



City Council Meeting


December 15, 2015

SILICON VALLEY COMMUNITY CHOICE ENERGY PARTNERSHIP

This evening

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





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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Sunnyvale City Council, December 15, 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
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27.03	17.96	28.06
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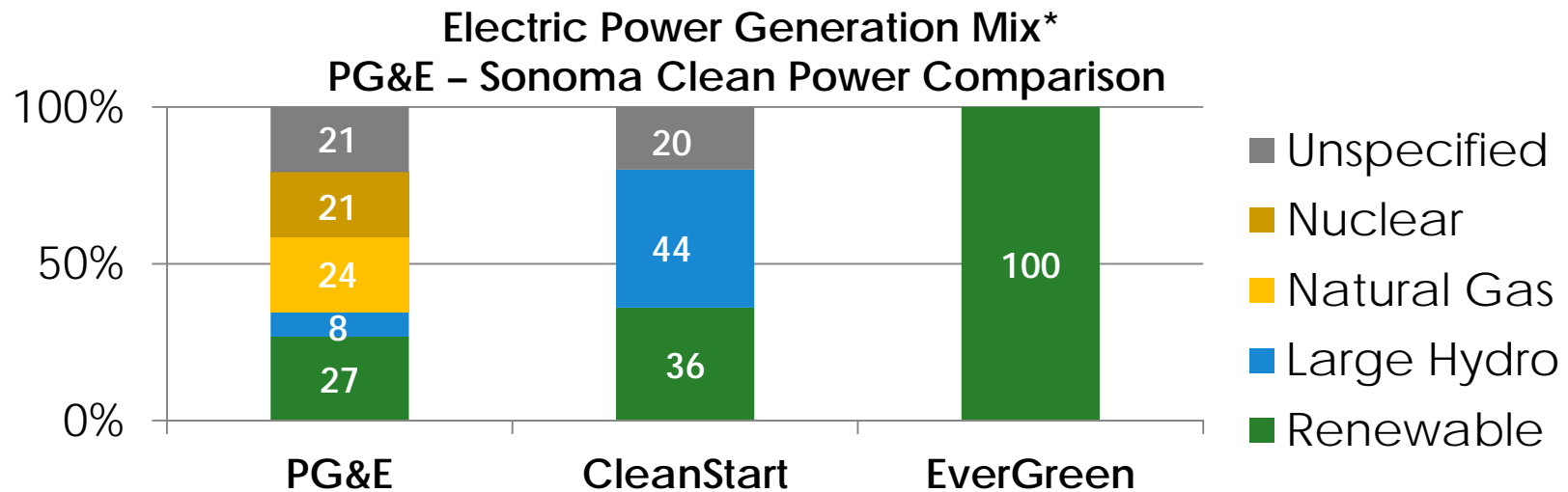


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Proven Model in Current Programs

- 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?

- Communities adopting **Climate Action Plans** for Greenhouse Gas 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 Sunnyvale 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*
- 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



Round 1: Polling Results

Good Idea?

Answers

Yes	96%
No	4%
Don't Know	0%

Most important outcome?

Answers

Create more renewable energy	11%
Reduce our carbon footprint	77%
Reduce prices for electricity	11%
Create local jobs	0%
Other	2%

Main Concerns?

Answers

Costs will go up	29%
Power won't be as reliable	8%
Service will suffer	2%
I don't have any concerns	45%
Other	17%

Willingness to pay - all electricity generated by renewable sources?

Answers

0%	6%
1-5%	28%
6-10%	25%
11-15%	34%
Don't know	6%

How will your network respond?

Answers

Enthusiastically	35%
Skeptically but interested	59%
Skeptically and not interested	2%
Negatively	3%
They won't care	0%
Not enough information	2%



www.SVCleanEnergy.org

 [SEARCH](#)[ABOUT US](#) [ABOUT CCEs](#) [NEWS](#) [EVENTS](#) [RESOURCES << NEW VIDEO!](#) [GET EMAIL UPDATES](#) [CONTACT US](#)

The Silicon Valley Community Choice Energy (SVCCE) Partnership is exploring how to provide residents and businesses a new choice to the traditional utility model: a community-controlled power supplier that offers electricity from a higher percentage of renewable energy sources at competitive rates. The timing is right and momentum is building!



What Is Community Choice Energy?

A new electricity provider would be entirely run by participating Silicon Valley communities.

[Learn More >](#)[Watch Video >](#)

CCE Benefits for Silicon Valley

A local CCE could provide more renewable power, develop local, renewable energy projects, and reduce greenhouse gas emissions while maintaining competitive rates.

[Learn More >](#)

In The News Community Meetings Announced!

Learn about Community Choice Energy at one of six regional meetings around the South Bay during October 2015.

[Learn More >](#)

City of Sunnyvale | City of Mountain View | City of Cupertino | County of Santa Clara
Also Participating: Campbell | Los Altos | Los Altos Hills | Los Gatos | Gilroy | Monte Sereno | Morgan Hill | Saratoga



Overview of Progress/ Technical Study Key Findings

SVCCEP Milestones and Timeline

Completed July 2015

We are Here

Phase 1		Phase 2	Phase 3
INITIAL STUDY	TECHNICAL FEASIBILITY	CCE PROGRAM DEVELOPMENT	CCE LAUNCH
<ul style="list-style-type: none"> ▪ ID potential agency partners ▪ ID opportunities, costs, and risks ▪ Investigate other CCEs ▪ Inform community and gather feedback ▪ Framework for next steps 	<ul style="list-style-type: none"> ▪ ID partners & funding ▪ Technical Study: load and rate analysis, economics, supply options, environmental outcomes ▪ Community outreach & input 	<ul style="list-style-type: none"> ▪ JPA Formation ▪ Enabling Ordinance ▪ Energy Svcs Pricing and Procurement ▪ Expand Outreach ▪ Implementation Plan to CPUC ▪ Agmt with PG&E ▪ Bridge financing to revenue 	<ul style="list-style-type: none"> ▪ Staffing and Org setup ▪ Energy and other Service Contracts ▪ Customer notifications and service ▪ Conservation & Renewables programming

Fall 2015
Technical Study
Completed

Winter 2015-16
Communities Decide →
JPA

Summer 2016
Ramp-up Operations and
Communications

Spring 2016
Implementation
Plan to CPUC

Winter 2016-17
Program Launch!



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SVCCE Load Summary



Bundled Energy Use by Customer Classification

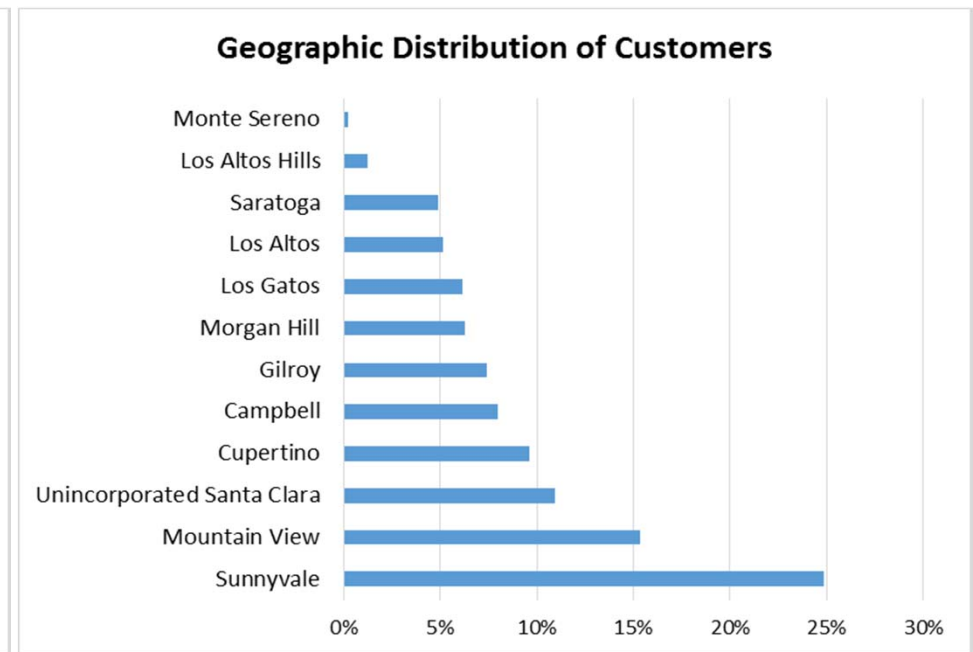
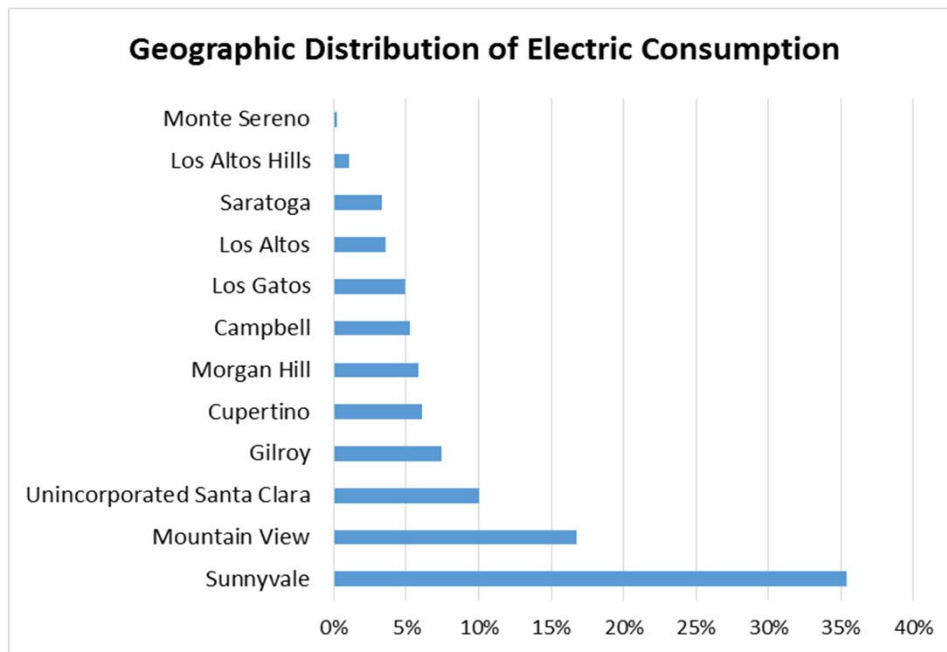
Customer Classification	Customer Accounts	Customer Accounts (% of Total)	Energy Use (MWh)	Share of Energy Use (%)
Residential	218,049	90%	1,336,200	34%
Small Commercial	19,120	8%	423,180	11%
Medium Commercial	2,527	1%	569,501	14%
Large Commercial	1,166	<1%	780,723	20%
Industrial	43	<1%	771,462	19%
Ag 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



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

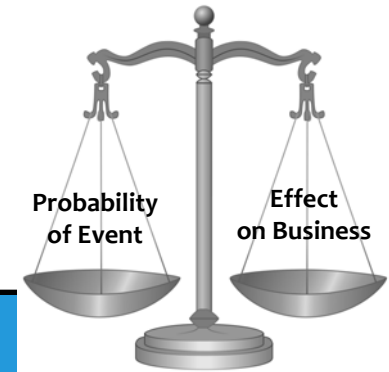


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Risks and Mitigation



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

Parallel Tracks



Technical Study &
Program Development



Stakeholder
Engagement



Agency Agreement &
Preparation



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Partner Decision Making

- Council/Board Action
 - *Adopt CCE Ordinance (with 2nd reading)*
 - *Resolution to Join JPA; approve final agreement*
 - *Approve Cost-sharing Contribution*
- Target – Action by March 31, 2016
 - *Council/Board preparatory info by December 9, 2015*
 - *Sponsoring Agencies targeting action by January 31, 2016*
 - *First JPA meeting in April 2016*



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

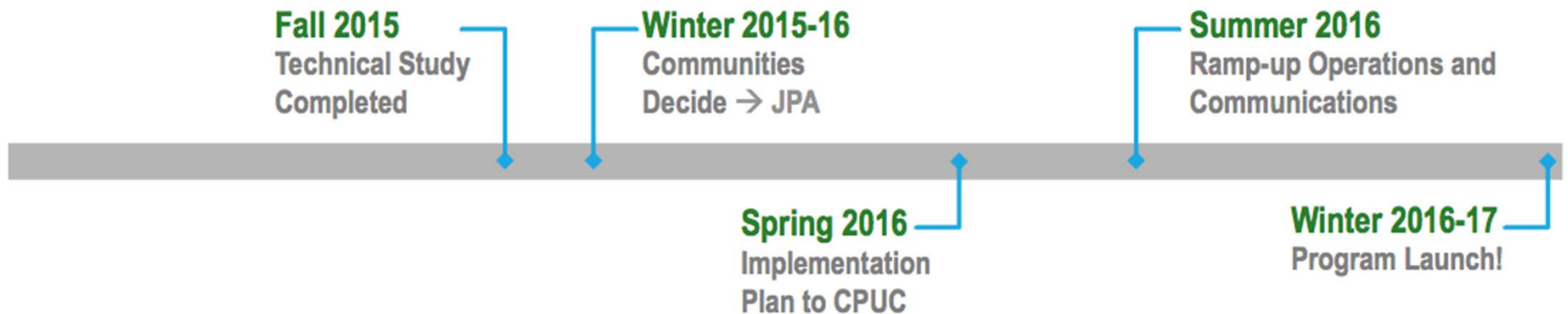
Date/ Time	Agency
Tues, 12/1/15	✓ Cupertino City Council
Tues, 12/15/15	Sunnyvale City Council
Wed, 12/16/15	Morgan Hill City Council
Tues, 1/12/16	County Board of Supervisors *
Tues, 1/12/16	Mountain View City Council
Wed, 1/20/16	Saratoga City Council
Tues, 1/26/16	Los Altos City Council *
Tues, 3/1/16	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>

The Path Ahead



Staff Recommendation

1. **Introduce an Ordinance** to authorize the implementation of a Community Choice Aggregation program and find that the project is exempt from CEQA pursuant to CEQA Guidelines 15378(a), 15061(b)(3), and 15308;
2. Adopt a Resolution to **approve the Joint Powers Authority Agreement** establishing and authorizing participation in the Silicon Valley Clean Energy Authority, and find that the project is exempt from CEQA pursuant to CEQA Guidelines 15378(b)(5) and 15061(b)(3);
3. Authorize the **City Manager to remit up to \$450,000** to the Silicon Valley Clean Energy Authority to support the initial costs of the Authority;
4. **Approve Budget Modification** No. 20 for \$100,000 to support funding the initial costs of the Authority;
5. Direct staff to return to Council with an update and potential action regarding **bridge financing** for the Authority;
6. Direct staff to return to Council with a proposal to provide **interim project and/or staffing support** to the Authority via a separate services agreement; and
7. Direct staff to return to Council for **appointment of a regular Director and alternate Director** to the Authority's Board of Directors.



Thank you.



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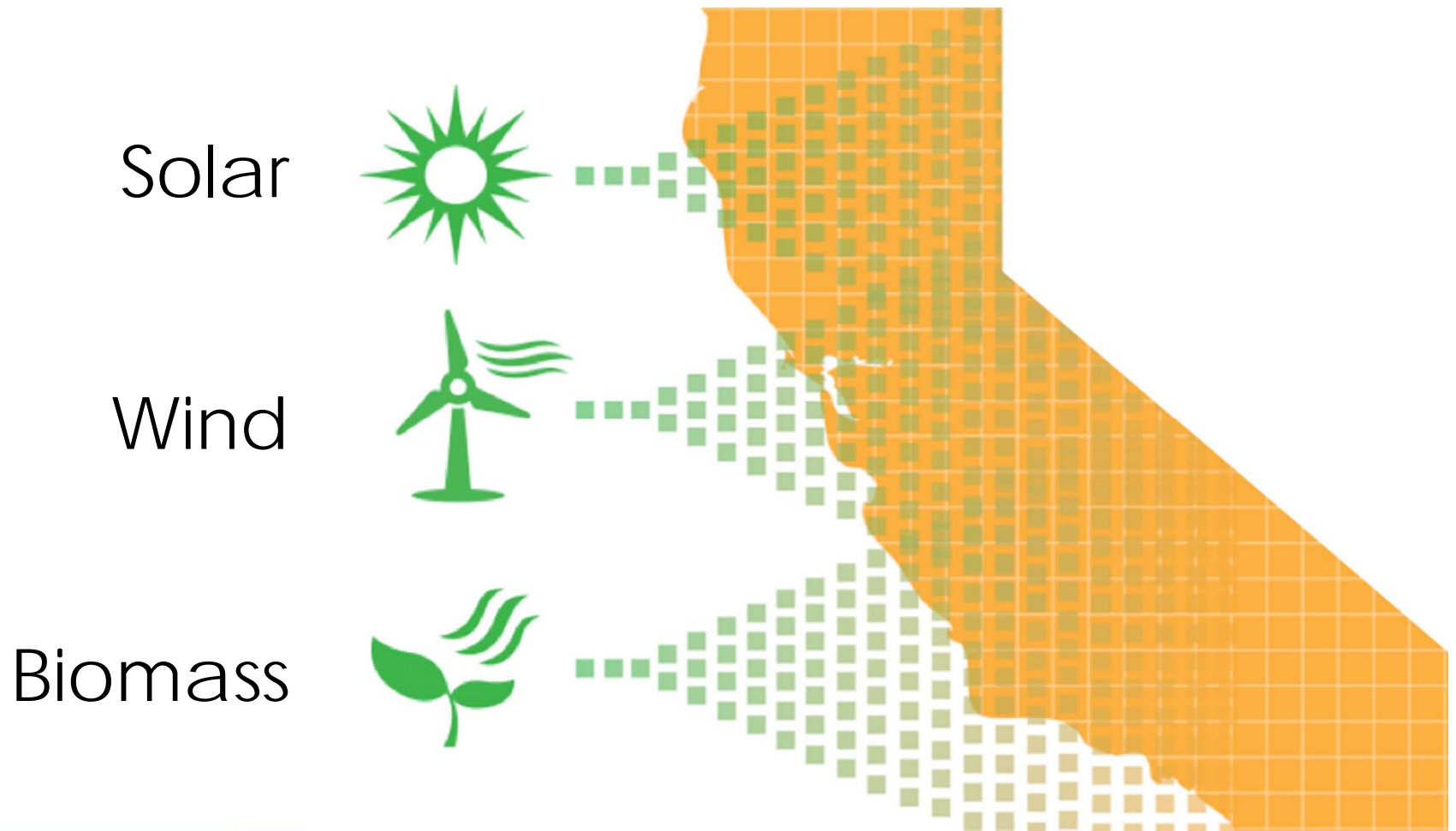
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Pocket Slides

Accelerating Renewables



Risks & Uncertainties



- PG&E rate uncertainty (generation rates and exit fees)
- Length of current wholesale energy price trough
- Availability of large hydro resources to meet carbon-free content goals
- Opt-out rate uncertainty
- Overall program size given participation of specific jurisdictions
- Credit structure for power supply
- Future CCA-specific legislation
- Regulatory changes around renewable and capacity mandates



Summary of Results – Year 1



Key Considerations	Scenario 1	Scenario 2	Scenario 3
General Environmental Benefits	36% Renewable 63% GHG-Free	51% Renewable 70% GHG-Free	76% Renewable 85% GHG-Free
Maximum Rate Competitiveness	Average 4% <u>savings</u> relative to PG&E rate projections	Average 3% <u>savings</u> relative to PG&E rate projections	Average <u>savings</u> < 1% relative to PG&E rate projections
Projected Residential Customer Relative Cost Impacts <small>Average monthly usage for residential ≈ 510 kWh</small>	Average monthly cost relative to PG&E rate projections: <u>\$5.09 savings</u>	Average monthly cost relative to PG&E rate projections: <u>\$3.49 savings</u>	Average monthly cost relative to PG&E rate projections: <u>\$0.76 savings</u>
Comparative GHG Emissions Impacts	0.158 metric tons CO ₂ /MWh Zero incremental GHG emissions impacts	0.126 metric tons CO ₂ /MWh ≈38,000 metric ton GHG emissions reduction (20%)	0.064 metric tons CO ₂ /MWh ≈112,000 metric ton GHG emissions reduction (60%)



Summary of Results – Year 10



Key Considerations	Scenario 1	Scenario 2	Scenario 3
General Environmental Benefits	49% Renewable 75% GHG-Free	66% Renewable 80% GHG-Free	76% Renewable 97% GHG-Free
Maximum Rate Competitiveness	Average 3% <u>savings</u> relative to PG&E rate projections	Average 1% <u>savings</u> relative to PG&E rate projections	General rate parity results in minimal cost impact.
Projected Residential Customer Relative Cost Impacts <small>Average monthly usage for residential ≈ 510 kWh</small>	Average monthly cost relative to PG&E rate projections: <u>\$4.19 savings</u>	Average monthly cost relative to PG&E rate projections: <u>\$1.93 savings</u>	Average monthly cost relative to PG&E rate projections: <u>\$0.14 increase</u>
Comparative GHG Emissions Impacts	0.109 metric tons CO ₂ /MWh Zero incremental GHG emissions impacts	0.087 metric tons CO ₂ /MWh ≈82,000 metric ton GHG emissions reduction (20%)	0.015 metric tons CO ₂ /MWh ≈352,000 metric ton GHG emissions reduction (86%)

