County representative heading up this endeavor and they are in the early stages of gauging interest, compiling information and will still need to gain authorization from the Contra Costa County Board of Supervisors. The County representative mentioned this process, if the County chooses to move forward with a CCE, could take 18-24 months. Also, there is cost component that each participating member would have to deal with and at this time those costs are unknown.

Staff has also contacted Sonoma Clean Power and they have indicated they are not taking any new members at this time. They did say they are contemplating expansion into Mendocino County but not to the south or east. Sonoma Clean Power is not an option.

Fiscal Impact

As long as the City is able to submit a complete Membership Application to MCE prior to the March 31, 2016 deadline, there would be no cost to the City for the membership analysis. If the membership analysis is favorable and then MCE approves the City's membership in the program, then there will be a small Staff time commitment upfront and will diminish over time. Staff estimates this to be a few hours a week at the most.

CEQA

This action not a project as defined in accordance with California Environmental Quality Act (CEQA) Guidelines, Section 15378 because the proposed action will not result in any direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Joining a Community Choice Aggregator (CCA) such as MCE presents no foreseeable significant adverse impact to the environment because the California State regulations such as the Renewable

portfolio Standard (RPS) and Resource Adequacy (RA) requirements apply equally to CCAs as they do Investor-Owned Utilities. State CEQA Guidelines Section 15378(b)(5) states that a project does not include "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environment." Further, it can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable (Guidelines For the Implementation of the California Environmental Quality Act, 14 CCR 15061(b)(3)).

Recommendation

Staff recommends the City Council waive the first reading and introduce the attached ordinance authorizing the City to join Marin Clean Energy.

Attachments

- 1) December 8, 2015 Staff Report
- 2) MCE Letter
- 3) Draft Ordinance
- 4) Draft Resolution
- 5) Draft Memorandum of Understanding
- 6) Draft Request for load data from PG&E
- 7) Joint Rate Comparisons for MCE and Sonoma Clean Power
- 8) MCE JPA Agreement - Withdrawal and Termination

Agenda Date: 12/08/2015
Agenda Item: 5.3



STAFF REPORT

Date: December 8, 2015
To: Bryan Montgomery, City Manager
From: Joshua McMurray, Planning Manager

Approved and Forwarded to City Council:


Bryan Montgomery, City Manager

SUBJECT: Adoption of a Resolution Authorizing the City Manager to Send a Non-Binding Letter of Intent to Marin Clean Energy (MCE) Expressing the City's Interest in Exploring Potential Membership

Summary

City Staff recently attended a meeting at the City of Brentwood where representatives from Pacific Gas and Electric (PG&E), Marin Clean Energy (MCE), and the Contra Costa Clean Energy Alliance presented information relating to Community Choice Energy (CCE) programs. Since that meeting, Staff has been in contact with MCE and as a result of those conversations has drafted a resolution that would authorize the City Manager to sign a non-binding Letter of Intent that would allow the City to explore a potential membership into MCE.

Background

CCE is a hybrid approach between investor-owned utilities, like PG&E, and municipal utilities, like Palo Alto's, that was authorized by AB 117 in 2002. CCE enables local governments and some special districts to procure and/or develop power on behalf of their public facilities, residents and businesses. The existing utility (like PG&E) continues to be responsible for transmitting and distributing electricity through the grid, maintaining infrastructure, billing customers, and customer services.

MCE was the first CCE to begin operating in California. MCE is a public, not-for-profit electricity provider operating under the Community Choice Energy model formed in 2008. It gives all residential, commercial, and municipal electric customers the choice of having 50% to 100% of their electricity supplied by renewable sources. MCE is governed by a 17-member Board of Directors representing each of the member communities it serves.

MCE Membership Process

The first step to potentially join MCE is for the City to send a non-binding Letter of Intent requesting MCE membership consideration. There is no cost to submit such a letter. The City of Walnut Creek, City of Lafayette, Yolo County, the City of Davis and all five cities in Napa County have submitted letters of intent already, and based on the meeting in City of Brentwood last week, it appears others will consider soon whether to

submit such a letter. Most recently, the Cities of Calistoga and American Canyon have already passed Ordinances to join MCE. Although Staff feels there is more research and analysis that needs to be done, submitting a Letter of Intent will keep the door open to joining MCE should the City decide to do so in the future. Submitting a letter does not obligate the City to conduct a membership analysis. It simply states that the City is interested in possibly joining MCE and puts Oakley in line with the other jurisdictions doing the same.

MCE's Board recently addressed how to expand to include new communities at its September Board meeting. The MCE Board decided to have an open inclusion period, ending March 31, 2016. Based on the decision by MCE's Board to have an open inclusion period, the next step for Oakley, after we submit a Letter of Intent, would be to pass an ordinance to join MCE (which requires two separate votes), and pass a resolution, Memorandum of Understanding and PG&E load data request. All of these items are referenced in the attached Membership Application Checklist. Once these steps are completed, MCE will conduct the membership analysis. Prior to the inclusion period, the membership analysis required a not-to-exceed Contract in the amount of \$15,000; however that amount has been reduced to \$0 if the City were to have a completed application submitted to MCE prior to the March 31st deadline.

Assuming the conclusions of the analysis are positive (i.e. inclusion of the new community would 1) help MCE and the City reduce energy-related Green House Gasses; and 2) preserve or enhance the competitiveness of MCE's electricity generation rates (both within the City and throughout MCE's existing service area), MCE's Board would then vote to include the new community, and it would officially become a member of MCE's JPA.

This means that if the City were to proceed with the items required by the application checklist prior to the March 31st deadline, the City would essentially be committed to joining MCE as long as the membership analysis was favorable.

Other CCE Membership Possibilities:

Contra Costa County is currently looking at the options available. The County has come up with three options which include: 1) form a Contra Costa County Program, 2) partner with Alameda County on a joint Program, or 3) join Marin Clean Energy. Staff is currently monitoring the County and how they proceed.

Fiscal Impact

There is no fiscal impact to submit the Letter of Intent to MCE. Furthermore, as long as the City was able to submit a complete Membership Application to MCE prior to the March 31, 2016 deadline, there would be no cost to the City for the membership analysis.

MCE Letter of Intent
December 8, 2015
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Recommendation

Staff recommends the City Council adopt the Resolution authorizing the City Manager to send a non-binding, no-cost Letter of Intent to MCE regarding consideration of possible membership in the CCE.

Attachments

1. Resolution Authorizing a Letter of Intent to MCE
2. Membership Application Checklist

RESOLUTION NO. XX-15

A RESOLUTION OF THE CITY OF OAKLEY CITY COUNCIL AUTHORIZING THE CITY MANAGER TO SEND A NON-BINDING LETTER OF INTENT TO MARIN CLEAN ENERGY (MCE) EXPRESSING THE CITY'S INTEREST IN EXPLORING POTENTIAL MEMBERSHIP

WHEREAS, the City is interested in exploring a potential membership into the Marin Clean Energy (MCE) Joint Powers Authority (JPA); and

WHEREAS, formally expressing interest by submitting a letter of intent has no obligation or cost for the City of Oakley.

NOW, THEREFORE, BE IT RESOLVED, that the City of Oakley City Council does authorize the City Manager or his designee to send a non-binding letter of intent to Marin Clean Energy expressing the City's interest in exploring possible membership.

PASSED AND ADOPTED by the City Council at a meeting held on the 8th day of December 2015, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

, Mayor

ATTEST:

Libby Vreonis, City Clerk

Date

MCE Membership Application Checklist

- ✓ Request for load data for PG&E signed by Mayor, City Manager, Board president or Chief County Administrator
- ✓ County assessor data for all building stock in jurisdiction
- ✓ Adoption of a resolution requesting membership in MCE
- ✓ Adoption of the ordinance required by the Public Utilities Code Section 366.2(c) (10) to join MCE's CCA program, adopted governing Board, subject to MCE Board approval
- ✓ Executed 'Agreement for Services' or 'Memorandum of Understanding' (if during inclusion period) to cover:
 - Community agrees to publicize and share information about MCE with community during the 6 month enrollment period. Options to publicize include but are not limited to website, social media, public events, community workshops, and newsletter announcements (where feasible), as well as distribution of flyers and handouts provided by MCE at community offices.
 - Community agrees to provide desk space for up to 2 MCE staff during the 6 month enrollment period, and agrees to consider ongoing desk space availability if needed for effective and efficient outreach.
 - Community agrees to assign staff member as primary point of contact with MCE. Assigned staff member will support and facilitate communication with other community staff and officials, as well as provide input and high-level assistance on community outreach.
 - Community agrees to cover of quantitative analysis cost, not to exceed \$10,000; waived under inclusion period.

Attachment 2

Department of Conservation and Development

30 Muir Road
Martinez, CA 94553

Phone: 1-855-323-2626

Contra Costa County



John Kopchik
Director

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Business Operations Manager

January 23, 2017

Board of Directors
East Bay Community Energy
Care of Chris Bazar, Director
Alameda County Community Development Agency
224 W. Winton Ave., Room 110
Hayward, CA 94544

Dear Mr. Bazar,

Contra Costa County (County) and the cities within the County that are not members of MCE are considering whether to participate in a Community Choice Energy program. The two main options currently under consideration by the County Board of Supervisors (Board) are joining MCE or seeking membership in East Bay Community Energy (EBCE).

At its meeting on January 17, 2017, the Board directed County staff to request that the EBCE Board of Directors specify the process and conditions EBCE would require of any jurisdictions within the County that might seek membership in EBCE, including any costs of membership. It is my understanding that the Alameda County Community Development Agency is currently providing staff support to EBCE. In this capacity, I ask that you please place this request from the County on the EBCE Board of Directors agenda as soon as possible, preferably for its meeting on January 30, 2017.

The County would appreciate receiving a response to this request from EBCE by Friday, March 3, 2017, so that the County and cities within the County have the information necessary to make decisions about their potential participation in a Community Choice Energy program this spring. In your response, please indicate any costs that would be required from Contra Costa jurisdictions seeking membership in EBCE, the required actions and steps in the membership process, how Contra Costa jurisdictions would be represented on EBCE's Board, and the estimated date when electricity service would commence in jurisdictions accepted as EBCE members.

For your reference, attached is a letter the County recently received from MCE specifying terms of membership for jurisdictions within the County seeking membership in MCE during MCE's current inclusion period.

Should you have any questions concerning this request, please contact Jason Crapo, Deputy Director, at (925) 674-7722. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JK', with a large loop at the end.

John Kopchik, Director



February 21, 2017

John Kopchik
Director, Department of Conservation and Development
Contra Costa County
30 Muir Street
Martinez, CA 94553

Dear Mr. Kopchik:

This letter is in response to your request for East Bay Community Energy (EBCE) to indicate its desire to expand beyond Alameda County and its willingness to engage interested Contra Costa County jurisdictions as EBCE members. This letter also outlines the terms of EBCE membership.

As you may know, the EBCE Board of Directors met for the first time on January 30, 2017. During that meeting, the Board had a robust discussion on this topic and was strongly in favor of formally inviting Contra Costa County and its Cities to join EBCE. The general sense was that it would be an exciting and positive development to have a more regionally focused East Bay Community Choice Energy (CCE) program. Some EBCE Board members expressed a willingness to present at your upcoming Board of Supervisors and City Council meetings as Contra Costa County officials deliberate on which CCE option would be in the best interests of their constituents.

With regards to the terms of membership, the EBCE Board discussed each of the points your letter raised, and we can provide you the following feedback:

- **Cost to Join:** The Board agreed that there would be no cost for Contra Costa County jurisdictions to join the JPA. EBCE will absorb all of the initial launch expenses, including load data analysis, communications costs and noticing requirements. The Board believes these one-time costs are offset by the longer-term value of including Contra Costa County communities in order to form a larger, regional program. We do request, however, that new member jurisdictions identify appropriate municipal staff to assist in coordinating the JPA resolution and Agreement, passage of the CCE ordinance and help with local public outreach, such as organizing workshops and having a presence at community events.
- **Required actions and steps in the membership process:** The Board agreed that the steps for joining EBCE would be the same as for the Alameda County jurisdictions, namely that the prospective members must pass the required CCA ordinance, authorize access to their load data, hold at least two duly noticed public hearings, and pass the JPA resolution in order to become a party to the EBCE Joint Powers Agreement. A copy of the CCE ordinance, JPA Agreement and JPA resolution are attached for your reference. For the purposes of completing EBCE's implementation plan, conducting public outreach, and procuring power for customers in new member jurisdictions, we request that interested jurisdictions cast deciding votes by June 30, 2017. It should be noted that there will be additional opportunities to join EBCE in 2018, if that is preferred. See below for more information regarding timing.

Letter to John Kopchik, Director
Department of Conservation and Development
Contra Costa County
February 21, 2017

- **Representation on EBCE Board:** Each Contra Costa County jurisdiction choosing to join EBCE will have a seat on its Board, which is the same manner of representation as other Alameda County members. As you may know, EBCE has a two-tiered voting structure, the first being one-city/one-vote with simple majority to carry the vote. In this case, every jurisdiction will have one equal vote, and it is anticipated that most votes will proceed in this fashion. However, if at least three members call for a weighted vote, then each city's voting share would be determined by its electrical load; weighted votes may only be used to overturn an affirmative vote and may not be used to resurrect or overturn a negative vote. Please see Attachment 4 for a comparison of EBCE and CCCo jurisdictional loads. New Board members can be seated once the JPA resolution has been passed, and the first and second readings of the CCE ordinance are complete.
- **Estimated date of service commencement:** Your letter asked for a date when electric service could begin. As of this writing, it is likely that EBCE will begin serving Phase 1 customers (a subset of the total number of accounts) in Spring of 2018. Phase 2 customers, including additional Contra Costa County accounts, would be enrolled in the Summer or Fall of 2018. Cities that join after the June 30th deadline or in 2018 will be enrolled in Phase 3, likely to be the late Fall of 2018 or Spring of 2019.

The EBCE Board is excited about the prospect of creating a regional East Bay Community Energy program. A member of our Board and Alameda County interim staff will attempt to attend as many of your upcoming presentations as possible, including the Board of Supervisors meeting on March 21. If possible, we would very much like the opportunity to make a more formal presentation at that meeting if the Contra Costa County Board of Supervisors and staff are agreeable.

Finally, for the purposes of planning, it would be helpful to know how many Contra Costa County jurisdictions would be interested in joining EBCE. As noted above, we are requesting that the County and any interested cities complete their decision-making and passage of the required resolution and ordinance by June 30, 2017 if they are interested in a Spring/Summer 2018 enrollment period.

We hope this addresses your questions on behalf of Contra Costa County and interested cities. Please don't hesitate to contact us if you'd like to discuss any of these matters further.

Sincerely Yours,



Chris Bazar
Director, Alameda County Community Development Agency

Cc: EBCE Board of Directors

Attachments:

- 1) EBCE JPA Agreement and sample resolution
- 2) Copy of CCE ordinance
- 3) PG&E Attestation form for load data authorization
- 4) Load size / voting shares comparison by jurisdiction



California Public Utilities Commission FACT SHEET

Power Charge Indifference Adjustment

January 2017

What is Community Choice Aggregation and Direct Access?

Community Choice Aggregation (CCA) is a program authorized by Assembly Bill 117 (Migden, Chapter 838, Statutes of 2002), and Senate Bill 790 (Leno, Chapter 599, Statutes 2011) that authorizes local government entities to purchase power for their communities from non-utility power suppliers.

Direct Access is a program implemented by the CPUC and authorized by Assembly Bill 1890 since January 1, 1998, to allow customers to purchase power from electric service providers other than their electric investor-owned utility. After the electricity crisis in 2001, the Legislature enacted Assembly Bill 1X suspending Direct Access. In 2010, Senate Bill 695 reopened Direct Access on a limited basis. Pursuant to Senate Bill 695, the CPUC established a maximum load cap in each investor-owned utility service area phasing it in over a four-year period from 2010 to 2013 (see CPUC [Decision 10-03-022](#)).

Although investor-owned utilities do not purchase power for CCA and Direct Access customers, they continue to deliver the power. Investor-owned utilities also have the obligation to provide electric service to customers returning from CCA and Direct Access services as the “provider of last resort.”

Do CCA and DA customers pay any costs related to the utilities’ procurement of power?

Yes. Because power plants take a long time to build and investor-owned utilities enter into long-term power purchase contracts, Public Utility Code Sections 366.1 and 366.2 require the CPUC to make sure that customers leaving the utility do not burden remaining utility customers with costs which were incurred to serve them. To ensure this “customer indifference,” CCAs and Direct Access customers are required to pay a power charge indifference adjustment (PCIA). These “departing load” customers currently represent approximately 28 percent of Pacific Gas and Electric Company’s (PG&E) load. Without the PCIA, the remaining 72 percent of PG&E’s customers would need to assume financial obligations PG&E incurred in anticipation of serving the 28 percent of customers that now receive electric service from a CCA or Direct Access.





Pursuant to the statutory requirements, in 2002 and subsequent years, the CPUC adopted a series of decisions on the PCIA policies and methodologies.¹

How is the PCIA calculated?

The PCIA is calculated by taking the difference between:

- The “**actual portfolio cost**” which represents the cost related to utility’s power procurement, e.g., utility-owned generation and purchased power, and
- The “**market value** of the portfolio.”

The market value of an investor-owned utility’s portfolio is measured by the Market Price Benchmark (MPB) and the megawatt hours (MWh) of generation. The MPB is based on a CPUC approved methodology for calculating the current market cost of renewables and natural gas-fueled power. If the investor-owned utility’s actual portfolio cost is above-market value, the departing load customers pay their share of the difference (the PCIA) based on their power consumption.

Because an investor-owned utility’s actual portfolio cost includes its legacy power purchase contracts incurred prior to 1998, current statute and CPUC decisions require departing load customers to pay the above-market cost or receive a credit for the below-market cost through a separate charge, called the Competition Transition Charge (CTC). Thus, the PCIA is adjusted to exclude the CTC to avoid double counting.

Can a departing load customer receive a credit when the PCIA is negative?

Yes – a credit, but not a cash payment. The PCIA may be positive or negative representing the above- or below-market cost of power. The investor-owned utilities track any negative PCIA values and offset them against a departing load customer’s future positive PCIA. Departing load customers cannot receive a cash credit.

Does the PCIA represent a profit to an IOU or its remaining customers?

No. The PCIA revenue from the departing load customers is fully credited to the IOU customers to offset the above-market costs of the investor-owned utility’s financial obligations.

Do all departing load customers of an IOU pay the same PCIA

No. The PCIA is different depending on when a customer left the investor-owned utility and what the investor-owned utility’s portfolio was at the time. Each departing load customer pays the assigned “vintage PCIA.” For example, a customer who departed in 2012 pays the “2012 vintage PCIA” which only includes the above market costs of pre-2013 vintaged power procured by the investor-owned utility.

¹ Major decisions on PCIA and its predecessor, Department of Water Resources (DWR) Power Charge methodologies include [D.02-11-022](#), [D.06-07-030](#), [D.07-01-030](#), [D.08-09-012](#), [D.11-12-018](#), and Resolution E-4475.





Does the PCIA change from year to year? What causes it to change?

Yes. Because the PCIA is calculated as the difference between the utility's actual generation portfolio cost and its market value, it can change in response to changes in the market value of power and price of gas.

The main cause for the PCIA increase in recent years has been the drop in the market value of the IOU's portfolio due to the steep decline in natural gas prices and the fact that renewable power prices have come down below what the utilities are contracted for. On the other hand, refunds that the IOUs received in some past years from power contract litigations or settlements helped reduce the actual portfolio cost and the PCIA. For example, PG&E's 2015 PCIA was lower than previous years due to millions of dollars in refunds related to the 2001 electricity crisis, solar saving credits, and the Department of Water Resources (DWR) credits associated with power contracts signed during the electricity crisis.

Do CCA and DA customers pay any other departing load charges?

Yes. Pursuant to statutory mandates, all customers pay towards nuclear decommissioning and public purpose charges. Various non-bypassable departing load charges (DLCs) are listed below (See the Attachment 1 for the IOUs' 2016 DLCs):

- Energy Cost Recovery Amount (ECRA) (PG&E only)
- Department of Water Resources (DWR) bond charge
- Competition Transition Charge (CTC)
- Power Charge Indifference Adjustment (PCIA) Charge
- Cost Allocation Mechanism (CAM) Charge - to pay for the new resources needed for ongoing system reliability
- Nuclear Decommissioning (ND) Charge
- Public Purpose Program (PPP) Charge

Is the CPUC planning on addressing any CCA related issues in the near future?

Yes. Recent PCIA increases have been a major concern for CCAs and DA providers. The uncertainty of the PCIA amount in the future is also a major issue. Recently, the CPUC has directed a working group led by Southern California Edison and the Sonoma Clean Power CCA to develop a proposal for CPUC consideration that would address PCIA transparency and certainty issues. Pursuant to the CPUC directive, the working group plans to submit recommendations on their next steps before April 5, 2017.

Additionally, the CPUC is also planning to explore potential impacts and opportunities associated with a high level of CCA penetration given the growing interest in forming CCAs. The CPUC will hold a CCA En Banc on February 1, 2017.





Attachment 1
2016 Direct Access/CCA Departing Load Charges - PG&E

Charge Component	Residential Rate (kWh) Sch. E-1	Large Industrial Rate (kWh) Sch. E-20 (Transmission)
Energy Cost Recovery Amount (ECRA)	(\$0.00002)	(\$0.00002)
DWR Bond	\$0.00539	\$0.00539
Ongoing CTC	\$0.00338	\$0.00187
PCIA (2016 Vintage)	\$0.02323	\$0.01284
NSG (CAIV)	\$0.00255	\$0.00160
ND	\$0.00022	\$0.00022
<u>PPP</u>	<u>\$0.01405</u>	<u>\$0.00982</u>
Total	\$0.04880	\$0.03172

2016 Direct Access/CCA Departing Load Charges – Edison

Charge Component	Residential Rate (kWh) Sch. Domestic	Large Industrial Rate (kWh) Sch. TOU-8-Sub
Energy Cost Recovery Amount (ECRA)	-	-
DWR Bond	\$0.00539	\$0.00539
Ongoing CTC	(\$0.00015)	(\$0.00007)
PCIA (2016 Vintage)	\$0.00098	\$0.00045
NSG (CAIV)	\$0.00509	\$0.00295
ND	(\$0.00085)	(\$0.00085)
<u>PPP</u>	<u>\$0.02171</u>	<u>\$0.00863</u>
Total	\$0.03217	\$0.01650





Attachment 1 (cont.)
2016 Direct Access/CCA Departing Load Charges - San Diego Gas & Electric

Charge Component	Residential Rate (kWh) Sch. DR	Large Industrial Rate (kWh) Sch. AL-TOU
Energy Cost Recovery Amount (ECRA)	-	-
DWR Bond	\$0.00539	\$0.00539
Ongoing CTC	\$0.00180	\$0.00154
PCIA (2016 Vintage)	\$0.01278	\$0.01114
NSG (CAV)	\$0.00013	\$0.00001
ND	(\$0.00004)	(\$0.00004)
PPP	<u>\$0.01241</u>	<u>\$0.01238</u>
Total	\$0.03247	\$0.03042



Community Choice Aggregation En Banc Background Paper

A number of new Community Choice Aggregators (CCAs) have formed in California in recent years, and there is a potential for significant additional CCA growth. On February 1, 2017, the CPUC will hold an En Banc hearing to consider how various programs and regulatory activities could be affected as CCA growth continues. This paper was developed by Energy Division staff to provide background information on CCAs in support of the CCA En Banc hearing.

I. Introduction to Community Choice Aggregation Programs

CCAs are governmental entities formed by cities and counties to procure electricity for their residents, businesses, and municipal facilities.¹ CCA programs have several unique characteristics. When a CCA launches, investor-owned utility (IOU) electricity customers in the designated service area are automatically opted-in to CCA service, and have to opt out to continue to be served by the IOU.² Once established, a CCA purchases power for its customers. The procurement rates are not regulated by the CPUC and instead are regulated by the CCA following its own public process. While the CCA is responsible for procurement, the IOU still provides other services such as transmission, distribution, metering, billing, collection, and customer service. The nature of these divided but related responsibilities requires some form of partnership relationship between the CCA and the IOU on many operational issues. For instance, the bill that CCA customers receive comes from the IOU and identifies the amount that a customer owes to the CCA for procurement and to the IOU for the remaining electric services.

II. History and Statutory Authority

¹ CCAs cannot be formed in the jurisdiction of a publicly owned electric utility (POU) that provided electrical service as of January 1, 2003. (PU Code 331.1). A publicly owned electric utility is defined as a municipality or POU such as LADWP or SMUD.

² Customers may opt out of CCA service within the first 60 days of a CCA's launch without a fee. After 60 days have passed, customers may still opt out if they pay a one-time processing fee.

Community Choice Aggregation was created in California by AB 117 (2002), which authorized local governments to aggregate customer electric load and purchase electricity for customers. AB 117 provided that "all electrical corporations must cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregator programs."³ The investor-owned utility still maintains the responsibility of providing transmission and distribution services, and continues to provide all metering, billing, collection, and customer service to retail customers that participate in a CCA.⁴

AB 117 also provided guidance on how communities may create a CCA program. AB 117 requires that the city or county pass an ordinance to implement a CCA program within its jurisdiction. Two or more cities or counties may participate in a CCA program as a group through a joint powers agency. Once a community has established a CCA program potential customers within the service area are automatically enrolled in the CCA unless they opt out so long as customers have been notified in writing of their right to opt out of CCA service. Customers who opt out of CCA service continue to be served as bundled customers of the IOU electrical corporation.⁵

In Decision (D).05-12-041, the CPUC interpreted AB 117's provisions as granting the CPUC jurisdiction over CCA programs as follows:

Generally, we find that AB 117 does not provide us with the authority to approve or reject a CCA's implementation plan or to decertify a CCA but to assure that the CCA's plans and program elements are consistent with utility tariffs and consistent with CPUC rules designed to protect consumers.⁶

D.05-12-041 also described the CPUC's authority over CCA program operations as follows:

Nothing in the statute directs the CPUC to regulate the CCA's program except to the extent that its program elements may affect utility operations and the rates and services to other customers. For example, the statute does not require the CPUC to set CCA rates or regulate the quality of its services.⁷

³ AB 117 p. 6, PU Code 366.2 (9).

⁴ PU Code 366.2.

⁵ AB 117 p. 5, PU Code 366.

⁶ D.05-12-041, p. 4.

⁷ D.05-12-041, p. 5.

In 2010, Marin Clean Energy (MCE) launched, representing the first implemented CCA in California. Soon after MCE was established, the legislature passed SB 790 in 2011 to expand upon AB 117 and provide additional protections and guidance on forming a CCA based on the experience with creating MCE.

As part of implementing SB 790 the CPUC established a Code of Conduct,⁸ which governs the treatment of CCAs by electrical corporations. The CPUC also established an expedited complaint procedure applicable to complaints filed by CCAs against electrical corporations.⁹ The rulemaking also considered, among other things, the CPUC's authority and regulatory process for considering CCA implementation plans and registration.¹⁰

AB 117 also required the CPUC to "determine a cost-recovery mechanism to be imposed on the community choice aggregator to prevent a shifting of costs to an electrical corporation's bundled customers." Pursuant to these statutory requirements, in 2002 and subsequent years, the CPUC adopted a series of decisions on the policies and methodologies surrounding the Power Charge Indifference Adjustment (PCIA).¹¹

CCAs cite regulatory uncertainty concerning non-bypassable charges as a problem. A major component of the non-bypassable charges is the PCIA. The PCIA is designed to recover the stranded resource procurement costs necessary to keep remaining bundled customers financially indifferent to the departure of customers taking CCA or Direct Access¹² program services. Other factors that could affect the competitiveness of CCA rates in the future are spot market prices and CCAs' own procurement strategies, including the length and size of their procurement contracts.

Although the CPUC's regulatory jurisdiction over CCAs is more limited than over IOUs, CCAs still must comply with certain requirements which are discussed in Sections IV and V of this paper.

⁸ D.12-12-036.

⁹ Since the establishment of the CCA Code of Conduct expedited complaint procedure, only one formal complaint has been filed (2016). This complaint was a dispute concerning the expediency of the integrating the IOU's billing and IT systems, and was settled before it went to hearing.

¹⁰ D.05-12-041.

¹¹ Major decisions on PCIA and its predecessor, Department of Water Resources (DWR) Power Charge methodologies include D.02-11-022, D.06-07-030, D.07-01-030, D.08-09-012, D.11-12-018, and Resolution E-4475.

¹² Direct Access (DA) is a program implemented by the CPUC and authorized by AB 1890 since January 1, 1998, which allows customers to purchase power from electric service providers other than their electric investor owned utility (IOU).

III. Community Choice Aggregation Today: Current Status and Potential Growth

Interest in forming CCAs has increased in recent years. Communities exploring community choice aggregation cite clean energy, local control, and consumer choice as the primary benefits of CCA programs. Local control also enables communities to pursue other goals, which could include lower rates or creating local jobs.

Beyond the CCAs which are already serving customers, the CPUC has also certified a number of CCA Implementation Plans which are scheduled to serve customers in 2017. These include Silicon Valley Clean Energy, Apple Valley Choice Energy, Hermosa Beach Choice Energy and Redwood Coast Energy Authority. In addition, MCE has significantly expanded its territory.

Many other communities are in various stages of CCA exploration. Notably, Los Angeles County is pursuing the formation of Los Angeles County Community Choice Energy (LACCE).¹³ Los Angeles County initiated a feasibility study to determine whether the County can meet the electricity load requirements for the 82 eligible cities and County unincorporated areas with rates that are competitive with Southern California Edison. The feasibility study resulted in a Business Plan, which concluded that a CCA in Los Angeles County is financially feasible and would yield benefits for residents and businesses. According to the Business Plan, the proposed LACCE service territory could be equal to more than 30 percent of Southern California Edison's retail load.¹⁴

Other governments exploring CCA programs include: San Jose; Alameda County and cities; Monterey, Santa Cruz and San Benito Counties; Santa Barbara, San Luis Obispo and Ventura Counties; and San Diego County and cities. Each of these governmental entities is in different stages of exploration. Based on historic trends it is unclear whether all of these entities will ultimately create a CCA.

¹³ <http://green.lacounty.gov/wps/portal/green/lacce>.

¹⁴ County of Los Angeles Community Choice Energy Business Plan, p 1. (Link: [County of Los Angeles Community Choice Energy \(LACCE\) Business Plan - 07.2016](#))

The following two graphics provide a visual of CCA activity and exploration in California.



- **Operational CCAs**
 MCE Clean Energy (includes
*Rapa County, parts of Contra
 Costa and Solano Counties)*
 Sonoma Clean Power
 Lancaster Choice Energy
 Clean Power San Francisco
 Peninsula Clean Energy (San
 Mateo County)
 - **Exploring / In Process**
 Butte County
 City of Hermosa Beach
 City of Pico Rivera
 City of San Jacinto
 City of San Jose
 Contra Costa County
 Fresno County
 Kings County
 Monterey County*
 Riverside County
 San Benito County*
 San Bernardino County
 San Diego County
 San Joaquin County
 San Luis Obispo County**
 Santa Barbara County**
 Santa Cruz County*
 Solano County
 Tulare County
 Ventura County**
 - **2017 Launch**
 Santa Clara County / Silicon
 Valley Clean Energy
 Alameda County / East Bay
 Community Energy
 Humboldt County / Redwood
 Community Energy
 Mendocino County (as member
 of Sonoma Clean Energy)
 Los Angeles County (Phase 1)
 Placer County
 Yolo County--City of Davis /
 Valley Clean Energy Alliance
 Town of Apollo Valley
- * Monterey Bay Tri-County
 ** Central Coast Tri-County

(<http://www.leanenergyus.org/ccs-by-state/california/>)



CCA Activity Today in PG&E's Service Territory



- Existing (Currently serving customers)
- Invested (Financial commitment)
- Interested (CCA program evaluation)
- Prospective (Proximity/Exploratory)
- Core (Remaining PG&E territory)

The above map was included in the Public Version of PG&E's notice of Ex Parte Communication on September 23rd, 2016 regarding A. 14-05-024, A.16-08-006, and R. 15-02-020.

Currently, communities exploring a CCA program have three potential paths to join a CCA. First, they can start their own CCA in their community. Second, they can join an already existing CCA as an expansion to their service territory, as has been done with MCE. Third, a community might launch their own CCA, but attempt to enter into a partnership with another existing CCA, as Hermosa Beach and Lancaster are considering. This third structure would be intended to maintain the benefits of independent governance, but also share certain services and contacts.

How long it takes a CCA to come into formation varies greatly by the community, and is dependent upon a number of factors, including: availability of resources to conduct a feasibility study, the organization and political will of potential communities involved and the complexity of the potential service territory.

IV. Current Requirements of CCAs in Resource Adequacy, Renewables Portfolio Standard, and Integrated Resource Planning

Resource Adequacy (RA)

The RA program covers all CPUC-jurisdictional load serving entities (LSEs) including IOUs, CCAs and Electric Service Providers (ESPs). All LSEs submit load forecasts and the CPUC determines each LSE's RA obligations as proportionate to their peak load share. The LSEs then submit annual and monthly filings to the CPUC to demonstrate compliance with their RA obligations.

When there is a need for procurement in order to meet a reliability need or a state priority goal (e.g. the demand response auction mechanism (DRAM) pilot or biomass energy procurement to address tree mortality), in most cases the CPUC has ordered the IOUs to procure capacity and allocates the associated costs to all LSEs through the "Cost Allocation Mechanism" (CAM). The capacity benefits for these priority resources are also allocated to the LSEs as a reduction in their RA requirement. This process has worked well in the past because the IOUs had the large majority share of the load and power procurement. However, if significant numbers of bundled customers move to CCAs with their associated load, it could

become difficult to use the utilities as a conduit for procurement for such purposes; potentially IOUs may be unwilling to procure capacity beyond their own customers' needs.

Currently, IOUs have a significant amount of long term contracts while CCAs generally have less procurement further out than the year-ahead RA requirement. To the extent that the business model of CCAs may focus less on long term procurement, market uncertainty may also become a greater issue as CCAs grow.

Renewables Portfolio Standard (RPS)

In the RPS program, CCAs are subject to the same procurement requirements and compliance rules as the IOUs. However, although CCAs are required to submit RPS procurement plans, they have fewer requirements than the IOUs. While the CPUC "approves" these plans for IOUs, the CPUC only "accepts" RPS plans for CCAs. Additionally, CCAs do not need CPUC approval for solicitations and procurement contracts. To the extent that the CPUC has less oversight over CCAs in the RPS area, this may result in less insight into the market and into procurement practices.

Integrated Resource Planning (IRP)

SB 350 (2015) established new clean energy, clean air and greenhouse gas reduction goals for 2030 and beyond. SB 350 requires the CPUC to (1) identify a preferred portfolio of resources that meets multiple objectives including minimizing costs, maintaining reliability, and reducing greenhouse gas (GHG) emissions (Section 454.51), and (2) oversee an IRP process involving a wide range of LSEs, including CCAs (Section 454.52). Section 454.51 requires IOUs to submit proposals for incremental procurement to satisfy their renewable integration needs. CCAs are permitted to submit such proposals; however, if the CPUC finds that the CCAs' renewable integration needs are best met through long-term procurement commitments for resources, CCAs are also required to make long-term commitments. Section 454.52 stipulates that the CCA's IRP shall be provided to the CPUC for certification.

CCAs have stated in informal comments¹⁵ that they have independent authority over all aspects of their IRPs, and that neither SB 350 nor any other statute expressly grants the CPUC authority to:

- Set GHG planning targets for CCAs;
- Make any binding determination regarding a CCA's share of any GHG planning target;
- Require that CCAs' IRPs be developed using CPUC-imposed inputs, assumptions or methodologies;
- Require that CCAs' IRPs comply with the CPUC's Reference System Plan or Preferred Plan; and
- Approve, deny or modify CCAs' IRPs based on any factor.

If the above assertions are correct, issues of consistency and coordination between CPUC requirements and CCA independent authority could diminish the long-term effectiveness of the IRP process and could limit the state's ability to meet its GHG emission reduction goals.

V. The Roles of CCAs in Customer-Facing Programs

Energy Efficiency (EE)

The CPUC's EE programs have historically been administered by the IOUs. Recent legislation and CPUC decisions opened program design and administration to Regional Energy Networks and CCAs. The Regional Energy Networks and CCA EE programs are independently designed and their applications are reviewed by the CPUC separately from the utility programs. Currently, MCE is the only CCA that administers EE programs. EE programs are funded primarily by a charge on all customer bills tied to public purpose programs which is part of the distribution charge that is paid by both IOU and CCA customers. Utilities collect funding for EE programs through rates, and Regional Energy Networks and CCAs receive funding from utilities to administer CPUC-approved programs.

¹⁵ See "Comments on Implementing GHG Planning Targets Staff White Paper" at www.cpuc.ca.gov/General.aspx?id=6442451195.

Because the CPUC has oversight of a range of EE programs that provide multiple methods to encourage energy efficiency activities (e.g., financial incentives, marketing and education, technical assistance), attributing energy reduction to any one party's activities is complex. As CCAs, Regional Energy Networks and third party providers take on an increased amount of program design and implementation, the CPUC will need to fine tune methodologies to attribute energy savings, and the corresponding funding that goes with a successful program, to avoid, mitigate and resolve disputes between the various interests.

Safety impacts the EE programs in many areas, but primarily in the vetting of contractors who enter individual customers' residences. Also, since some EE programs are intended to improve insulation and tighten the building envelope, it is important to conduct natural gas testing to avoid harm to the building's tenants and/or residents. Methods and procedures need to be established so that CCAs have all necessary safety information when establishing EE programs.

CCAs may provide energy efficiency programs either for just their CCA customers, or for both their CCA customers and for customers who have opted out of participating in CCA services. This distinction creates two paths for CCA administration of energy efficiency programs pursuant to Section 381.1.

For Option 1, a CCA may "Apply to Administer" (ATA). D. 14-01-033 makes ATA programs subject to the same rules as those for IOU programs including: the programs must be cost effective, pass the Total Resources Cost Test, and be subject to evaluation, measurement and validation review.¹⁶ If a CCA chooses to provide energy efficiency programs to both CCA and bundled customers, they must coordinate with the incumbent IOU to avoid double counting of energy savings.

For Option 2, a CCA may "Elect to Administer" (ETA). Under the ETA option, a CCA may provide energy efficiency programs for only their own customers. Programs under the ETA option have a much lighter regulatory touch – they must simply follow the requirements of General Order 96-B, meet the standards in Section 381.1(e)-(f), and be subject to financial audits.

¹⁶ Information updated from an MCE document prepared by Michael Callahan for a CCA meeting at the CPUC.

MCE's EE Programs:

Currently, MCE is the only CCA authorized to administer EE programs. MCE undertakes residential, commercial and financing programs.

MCE Programs	2013 - 2014 Annualized Budget	2015 Requested Budget	2015 Approved Budget	% of Requested Amount
Single Family	\$236,709	\$227,470	\$227,470	100%
Multi-Family	\$430,486	\$509,284	\$430,486	85%
Small Com	\$690,409	\$462,311	\$462,311	100%
Financing	\$650,000	\$100,000	\$100,000	100%
	\$2,007,603	\$1,299,065	\$1,220,267	94%

Transportation Electrification

CCA customers are eligible for IOU pilot programs¹⁷ in which the IOUs install infrastructure for electric vehicle charging. The costs of these pilot programs are included in the distribution component of rates, so all customers pay them through the IOU charges on their bill. CCA representatives may participate in the IOUs' program advisory councils that advise the IOUs on their pilot implementation.

If the CPUC and IOUs develop rates that encourage electric vehicle charging at times of day that are beneficial to the grid, but CCAs do not adopt those or similar rate structures, we may lose the opportunity for electric vehicles to help integrate renewables and make the grid more efficient. Some CCAs have their own electric vehicle programs, or will develop them in the future. In those cases, CCA customers could be eligible for both IOU programs and CCA programs. This presents additional opportunities for customers, but may be confusing for some as there is currently no mechanism to ensure CCA and IOU programs are complementary rather than duplicative. As a result, there is a risk that CCA customers will pay for electric vehicle programs offered by the IOU and also pay for similar programs offered by their CCA.

¹⁷ SCE's Charge Ready program was authorized in D.16-01-023. SDG&E's Power Your Drive program was authorized in D.16-01-045. PG&E's Charge Smart and Save was authorized on 12/15/16 in A.15-02-009, decision number is pending.

Time of Use (TOU) Rates

MCE and Sonoma Clean Power have expressed willingness to participate in the 2018 default TOU pilot program and in the default TOU rates for residential customers in 2019, as is required of PG&E and the other two electric IOUs.¹⁸

IOUs are required to provide a rate comparison to their customers before the customer can be defaulted onto a TOU rate.¹⁹ Stakeholders agree that this is a best practice. Thus, CCA customers should also be provided with a rate comparison if they are defaulted. However, this may be difficult in practice. For example, PG&E's software tool can only produce rate comparisons for bundled customers. In addition, there is a question about allocation of costs for the rate comparison tool.

If CCAs do not participate in default TOU rates, the goals of the TOU policy to improve renewables integration could be affected. In D.15-07-001, the Commission said:

We found there are many demonstrated benefits from existing [TOU] programs, and many potential benefits for California if a well-designed default TOU rate is implemented. For example, it is well established that TOU rates are more cost-based than flat or tier rates. TOU rates enable the customer to better understand electricity resources and make a positive difference in the environment by adjusting their use. TOU rates can also reduce the cost of infrastructure by reducing the need for peaker plants.²⁰

CCA non-participation would diminish the customer base that will be defaulted onto TOU rates and consequently could reduce the aggregate potential for reaching these goals. On the other hand, CCAs may develop their own TOU rate structures for their unregulated energy rates which could provide different benefits to customers and the grid.

¹⁸ D.15-07-001 at p. 172 (and surrounding discussion).

¹⁹ PU Code Section 745(c)(4) and (5).

²⁰ D.15-07-001, p 129.

Distributed Energy Resources (DER)

CCAs do not have any obligations under the DER competitive solicitations and shareholder incentives pilot for distribution grid deferral projects authorized in the Integrated Distributed Energy Resources (IDER) proceeding (D.16-12-036). However, CCAs are not prohibited from participating as a market competitor in the pilot competitive solicitation. In addition, any DERs procured for system reliability authorized in the CPUC's Long Term Procurement proceeding would be paid for by CCAs proportional to their customers' contribution to peak demand.

Low Income Programs

CCA customers are eligible to participate in California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA) and Medical Baseline programs.²¹ These programs are administered to all customers of IOUs, including CCA customers, and are funded through the Public Purpose Participation (PPP) charge. The PPP charge is paid for by all customers, including CCA customers, through the distribution charge.

One concern that has been raised is that CCAs could "cherry pick" customers by creating geographic boundaries that avoid low income or otherwise underserved neighborhoods. However, there is no evidence that this has happened with existing CCAs. Further research is required to determine if CCAs tend to form in more well-off sections of the state, and what impacts this might have on remaining IOU customers. In addition, another concern is that CCAs could also design a phased roll out that provides service only to high value customers in early years and thus delay service to lower value customers for multiple years.

VI. Future Considerations

A proliferation of CCA customers would present a number of potential opportunities and challenges that would require CPUC consideration. If a number of "super green" CCAs emerge that purchase large amounts of renewables that well exceed RPS requirements, this

²¹ CCA customers in PG&E's territory are also eligible for the Energy Savings Assistance Program (ESA), which is also funded by the PPP.

could greatly assist California in achieving its carbon goals. Furthermore, an increase in CCAs would provide choices for a greater number of customers about where to get their electricity.

While most of the CCAs under consideration today focus on “out greening” the IOUs, they are only statutorily required to meet the minimum RPS standards; other clean energy programs do not necessarily apply to CCAs. Alternatively some communities may look at CCA formation as a means of competing with the IOUs solely on rates instead of competing to go beyond the state’s clean energy requirements. Staff has not evaluated whether CCAs can both be more green than IOUs and also provide lower rates.

A large increase in CCA formation could also usher in significant changes to the role of IOUs in the electricity landscape. Even if CCA growth greatly diminishes the IOUs’ role in procurement, the IOUs will still maintain responsibility for transmission, distribution and billing. This division of obligations between the CCA and the IOU creates a form of partnership, with responsibilities that are distinct but related, and at times interdependent. A future in which CCAs procure electricity for a significant portion – perhaps even the majority – of IOU customers would present a number of questions that the CPUC must consider, including whether the current short- and long-term approach to procurement would need to be revisited, who would ensure reliability, cost allocation for reliability procurement and what entity or entities would be the “provider of last resort.”



December 18, 2015

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Kevin Haroff
City of Larkspur

Jessica Jackson
City of Mill Valley

Brad Wagenknecht
County of Napa

Denise Athas
City of Novato

Carla Small
Town of Ross

Ford Greene
Town of San Anselmo

Genoveva Calloway
City of San Pablo

Andrew McCullough
City of San Rafael

Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901
1 (888) 632-3674
mceCleanEnergy.org

Bryan H. Montgomery
City Manager
City of Oakley
City Hall
3231 Main Street
Oakley, CA 94561

RE: City of Oakley Letter of Intent

Dear Mr. Montgomery:

We are in receipt of your letter, dated December 11, 2015, expressing interest in exploring membership with MCE and are happy to consider your request. We are pleased to inform you that our Board has approved a six-month "inclusion period" that would allow no-cost membership consideration if your membership application is completed on or before March 31, 2016.

Membership application requirements are attached here and include the following:

- Adoption of the ordinance required by the Public Utilities Code Section 366.2(c) (10)
- Executed Memorandum of Understanding
- Signed request for load data from PG&E
- Designation of a staff person from your city to serve as a liaison to MCE

If you are interested in submitting a membership application please notify Alex DiGiorgio, MCE's Community Development Manager, and he will assist you with any questions you may have as you complete the checklist. You can reach Alex by email at: ADiGiorgio@mceCleanEnergy.org or by phone at: 415-464-6031.

Please note that (1) adoption of your Ordinance to join MCE will be subject to approval by the MCE Board, and (2) MCE will conduct an

economic feasibility analysis prior to approving membership. Also, if membership is approved, timing of procurement and customer enrollment would be determined by the MCE Board. We will remain in close contact with your city about the most likely target dates for each process.

To streamline communications and policy setting, any participating cities and towns in your county may have the option to select one shared representative and one alternate to serve on the MCE Board as a voting member. If you choose this option, the selected representative would have a weighted vote based on the combined customer load of all participating cities and towns within your county.

We are happy to meet with you or your council to answer questions or provide additional information. We look forward to the opportunity to work with you on your membership application for MCE service. Please let me know if we can be of any further assistance.

Sincerely,



Dawn Weisz
CEO
Marin Clean Energy (MCE)

Attachments

cc: Alex DiGiorgio, Community Development Manager

ORDINANCE NO. XX-17

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OAKLEY
APPROVING THE MARIN CLEAN ENERGY JOINT POWERS AGREEMENT
AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE
AGGREGATION PROGRAM**

WHEREAS, the City of Oakley has been actively investigating options to provide electric services to constituents within its service area with the intent of promoting use of renewable energy and reducing energy related greenhouse gas emissions; and

WHEREAS, on September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation; and

WHEREAS, the Act expressly authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency, and on December 19, 2008, the Marin Clean Energy (MCE) was established as a joint power authority pursuant to a Joint Powers Agreement, as amended from time to time; and

WHEREAS, on February 2, 2010 the California Public Utilities Commission certified the "Implementation Plan" of the MCE, confirming the MCE's compliance with the requirements of the Act; and

WHEREAS, in order to become a member of the MCE, the Act requires the City of Oakley to individually adopt an ordinance electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in the MCE.

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Oakley as follows:

SECTION 1: This action not a project as defined in accordance with California Environmental Quality Act (CEQA) Guidelines, Section 15378 because the proposed action will not result in any direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Joining a CCA presents no foreseeable significant adverse impact to the environment because the California State regulations such as the Renewable portfolio Standard (RPS) and Resource Adequacy (RA) requirements apply equally to CCAs as they do Investor-Owned Utilities. State CEQA Guidelines Section 15378(b)(5) states that a project does not include "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environment." Further, it can be seen with certainty that there is no

possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable (Guidelines For the Implementation of the California Environmental Quality Act, 14 CCR 15061(b)(3)).

SECTION 2: Based upon all of the above, the City Council elects to implement a Community Choice Aggregation program within the City of Oakley's jurisdiction by and through the City of Oakley's participation in the Marin Clean Energy. The Mayor is hereby authorized to execute the MCE Joint Powers Agreement.

SECTION 3: This ordinance shall take effect on the later of (a) the date the Board of Directors of MCE adopts a Resolution adding the City as a member of MCE, or (b) 30 days after its adoption and, before the expiration of 30 days after its passage, a summary of this ordinance shall be published once with the names of the members of the Council voting for and against the same in the East County Times a newspaper of general circulation published in the City of Oakley.

The foregoing ordinance was adopted with the reading waived at a regular meeting of the Oakley City Council on _____, 2017 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

Sue Higgins, Mayor Date

ATTEST:

Libby Vreonis, City Clerk Date

RESOLUTION NO. XX-17

**A RESOLUTION OF THE CITY OF OAKLEY CITY COUNCIL
REQUESTING MEMBERSHIP IN MARIN CLEAN ENERGY**

WHEREAS, the City of Oakley has been actively investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provision of electric services and promoting competitive and renewable energy.

WHEREAS, on September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA").

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 19, 2008, Marin Clean Energy (MCE) was established as a joint power authority pursuant to a Joint Powers Agreement, as amended from time to time.

WHEREAS, on February 2, 2010, the California Public Utilities Commission certified the "Implementation Plan" of MCE, confirming MCE's compliance with the requirements of the Act.

WHEREAS, the City of Oakley fully supports the mission of MCE, which states that the purpose of MCE is to address climate change by reducing energy related greenhouse gas emissions and securing energy supply, price stability, energy efficiencies and local economic and workforce benefits. It is the intent of MCE to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production at competitive rates for customers.

WHEREAS, the City of Oakley fully supports MCE's current electricity procurement plan, which targets for more than 50% renewable energy content.

WHEREAS, in order to become a member of MCE, the MCE Joint Powers Agreement requires the City of Oakley to individually adopt a resolution requesting membership in MCE and an ordinance electing to implement a Community Choice Aggregation program within its jurisdiction.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the City of Oakley City Council as follows:

1. Based upon all of the above, the Council requests that the Board of Directors of Marin Clean Energy approve the City of Oakley as a member of the MCE.
2. The City Manager is hereby directed to forward a copy of this resolution to MCE.

PASSED AND ADOPTED by the City Council of the City of Oakley at a meeting held on the _____ of _____ by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

APPROVED:

Sue Higgins, Mayor Date

ATTEST:

Libby Vreonis, City Clerk Date

**Memorandum of Understanding between MCE and the City of Oakley
Exploring Inclusion in MCE**

This Memorandum of Understanding (MOU), regarding MCE membership consideration is entered into by and between MCE and the City of Oakley.

WHEREAS, the City of Oakley has expressed interest in exploring membership in MCE, and

WHEREAS, MCE has a Policy to consider new community inclusion, subject to receipt of a complete application and subject to MCE analysis and approval, and

WHEREAS, MCE and City of Oakley are collaborating to determine the feasibility of including the City of Oakley within MCE's Service area and approving the City of Oakley's application for membership; and

WHEREAS, MCE and the City of Oakley have a mutual interest in following the guidelines below,

NOW THEREFORE, the parties hereto agree as follows:

1. The City of Oakley agrees to assign one staff member as primary point of contact with MCE. Assigned staff member will support and facilitate communication with other City staff and officials, as well as provide input and high-level assistance on community outreach.
2. The City of Oakley will work with MCE to conduct public outreach about the MCE program to aid in outreach and education and to collect feedback from the community. Options to publicize include, but are not limited to, website, social media, public events, community workshops, and newsletter announcements, as well as distribution of flyers and handouts provided by MCE.
3. The City of Oakley will complete and submit 'MCE Membership Application' to MCE.
4. After receipt of complete Membership Application MCE will conduct a quantitative analysis to determine feasibility of adding the City of Oakley to the MCE Service Area, and approve membership if analysis results are positive.
5. Subject to membership approval by the MCE Board, the City of Oakley agrees to publicize and share information about MCE within its community during the 6 month enrollment period. Options to publicize include, but are not limited to, website, social media, public events, community workshops, and newsletter announcements (where

feasible), as well as distribution of flyers and handouts provided by MCE at the City of Oakley offices.

6. Subject to membership approval by the MCE Board, the City of Oakley agrees to provide desk space for up to 2 MCE staff during the 6 month enrollment period, and agrees to consider ongoing desk space availability if needed for effective and efficient outreach.

IN WITNESS WHEREOF, the parties hereto have executed this MOU.

MCE:

By: _____
Dawn Weisz, CEO
MCE
Date _____

[CITY/COUNTY]:

By: _____
Bryan H. Montgomery, City Manager
City of Oakley
Date _____



**DECLARATION BY MAYOR OR CHIEF COUNTY ADMINISTRATOR
REGARDING INVESTIGATION, PURSUIT OR IMPLEMENTATION OF
COMMUNITY CHOICE AGGREGATION**

I, _____ [name], state as follows:

- 1. I am the mayor or chief county administrator of _____ [name of city or county].
- 2. I am authorized to make this declaration on behalf of _____ [check appropriate box]
 - a city, or
 - county,

which is investigating, pursuing or implementing community choice aggregation as a community choice aggregator as defined by Section 331.1 of the California Public Utilities Code ("CCA" or "Potential CCA").

3. I understand that all of the confidential information provided by PG&E to the city or county indicated above is subject to the terms and conditions of the Nondisclosure Agreement between these two entities and is provided for the sole purpose of enabling the city or county to investigate, pursue or implement community choice aggregation.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this ___ day of _____, 20___, at _____, _____ [city, state].

_____ [Signature]

Sample Residential Cost Comparison

Typical Monthly Electric Charges*

PG&E (Opt Out)	MCE Light Green	MCE Deep Green
30% <small>renewable energy**</small>	52% <small>renewable energy**</small>	100% <small>renewable energy**</small>
\$54.25 PG&E Electric Delivery	\$54.25 PG&E Electric Delivery	\$54.25 PG&E Electric Delivery
\$43.78 Electric Generation	\$30.26 Electric Generation	\$34.71 Electric Generation
– Additional PG&E Fees	\$13.25 Additional PG&E Fees	\$13.25 Additional PG&E Fees
\$98⁰³ <small>avg. total cost</small>	\$97⁷⁶ <small>avg. total cost</small>	\$102²¹ <small>avg. total cost</small>
OPT FOR 30% RENEWABLE	ENROLL IN 52% RENEWABLE	ENROLL IN 100% RENEWABLE

*Based on a typical usage of 445 kWh at current PG&E rates and MCE rates effective as of April 1, 2017 under the E-1 rate schedule. Actual differences may vary depending on usage, rate schedule, and other factors. Estimate provided is an average of seasonal rates.

**Renewable energy content as reported in the Annual Report to the California Energy Commission Power Source Disclosure Program in June 2016.

Sample Commercial Cost Comparison

Typical Monthly Electric Charges*

PG&E (Opt Out)	MCE Light Green	MCE Deep Green
30% <small>renewable energy**</small>	52% <small>renewable energy**</small>	100% <small>renewable energy**</small>
\$163.06 PG&E Electric Delivery	\$163.06 PG&E Electric Delivery	\$163.06 PG&E Electric Delivery
\$121.03 Electric Generation	\$92.75 Electric Generation	\$105.20 Electric Generation
– Additional PG&E Fees	\$28.19 Additional PG&E Fees	\$28.19 Additional PG&E Fees
\$284⁰⁹ <small>avg. total cost</small>	\$284⁰⁰ <small>avg. total cost</small>	\$296⁴⁵ <small>avg. total cost</small>
OPT FOR 30% RENEWABLE	ENROLL IN 52% RENEWABLE	ENROLL IN 100% RENEWABLE

*The above comparison is based on a typical usage of 1245 kWh at current PG&E rates and MCE rates effective as of April 1, 2017 under the A-1 rate schedule. Costs shown are an average of summer and winter rates. Actual differences may vary depending on usage, rate schedule, and other factors.

**Renewable energy content as reported in the Annual Report to the California Energy Commission Power Source Disclosure Program in June 2016.

Comparison of MCE and EBCE programs

Evaluative Criteria	MCE Achievements to date/Current Status	EBCE (Alameda County) Achievements to date/Current Status
Environmental Justice	<ul style="list-style-type: none"> • \$1.7M annually allocated to Low Income Families and Tenants (LIFT) program targeting “hidden” communities. • \$80,000 allocated to-date for low income roof top solar installations within MCE’s service area (to date: 43 systems for Contra Costa County residents). • Communities for a Better Environment (CBE); El Cerrito Environmental Quality Commission (EQC); Asian Pacific Environmental Network (APEN), GRID Alternatives, Sierra Club, Marin Conservation League, the City of Richmond and others contribute to MCE’s Community Power Coalition, which advises MCE on its programmatic growth. More information can be found here: www.mcecleanenergy.org/community-power-coalition/ • Host the Green and Healthy Homes Initiative to provide additional funds for weatherization. 	<ul style="list-style-type: none"> • None
Renewable Energy Labor	<ul style="list-style-type: none"> • 2,800 jobs supported by MCE projects. • 1.2 M union labor hours created to date by MCE projects. • MCE sustainable workforce policy supports local job training programs, local businesses, prevailing wages, union members training, 	<ul style="list-style-type: none"> • 0 jobs supported. • 0 union labor hours created. • 0 local hire requirements enforced. • Technical Feasibility study does not reflect current union labor costs or prevailing wages for workers on small-

	<p>apprenticeship programs, and support for green and sustainable businesses.</p> <ul style="list-style-type: none"> • Local hire requirements enforced. • MCE's 10.5 MW 'Solar One' project in Richmond has a 50% minimum local hire requirement. At least half the project's workforce must reside in Richmond, San Pablo or unincorporated North Richmond. 	<p>to-medium sized (i.e., 1 MW to 10 MW) renewable energy projects in Contra Costa County.</p>
Cost of Energy	<ul style="list-style-type: none"> • Power supply agreements with over 20 suppliers with fixed costs. • Built in contract options to buy certain projects after the tax credit is used by private developers. 	<ul style="list-style-type: none"> • Cost of energy unknown until after power supply is under contract.
Rates	<ul style="list-style-type: none"> • Stable, affordable rates. Costs typically lower than PG&E. • MCE has only changed rates once per year (compared to PG&E typically changing rates 3-5 times per year). • Including the PCIA, MCE has been cheaper than PG&E for 19/28 quarters. 	<ul style="list-style-type: none"> • Rates unknown until after power supply is purchased.
Structured Community Engagement	<ul style="list-style-type: none"> • All MCE Board and applicable committee meetings open to the public since JPA formation in 2008. • Community Leadership Advisory Groups (CLAG) formed during enrollments of each new MCE community for public input into our outreach strategy. • Customized Community Outreach Plans developed with guidance from City Staff and implemented for each new community that joins MCE. • Participation in over 100 outreach events annually. • Ongoing guidance and consultation from MCE's Community Power Coalition. 	<ul style="list-style-type: none"> • EBCE Board meetings open to the public since 2017. • Alameda County CCA Steering Committee met from June 2015 to December 2016. It has since been dissolved and will not continue to advise EBCE. • EBCE Board designed to have one non-voting seat for a representative of the yet-to-be formed Citizen's Advisory Committee. • No CLAG formed within any individual member-community. • 0 Community Outreach Plans developed • Besides website, no EBCE marketing

	<ul style="list-style-type: none"> MCE marketing collateral and community outreach materials translated in multiple languages. 	collateral, nor community outreach materials, are currently available in languages other than English.
Investment in California-based Clean Energy	<ul style="list-style-type: none"> \$1.6B committed to build 813 MW new renewable energy in CA. 	<ul style="list-style-type: none"> 0
Investment in Local Clean Energy	<ul style="list-style-type: none"> 5 projects completed. 4 projects underway. 	<ul style="list-style-type: none"> 0 projects completed. 0 projects underway. Published RFP and selected consultant for proposed local development business plan
GHG reduction	<ul style="list-style-type: none"> MCE Deep Green is 100% renewable and 100% GHG-free. MCE Light Green is 56% renewable and 75% GHG-free. PG&E is 30% renewable and ~60% GHG-free 122,102 metric tons of GHG reduced 2010-2014 Project additional 212,624 metric tons of GHG reduced if unincorporated Contra Costa County and remaining Contra Costa Cities joined. 	<ul style="list-style-type: none"> Not known until after power supply is purchased and delivered.
Financial Stability	<ul style="list-style-type: none"> MCE has built up \$50M in reserves for collateral posting and rate stabilization. Has built up strong financial track record with six years of audited financial statements. Use a mid-sized Contra Costa bank based out of Walnut Creek with deposits of over \$30M. 	<ul style="list-style-type: none"> Independent financing not in place.
Energy Efficiency	<ul style="list-style-type: none"> MCE allocates \$1.5M each year to energy efficiency audits and retrofits, focusing on multi-family buildings, and passing along persistent rate savings to tenants and community members. Separate program for small commercial 	<ul style="list-style-type: none"> No energy efficiency plans yet.

	accounts, with additional emphasis on hard-to-reach businesses (i.e., less than 10 employees, English as a second language).	
Local Job Training	<ul style="list-style-type: none"> • MCE has committed approximately \$480,000 in job training and support to local programs including RichmondBUILD, Rising Sun Energy Center, and Marin City Community Development Corporation (MCCDC). • Based on RichmondBUILD's impressive 80% job placement rate, MCE has likely created about 20 permanent jobs through this partnership to date. 	<ul style="list-style-type: none"> • None
Local Control and Board Governance	<ul style="list-style-type: none"> • MCE's Board of Directors is composed of democratically elected leaders from each community within its service area. Monthly public meetings have been held for nearly a decade. • One quarter of all Contra Costa cities are currently MCE member-communities. • The cities of Walnut Creek and Richmond currently have the two largest votes on MCE's Board of Directors. • If Contra Costa County joins MCE, it will exercise the single largest MCE Board vote. • If the remaining Contra Costa cities join MCE the seven largest votes would belong to Contra Costa jurisdictions, and the combined voting share would amount to nearly a super-majority (~62%) of the Board vote. 	<ul style="list-style-type: none"> • EBCE has convened a JPA Board of democratically elected leaders from all Alameda County cities, except Pleasanton and Newark. Three public meetings held so far. • No Contra Costa communities are represented on EBCE's Board. • If Contra Costa County joins EBCE, its Board vote would be smaller than that of Fremont and Oakland (Contra Costa's vote would be roughly half the size of Oakland's). • Concord, the Contra Costa city with the largest individual energy load in the County, would have a smaller Board vote than Oakland, Fremont, Hayward, Berkeley and possibly others on EBCE's Board.