



City Council Meeting


December 16, 2015

SILICON VALLEY COMMUNITY CHOICE ENERGY PARTNERSHIP

This evening

- Technical Study report findings
- Staff recommendations to move forward with Silicon Valley Clean Energy
- Appoint Director





Introduction to Community Choice Energy (CCE)

What is Community Choice Energy?



SOURCE



SVCCE

DELIVERY



PG&E

CUSTOMER



YOU

- *Customers are automatically enrolled into CCE program*
- *Customers can “opt-out” to stay with PG&E for bundled service*
- *Customers receive at least 4 notices (2 pre- and 2 post-enrollment)*



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COMMUNITY CHOICE
ENERGY PARTNERSHIP**

Morgan Hill City Council, December 16, 2015



ENERGY STATEMENT

www.pge.com/MyEnergy

Account No: 6632598009-3
Statement Date: 09/09/2015
Due Date: 09/30/2015

Service For:

JENNIFER SMITH
2424 MAIN ST.
SAN RAFAEL, CA 94909

Questions about your bill?

24 hours per day, 7 days per week
Phone: 1-866-743-0335
www.pge.com/MyEnergy

Local Office Address

123 OAK ST STE 100
SAN RAFAEL, CA 94909

Your Account Summary

Amount Due on Previous Statement	\$115.84
Payment(s) Received Since Last Statement	-115.84
Previous Unpaid Balance	\$0.00
Current PG&E Electric Delivery Charges	\$77.76
MCE Electric Generation Charges	52.83
Current Gas Charges	16.22
Total Amount Due by 09/30/2015	\$146.81

Monthly Billing History

\$600
\$450



Daily Usage Comparison

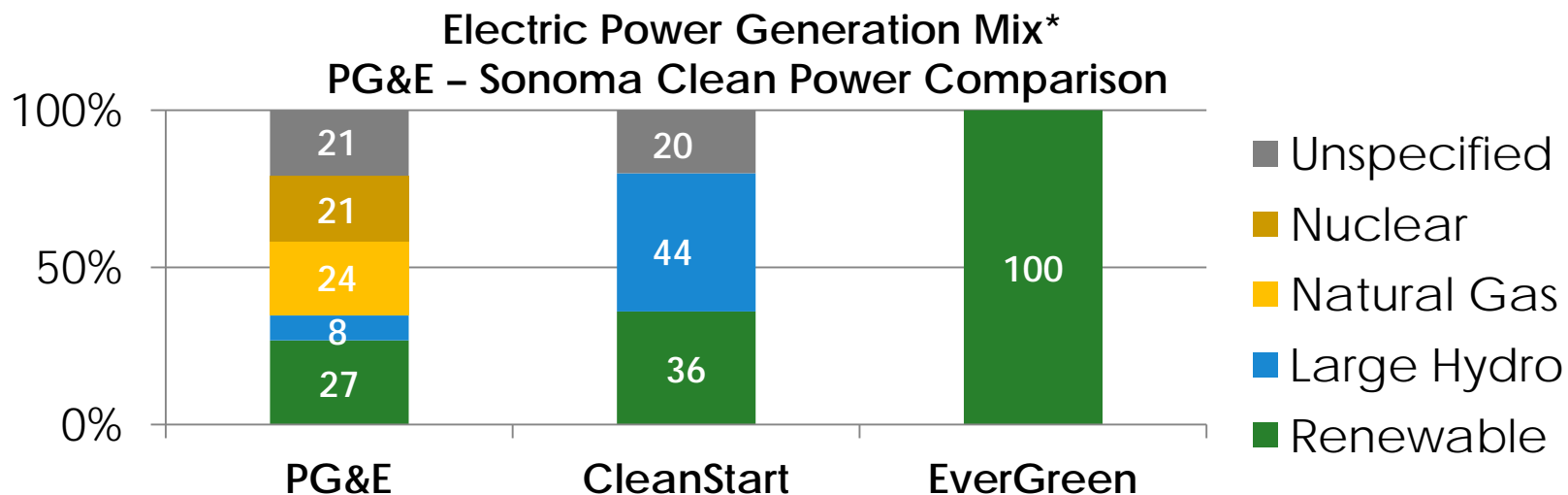
1 Year Ago	Last Period	Current Period
27.03	17.96	20.06



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Proven Model in Current Programs

- Green power; more renewables
- Competitive rates – currently lower
- Enhanced local energy programs
- Financially sound





Silicon Valley Community Choice Energy Partnership (SVCCEP) Overview

Introducing SVCCEP - Silicon Valley Community Choice Energy Partnership

Sponsoring Agencies



Sunnyvale | Cupertino | Mountain View | Santa Clara County

Also Participating

Campbell | Gilroy | Los Altos | Los Altos Hills
Los Gatos | Monte Sereno | Morgan Hill | Saratoga



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Why are we considering this?

- Climate Change is Real
- Communities adopting **Climate Action Plans** for Greenhouse Gas (GHG) Reduction
- **Transportation** and **Electricity Consumption** are largest community contributors of GHG
- **Transforming Electricity Sourcing** is essential to reaching goals
- Community Choice Energy is **single most impactful strategy** in the City's Draft Climate Action Plan



SVCCEP Priority Goals

- Offer **renewable energy supply options** that exceed the renewable content offered by current utility, PG&E.
- **Reduce GHG emissions** to support local climate action goals.
- Provide **competitive, potentially lower, electricity rates** for all customers.
- Facilitate the use of **clean technology**, local clean power, and other energy innovations.
- Create and maintain a local public agency that is **well managed and financially sustainable**.





Community Engagement

Community Engagement

- Community Meetings
 - *Round 1 (6 meetings) complete*
 - *Round 2 in December/January*
 - Morgan Hill Meeting on December 7th
- Targeted Stakeholder Forum
 - *November 17th in Sunnyvale*
- Business Engagement
 - *Webinar November 4th*
 - *Business Forum Meeting – December*
 - *Business Groups, Chambers*
- Grows in next phase
- Customer Noticing 60 days before service





Overview of Progress/ Technical Study Key Findings

SVCCE Load Summary



Bundled Energy Use by Customer Classification

Customer Classification	Customer Accounts	Customer Accounts (% of Total)	Energy Use (MWh)	Share of Energy Use (%)
Residential	218,049	90%	1,336,200	34%
Small Commercial	19,120	8%	423,180	11%
Medium Commercial	2,527	1%	569,501	14%
Large Commercial	1,166	<1%	780,723	20%
Industrial	43	<1%	771,462	19%
Ag and Pumping	944	<1%	62,238	2%
Street Lighting	1,588	1%	20,619	1%
TOTAL	243,440	100.0%	3,971,985	100%
Peak Demand (MW)	660 (July)			

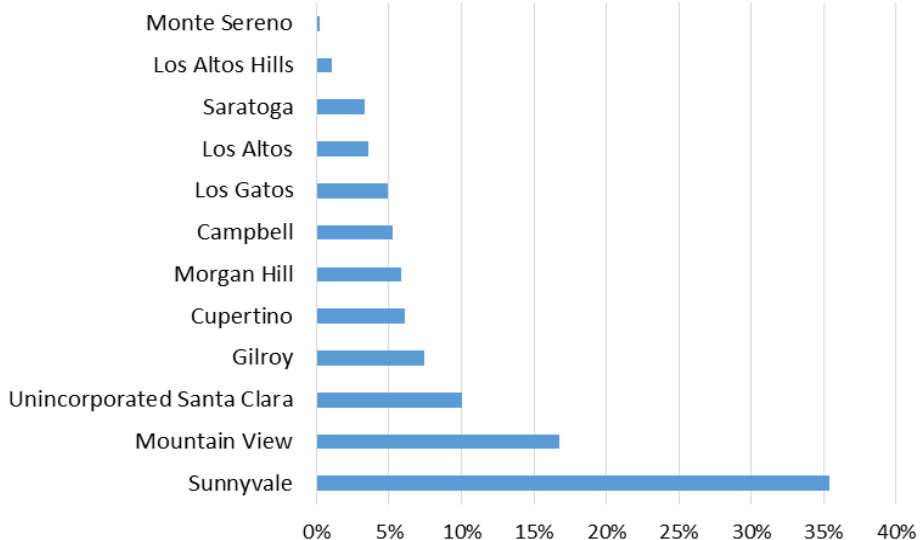


Composition by Jurisdiction

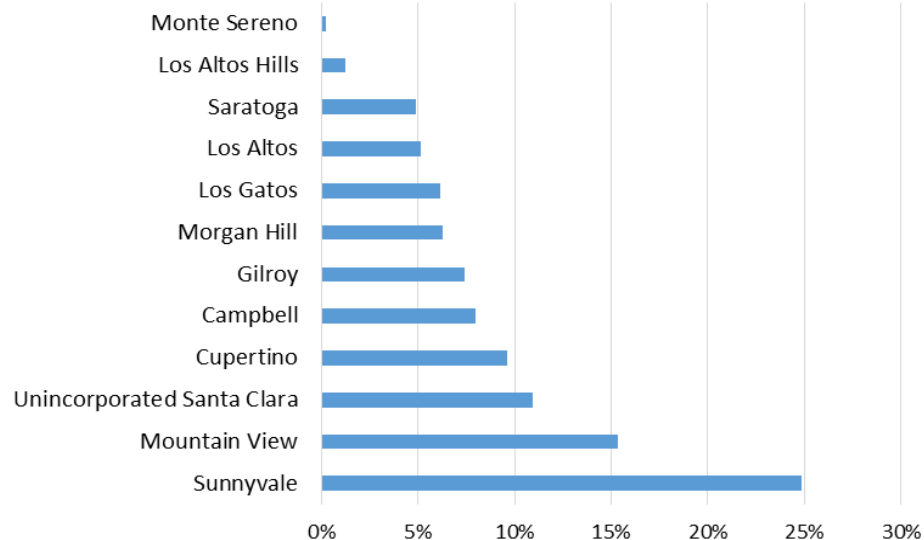


Top five jurisdictions account for almost 76% of total SVCCE electric consumption and 68% of total SVCCE customer accounts

Geographic Distribution of Electric Consumption



Geographic Distribution of Customers



Technical Study - Scenarios

Scenario 1

No GHG Redux:
Match PG&E GHG,
Exceed PG&E RE

MAXIMIZE
\$ Savings

Scenario 2

Reduce GHG 20%
Exceed CA min. RE
51% (Yr 1), 66% (Yr 10)

\$ Savings

Scenario 3

MAXIMIZE
RE/GHG-Free

No \$ Savings:
Match PG&E \$

- Additional Assumptions for All Scenarios:

2% Opt-Up
to 100% RE

Local Energy
Programs
(Net Metering,
Feed-in-Tariff)

No
Unbundled
RECs

No Nuclear,
No Coal

85%
Participation



Tech Study Findings & Conclusions



Scenario 1

Rate
Competitive
No GHG
Impacts

Scenario 2

Rate
Competitive
w/RE & Carbon-
Free Content

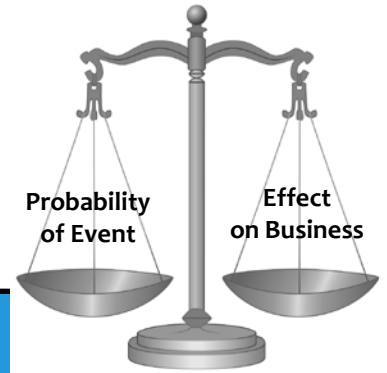
Scenario 3

Rate Parity w/
Environmental
Benefits

- No “correct” answer, but in general terms, the technical study indicates that the SVCCE program could be economically viable while also achieving the Partners’ environmental objectives



Risks and Mitigation



Risk	Mitigation
Financial Risk; what if CCE fails	JPA structure buffers City liability Required bond posting supports return of customers to PG&E bundled service
Competitive Rates	Use conservative estimates Do not guarantee cheaper but competitive Invest in energy contracting expertise Phase in conservation programs
Market Exposure	Protect against opt-out Energy contracting expertise
Legislative & Regulatory Risk	Proactively engage in proceedings; be represented Partner with other CCEs





Timeline & Next Steps

JPA Agreement

- Engagement with Partners – August – November
- Key Provisions:
 - **Purpose:** *energy and energy-related programs*
 - **Board of Directors:** *regular Director appointed by and from each governing body; alternate appointed by gov'g body*
 - **Voting:** *Action requires affirmative vote by majority of Directors; in addition, a "voting shares" vote may be called based on proportional energy share*
 - **Funding of Initial Costs:** *Reimbursed within 4 years*
 - **Withdrawal Provisions**



Program Costs (JPA to Program Launch)

Cost Item	Amount
Internal Staff	\$730,000
Technical Consulting and Legal Services	\$620,000
Marketing and Communications	\$280,000
Customer Noticing and Mailers	\$120,000
Security Deposits	\$40,000
Miscellaneous Administrative and General	\$95,000
CCE Bond	\$100,000
Debt Service	\$720,000
Other Pre-launch Activities	\$180,000
Total	\$2,885,000

Additional funding to be financed until revenues commence.

Estimated at \$10-15M to cover early launch costs and energy purchases.



Cost Sharing

Party	Phase 1	Phase 2 and 3	Phase 2 & 3 w/Contingency
Campbell	--	\$100,000	\$150,000
Cupertino	\$170,000	\$350,000	\$450,000
Gilroy	--	\$100,000	\$150,000
Los Altos	--	\$100,000	\$150,000
Los Altos Hills	--	\$25,000	\$25,000
Los Gatos	--	\$100,000	\$150,000
Monte Sereno	--	\$25,000	\$25,000
Morgan Hill	--	\$100,000	\$150,000
Mountain View	\$170,000	\$350,000	\$450,000
Santa Clara County (Unincorporated)	\$170,000	\$350,000	\$450,000
Saratoga	--	\$100,000	\$150,000
Sunnyvale	\$170,000	\$350,000	\$450,000
Total	\$680,000	\$2,050,000	N/A



Next Steps

Partner Decision Making Schedule

Date/ Time	Agency
Tues, 12/1/15	✓ Cupertino City Council
Tues, 12/15/15	✓ Sunnyvale City Council
Wed, 12/16/15	Morgan Hill City Council
Tues, 1/12/16	County Board of Supervisors *
Tues, 1/12/16	Mountain View City Council
Wed, 1/20/16	Saratoga City Council
Tues, 1/26/16	Los Altos City Council *
Tues, 3/1/16	Campbell City Council
TBD	Los Altos Hills
TBD	Los Gatos
TBD	Gilroy
TBD	Monte Sereno

* Report or Study Session; may change to Public Hearing for Action



Photo Credit: <http://acesolarstore.com/wp-content/uploads/2015/07/SolarHoller6415.jpg>



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The Path Ahead

Fall 2015
Technical Study
Completed

Winter 2015-16
Communities
Decide → JPA

Spring 2016
Implementation
Plan to CPUC

Summer 2016
Ramp-up Operations and
Communications

Winter 2016-17
Program Launch!



Staff Recommendations

1. Accept the Silicon Valley Community Choice Energy Technical Study Draft Report;
2. Wave the first and second reading of the ordinance.
3. Introduce the ordinance authorizing the implementation of a community choice aggregation program and the City's participation in the Silicon Valley Clean Energy Authority;
4. Adopt resolution with the following actions:
 - a. Approving the "Joint Powers Agreement Establishing the Silicon Valley Clean Energy Authority,"
 - b. Finding that the proposed actions are exempt from the California Environmental Quality Act, and
 - c. Appropriating up to \$150,000 in recoverable seed funds in the FY 15/16 Environmental Programs budget; and
5. Appoint a member of the City Council to serve as a Director of the Authority and one additional elected official or City staff member to serve as an alternate Director.



Thank you.



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