LACCE Business Plan

Response of the South Bay Clean Power Working Group

Joe Galliani, Chair

25 AUGUST 2016

August 25, 2016

To: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Joe Galliani, Chair of the South Bay Clean Power Working Group

RESPONSE OF THE SOUTH BAY CLEAN POWER WORKING GROUP TO THE FINAL REPORT BACK ON THE PRELIMINARY TECHNICAL ANALYSIS ON THE FEASIBILITY OF A COUNTYWIDE COMMUNITY CHOICE AGGREGATION PROGRAM FOR ELECTRICAL POWER PROCUREMENT.

We appreciate this opportunity to offer our review and comments on the County of Los Angeles Community Choice Energy Business Plan delivered by the Internal Services Department (ISD) on July 28, 2016. We are excited to see the process that we began over two years ago reach this milestone stage and we are enthusiastic about engaging in the next steps that will lead to launching Community Choice Aggregation (CCA) in Los Angeles County.

To date, Community Choice Aggregation programs in the territories of Pacific Gas & Electric and Southern California Edison have successfully increased renewables, decreased greenhouse gas emissions, lowered and stabilized customer rates, paid off startup debts and built up multi-million-dollar reserve funds.

As CCA is demonstrably "feasible", the funding and time commitment of producing the Los Angeles Community Choice Energy (LACCE) "Business Plan" was originally intended as a superior alternative to a traditional "CCA feasibility study". Specifically, in addition to forecasting the financial performance of the LACCE (including not only the County but eligible cities as well), the consulting effort was supposed to focus on the <u>practical</u> strategies and discrete steps required to implement an evolved design of CCA that would:

1) Accelerate the deployment of distributed energy resources and create green jobs;
2) Provide a governance structure appropriate to the unprecedented scale and diversity of the municipalities that comprise the County of Los Angeles.

To this end, the LACCE "Business Plan" was intended to be drafted with substantial input and feedback from a diverse group of stakeholders representing these various municipalities as well as the public interest.

Unfortunately, this process has fallen short of the above objectives. In general, stakeholders and municipalities were kept at "arms-length". This stands sharply in contrast to CCA launch efforts in other jurisdictions that have adhered to a much higher level of transparency and stakeholder engagement. As a result, the Business Plan:

1) Disregarded substantial input from stakeholders on workforce development and green jobs, and only included a generic discussions of distributed resources (which is so high-level as to be without practical use);

2) Proposed a governance structure wholly controlled by the County;

3) Excluded cities from the financial forecasts and provided no practical guidance on how cities would join the LACCE.

Recommended Next Steps

Despite the Business Plan's shortcomings, we believe both South Bay Clean Power and the County of Los Angeles are positioned to move forward with the development and launch of Community Choice in 2017.

The next steps recommended to advance LACCE are based on our analysis of best practices of other California CCAs existing and in development. Please refer to the "*Recommended Next Steps*" section that concludes this report for details; in summary:

1) A reconstituted Implementation Workgroup should be formed and convened in September;

2) The reconstituted Implementation Workgroup should:

    a) Revise the Business Plan and Implementation Plan to address the errors and omissions detailed in this report and bring these work products in-line with stated policy objectives;

    b) Draft the Joint Powers Authority governance documents and required Request for Proposals for services;

    c) Bring these documents back to the Board for approval before the end of 2016.

We know that the County of Los Angeles is a leader among all California Counties, and that neither our elected representatives nor our citizens should settle for a mediocre Community Choice Aggregation program that does not maximize our potential to meet our climate action, distributed energy resource, economic and workforce development, and environmental justice goals. We encourage the County to aim high and deliver a CCA that sets the standard for all others.

We look forward to continuing to work in good faith with the County of Los Angeles throughout the development and implementation of Community Choice Aggregation. South Bay Clean Power already has existing advisory committees that have been working on the above tasks and work products. We stand ready to share resources, expertise and leadership to the County's new Implementation Workgroup to achieve our mutual goals on an accelerated timeline.

Respectfully,

Joe Galliani
Chair of the South Bay Clean Power Working Group
PO Box 528
Redondo Beach, CA 90277
joe@southbaycleanpower.org
(424) 275-5528

c: South Bay Clean Power Working Group
South Bay Cities Council of Governments
International Brotherhood of Electrical Workers, Local 11
Los Angeles Chapter, National Electrical Contractors Association
Sierra Club, Angeles Chapter
UCLA Luskin Center
UCLA Center for Sustainable Communities
GRID Alternatives
Environment California
Food & Water Watch

TABLE OF CONTENTS

HISTORY & BACKGROUND OF SOUTH BAY CLEAN POWER

The South Bay Clean Power (SBCP) Working Group was formed in July 2014 by Chair Joe Galliani, Founding Organizer of the South Bay Los Angeles 350 Climate Action Group. The Working Group began with representatives from the cities of Hermosa Beach, Manhattan Beach, Redondo Beach and Torrance and grew over the next several months to include representatives of Carson, Gardena, Santa Monica, West Hollywood, Culver City, Malibu, Beverly Hills, Palos Verdes Estates, and Rolling Hills Estates.

The South Bay Clean Power Working Group targeted the 15 cities of the South Bay Cities of Government and 5 additional West Side cities as candidates for a regional Community Choice Aggregation program. As a first step, SBCP asked City Councils to pass a resolution to participate in a CCA feasibility study.

SBCP Chair Galliani met with Supervisor Don Knabe representative, Steve Napolitano, on November 6, 2014 to report on the Working Group's plans and progress, and to request 1) funding from the County to conduct the CCA feasibility study and 2) support from the County for the South Bay Clean Power CCA efforts.

On November 18, 2014 representatives from Manhattan Beach, Hermosa Beach, Redondo Beach, Torrance, Inglewood, Hawthorne, Lomita, Palos Verdes Estates, Santa Monica, the South Bay Cities Council of Governments and The Los Angeles Regional Collaborative for Climate Action and Sustainability came together at Hermosa Beach City Hall's Council Chamber for a Community Choice Aggregation (CCA) Study Session hosted by the City of Hermosa Beach and South Bay Clean Power. Shawn Marshall, Executive Director of the Local Energy Aggregation Network was brought in by South Bay Clean Power as the CCA expert guest speaker.

On January 16 2015 - SBCP Working Group Chair Galliani held his first meeting with Los Angeles County Internal Services Department (IDS) Office of Sustainability General Manager Howard Choy to update him on plans and progress of the South Bay CCA initiative and enlist his support.

On January 29, 2015, Mr. Choy addressed the SBCP Working Group at their invitation., and discussed the County's CCA intent and offered support and encouragement. Mr. Choy enlisted SBCP Chair Galliani to speak to other cities and Council of Governments (COGs) in LA County to introduce the concept of CCA to them.

On February 4, 2015, the city of Carson became the 7th SBCP target city to unanimously pass the resolution to participate in a CCA feasibility study.

On March 17, 2015, in a motion from Supervisors Knabe and Kuehl, the Los Angeles County Board of Supervisors voted 5-0 to direct staff to write a report on what steps must be taken to explore a CCA.

In an email dated November 10, 2015, Mr Choy requested “a more formal role for South Bay Clean Power in assisting the LA County CCA effort” in the following areas:

1) Mobilizing and consolidating organized labor support;
2) Organizing support among academia (USC, UCLA, etc.);
3) Coordinating support among local non-governmental organizations (NGOs);
4) Assisting with developing a labor plan that shows the positive jobs creation benefits of an LA County CCA.

After successfully mobilizing labor, NGOs and academia’s support and participation, the SBCP Working Group brought representatives from all three disciplines together on June 8, 2016 to meet with Mr. Choy to discuss Workforce Development aspects of the LACCE business plan. At that meeting our group was requested to provide written workforce development input for the LACCE business plan.

We delivered that plan to Mr. Choy on June 21 and received no formal response to our input, which was not incorporated into any subsequent work products delivered to the Board of Supervisors.

EXECUTIVE SUMMARY

While Internal Services Department (ISD) staff and consultants did evaluate the financial feasibility of Community Choice for the unincorporated County territory, they did not deliver on numerous directives from the Board of Supervisors.

Unfortunately, the ISD staff memorandum does not adequately address this situation, and further makes a number of inappropriate assumptions regarding the 'next steps' in advancing LACCE. As detailed in the proceeding sections, we find that:

1) ISD Staff & Consultants failed to follow directions from the Board, in that:

    a. No Implementation Workgroup was formed;

    b. The feasibility of cities joining the County was not assessed;

    c. No guidance was provided for cities to join the County's CCA;

    d. The assessment of workforce training & hiring objectives was ignored by ISD staff, and no meaningful consideration was given to Distributed Energy Resources.

2) ISD staff are attempting to dictate the CCA design and launch process without sufficient public oversight or engagement of other municipalities; in many cases these initiatives contravene or ignore directives from the Board of Supervisors:

    ISD staff have furthermore made foundational assumptions, paid for consulting work products, and devoted staff time to activities that were not authorized by the Board, should have been vetted by stakeholders and were not, and are unacceptable on the basis of the assumptions made. These include:

    a) Drafting and releasing a Request for Statements of Qualification (RFSQ) to hire service providers for LACCE's launch and operation, and devoting resources to a subsequent review of responses;

        i) As an RFSQ, the process did not result in firm pricing under a competitive process; despite this fact, ISD staff inexplicably propose to engage in direct negotiations to hire bid respondents instead of through a proper competitive solicitation.

    b) Assuming that SoCalREN would be delegated authority for customer-sited Distributed Energy Resources;

    c) Assuming that LACCE would launch as an agency of the County under ISD, i.e. without forming a Joint Powers Authority that includes cities;

i) Assuming an overall timeline, launch date and customer phase-in schedule on the basis of the above flawed assumptions.

ii) Not including any pathway, mechanisms or usable data that would allow eligible cities to evaluate whether to join the County's CCA or form their own CCA(s).

d) Preparing an Implementation Plan for submission to the CPUC on the basis of the above flawed assumptions.

e) Recommending that ISD self-validate the consulting work products it oversaw the production of is inappropriate in that it lacks transparency and contravenes best practice.

Lastly, the work products produced do not meet an acceptable level of professionalism, completeness or transparency in assumptions. Specifically:

f) The Request for Statements of Qualification (RFSQ) released by ISD staff and consultants was poorly drafted and would fail to contract for the services required to achieve the policy objectives of LACCE; the entire process appears to have been rushed.

g) The financial discussions of the Business Plan inflate start-up costs, omit key facts, provide inaccurate observations, do not disclose best practices, and fail to provide a practical financing strategy.

h) The Business Plan and Pro Forma calculations lack the level of disclosure necessary to conduct a peer review (which falls far short of other CCA studies conducted to date), and there are non-trivial discrepancies between the figures in the Pro Forma calculations and what is written in the Business Plan.

i) No meaningful discussion of Distributed Energy Resources and workforce development has been provided in any deliverable.

RESPONSE TO THE ISD SUMMARY MEMORANDUM

The ISD staff memorandum does not appropriately address how the work products produced fall short of the key directives issued by the Board. In addition, the memorandum offers a number of ill-advised recommendations regarding the 'next steps' in advancing LACCE.

In general, we find ISD Staff's recommendations dictating the CCA design and launch process to be without sufficient public oversight or engagement of other municipalities, and that multiple recommendations were made on the basis of flawed assumptions.

Failure of ISD Staff & Consultants to Follow Instructions from the Board

ISD Staff and consultants have not conducted the CCA exploratory process or produced work products that comply with explicit directions given by the Board of Supervisors, e.g.:

No Implementation Workgroup was formed

1) The Board of Supervisors instructed ISD & CEO to "*create and lead a CCA Implementation Workgroup*,"
   a) No such CCA Implementation Workgroup was formed.
   b) While ISD staff and consultants did provide select public briefings, there was no meaningful level of stakeholder engagement and oversight.
      i) In contrast, other CCAs in California have utilized robust and transparent public stakeholder groups to provide oversight and feedback to inform consulting work products, including in approving governance models and any competitive solicitations for services (the selection process for which has been conducted directly by stakeholder groups).

The feasibility of cities joining the County was not assessed

1) The Board of Supervisors instructed ISD & CEO to "*Access the feasibility of other jurisdictions joining a County CCA program*."
   a) No legitimate assessment of such feasibility was made.
   b) No recognition was given of the 13 cities that passed resolutions to participate in the study.

No guidance was provided for cities to join the County's CCA

1) The Board of Supervisors instructed ISD & CEO to "*Provide information and guidance to other jurisdictions on the potential timeline and necessary steps to join County CCA*;"

a) No useful information or guidance was provided. An unrealistic timeline with only a TBD target for inclusion of eligible cities was presented.

The assessment of workforce training & hiring objectives was ignored by ISD staff

1) The Board of Supervisors instructed ISD & CEO to "*Determine if a County CCA can advance workforce training and hiring objectives that align with County goals*."

2) As detailed under "History & Background of South Bay Clean Power", in November 2015 Howard Choy of ISD's County Office of Sustainability requested support from the South Bay Clean Power Working Group in mobilizing labor, academic and NGO support in the creation of a labor plan.

   a) The South Bay Clean Power Working Group delivered that plan to Mr. Choy on June 21st, and received no formal response to our input.

      i) In response to a request for a response, Mr. Choy wrote in a July 13, 2016 email: "Personally, I support most of your proposals. But my position means squat re this."

Attempts by ISD Staff to Control the CCA Design & Launch Process without Public Oversight

In a number of instances, ISD staff and consultants have made foundational assumptions, paid for consulting work products, and devoted staff time to activities that were not authorized by the Board, should have been vetted by stakeholders and were not, and are unacceptable on the basis of the assumptions made.

Flawed Request for Qualifications issued — without Board approval or stakeholder input

1) The memo states: "*The LACCE technical team will evaluate these offerings and will work with proposers to identify a pool of service suppliers.*"

   a) The Request for Statement of Qualifications that was issued by the LACCE technical consultants was not authorized or reviewed by the Board of Supervisors, nor was it discussed with the Implementation Workgroup prior to its issuance, nor was any input from the Workgroup asked for.

   b) The RFSQ does not reflect the CCA design criteria necessary to achieve LACCE's policy objectives, particularly in regard to distributed energy resources and green jobs, and was furthermore conducted in a fundamentally unacceptable fashion.

      i) Detailed objections to ISD staff's RFSQ are under the section "*RESPONSE TO ISD'S REQUEST FOR QUALIFICATIONS*" in this report.

c) The LACCE technical team has not demonstrated the objectivity or skill set necessary to evaluate these offers or to work with proposers.

Proposed CCA governance excludes cities & poses risks to the County

1) The memo states: "*Phase 1 CCA operations, for County municipal buildings in unincorporated areas only, would be governed solely by the County and run through ISD's County Office of Sustainability.*"

   a) Best practice for CCA program formation calls for a Joint Powers Authority to be formed, which allows the financial obligations of the CCA to be "fire-walled" from the general fund of participating member governments, and allows all governments to spread costs for services and administrative staffing across a larger program;

   b) A LACCE JPA should be formed at the outset of the program that includes cities.

2) The memo states: "*…ISD recommends that the County would maintain a majority and controlling vote on the JPA Board. Depending on the number of other JPA members, other Director positions would be filled by some or all of the other member agencies, in direct and/or representative capacities.*"

   a) These governance recommendations were made without stakeholder engagement or consultation of any municipalities.

   b) The composition and balance of the JPA Board should be discussed and determined by a new collaborative LACCE Implementation Workgroup modeled after the Peninsula Clean Energy advisory committee that recently concluded a similar process earlier in 2016 for San Mateo County's CCA program. (Refer to the "*RECOMMENDED NEXT STEPS*" section and "*APPENDIX: PENINSULA CLEAN ENERGY*" for further details.)

      i) The number of board seats for the County of Los Angeles on the JPA board and the voting system for member governments should be discussed and determined by this new LACCE Implementation Workgroup.

No pathway, mechanisms or usable data to include eligible cities in LACCE

1) The business plan does not include sufficient details to allow cities to make an informed determination on whether to join LACCE or to develop their own CCA(s). In general, the Business Plan does not include cities as a priority or a valued and desired attribute of the LACCE program.

Financing discussion does not reflect best practices & excludes consideration of cities

1) The memo states: "*The LACCE program would require about $10 million in start up capital which will cover establishing the LACCE operations, procuring the first months of*

wholesale power under Phase 1, and paying for LACCE expenses during the 2 to 3 months lag between provision of power to LACCE customers and receipt of revenues from SCE for these customers."

a) The start up capital requested indicates that LACCE contemplates launching the CCA without the participation of any cities.

b) As detailed under the section "*Recommendations for Decreasing Startup Costs*" of this report, the $10 million figure is overstated.

2) The memo states: "*COS has engaged an energy programs financial advisor who will reach out to the financial community to determine lenders appetites for financing LACCE's Phase 1 and Phase 2 operations with our without support from the County as described below*."

a) There was no discussion or engagement with stakeholders regarding the advisor engaged by ISD staff or what other advisors may have been considered.

c) As detailed under the section "*Recommendations for Clarifying Financing Strategies*" of this report, ISD's financial advisor failed to appropriately describe the options available to LACCE, including how CCAs are beginning to request specific startup tasks from service providers that work at-risk to complete launch activities and arrange financing until the program is launched and generating revenue (in order to dramatically lower or avoid startup costs).

CCA phase-in schedule contravenes stated goals and policy directives

1) The memo states: "*Phase 1 would commence as early as January 2017. Phase 2 would commence as early as July of 2017*"

a) As there is no consensus support for this plan, no draft JPA document, and no agreement on LACCE goals and objectives, the suggested implementation dates are premature.

2) The memo states: "*Phase 3 would commence at a date yet-to-be-determined*"

a) The lack of any target dates or guidance for cities to join the CCA is highly concerning, as the power usage of the potential participating cities far exceeds the maximum possible load from the County's unincorporated area and as such, should inform the planning for the CCA at the outset.

Distributed Energy Resources (DER) practically ignored — delegation to SoCalREN assumed without Board authorization or stakeholder input

1) The memo states: *"Additionally, the LACCE could seek to support private sector distributed generation projects at the local and regional level, instead of procuring all*

power needs from large utility-scale distributed generation projects outside the County, Southern California, or the State."

a) The Business Plan provides only cursory treatment of DER. Specifically, it quantifies the jobs impacts of an arbitrary amount of utility-interconnected solar, and appears to delegate responsibility for all customer-sited DER to SoCalREN.

   i) The Business Plan does not provide any practical discussion of specifically how DER would be integrated into the power planning, energy procurement and day-to-day operations of the CCA. Absent this specificity, there is no meaningful or tangible commitment to DER.

b) The Request for Statements of Qualification (RFSQ) issued by ISD staff similarly fails to include any mention of distributed energy resources; the process recommended by ISD staff would fail to procure the necessary expertise and services required to allow any ongoing, meaningful activities regarding distributed energy resources.

   i) These critiques are detailed under the "*Services for Distributed Energy Resources were not requested*" section of this report.

Proposed self-validation of the Business Plan contravenes best practices

1) The memo states: *"At your Board's direction, the CEO, County Counsel, and ISD, as more particularly tasked below, would initiate the following next steps to prepare for a potential CCA implementation:"*

   i) CEO and ISD to validate the technical feasibility report in the Business Plan, including start-up costs, sources of funding and financial viability.

      (1) Best practice calls for an independent analysis of the Business Plan to be conducted by an objective and expert third-party.

   ii) "*County Counsel to work with CEO and ISD to explore appropriate governance models and provide options to your Board as non-County public agencies express interest in joining a County CCA;*"

      (1) We recommend that this process be delegated to the new Implementation Workgroup that should now be formed.

Recommendations for use of remaining funds are inappropriate

1) The memo states: *"At your Board's direction, the LACCE technical team would continue using remaining technical study funds authorized by your Board to develop the CCA program with the following activities:"*

a) As detailed by this report, we recommend that such funds be retained and used for review and implementation activities after the Implementation Workgroup delivers revised recommendations and documentation to the Board of Supervisors.

RESPONSE TO THE BUSINESS PLAN PREPARED BY EES & PFM

We find that the financial discussions of the Business Plan inflate start-up costs, omit key facts, provide inaccurate observations, do not disclose best practices, and fail to provide a practical financing strategy. The Business Plan and Pro Forma calculations lack the level of disclosure necessary to conduct a peer review (which falls far short of other CCA studies conducted to date), and there are non-trivial discrepancies between the figures in the Pro Forma calculations and what is written in the Business Plan.

The following sections detail these critiques, and provide recommendations for resolving errors and omissions.

Recommendations for Enabling Effective Peer Review

In contrast to recent CCA studies, the LACCE Business Plan Pro Forma spreadsheets do not include the granular detail necessary to conduct a reliable peer review, nor are inputs to the analysis summarized and documented to a sufficient degree. To take two examples:

1) Power supply costs in the Pro Forma are only disclosed as a single line item, precluding the ability to assess whether all cost components have been captured and estimated correctly. Cost components as detailed in the report are in some cases unclear, or omitted (such as capacity costs).

2) Energy sales and customer accounts in the Pro Forma are not given by rate schedule, precluding the ability to confirm that SCE rate comparisons and PCIA charges have been correctly calculated. Tables in the report that disclose customer usage by rate schedule only detail these figures for the county overall and municipal county facilities, and omit the table germane to the Pro Forma analysis (i.e. for all customers in the county unincorporated territory only.)

Conclusion: the County should retain the actual spreadsheet models and supporting documentation used to prepare the Pro Forma cashflow tables (including the commodity cost, PCIA, SCE rate forecasts and sensitivity analyses), and make these available for peer review.

Revising Financing Strategies & Startup Costs

Regarding the discussion of financing and startup costs, the report does not reflect a current understanding of the CCA industry best practices in California.

Actual startup costs should be much lower than what is stated in the report, securing financing should be relatively straightforward, and financing charges will be much lower than what is presented in the Pro Forma. Much of the focus around the financial discussion is misplaced, and the content is incomplete and misinformed. Lastly, there are errors in the financing strategies used in the financial Pro Forma that should be corrected.

Recommendations for Decreasing Startup Costs

1) As the number of CCA programs has grown, many of the activities associated with the launch process become increasingly routine over time. In other words, activities that originally required sizable consulting fees to "think through" are now widely known and may be duplicated at marginal cost.

   Consequently, many of the consulting fees budgeted are far too high. For example:

   a) Allocating $350,000 for "Financial Consulting" during the "pre-start" phase is extraordinarily high, considering that 1) the processes and contracts required for this task are well established and 2) multiple counterparties offer financing on a competitive basis to the industry. Allocating $265,000 a year after program launch for this role is similarly extraordinary, and without any basis in the experience of operational CCAs.

   b) Allocating $100,000 for data management consulting during the "pre-start" phase is unnecessary, because the data management service company that will be hired to provide these services does so without charge prior to the successful launch of the program.

   c) Allocating $320,000 for legal and regulatory services in the "pre-start" phase is far too high, considering that the required filings and contracts to be executed are well established.

2) More importantly, the report completely omits one of the most critical advances in the California CCA industry: the recent experience of the County of Humboldt in successfully contracting for all services required to launch a CCA at little to no upfront cost.[1]

   The RFP for services that Humboldt released required companies to defer costs and fees for services incurred during the startup phase until after the program was successfully launched and generating revenues, thereby avoiding the need for any upfront fees or costs to be paid by the County (except for any staff time the County chooses to devote to the CCA launch process).

   Four teams of companies responded to the solicitation, offering to provide all necessary

[1] http://www.redwoodenergy.org/renewable-energy/community-choice-energy

startup activities, including the provision of financing, payment of any necessary costs, preparation of regulatory and legal documents, setup of required operational/ technical functions, and the creation of CCA financial projections.

Conclusion: the activities associated with launching a CCA in California are now so well understood and manageable that companies are willing to work at-risk to provide funding for and complete all necessary actions. In other words, a well-designed competitive solicitation for services should substantially minimize or entirely avoid the upfront costs of launching a CCA program.

Recommendations for Clarifying Financing Strategies

The report includes a general discussion of a selection of financing options, but does not clearly analyze or recommended an actual financing strategy, and does not disclose the process by which a financing strategy will be determined. Instead, the financing section concludes that "*The program should explore all options to determine which alternatives or combination of alternatives delivers the lowest cost funding*."

Clarifying Financing Mechanism Options

1) The financing discussion appears to emphasize options for the County to partially or wholly fund the CCA, and in doing so assume substantial financial risk while charging the CCA a relatively high interest rate for doing so.

2) Options that other CCAs have used successfully to insulate member governments from financial risk while minimizing overall financing requirements and costs are not detailed to a sufficient degree – to the extent that these options are briefly mentioned and then downplayed.

   For example, in discussing the "lockbox" and "credit–sleeving" mechanisms under "vendor funding" options, neither mechanism is actually explained. These mechanisms are instead de-emphasized by stating that *"…this approach is less transparent and the associated cost may outweigh the benefit…*"

   The experience of CCAs is actually the opposite. The lockbox mechanism decreases working capital debt requirements by up to one-third (at no cost and in a very transparent manner), and the County of Humboldt has successfully negotiated full credit support from a vendor at a cost of $1/MWh (that would also decrease as the program built up a reserve fund). The latter represents the lowest cost financing option (by far) to date in the California CCA market.

3) The report also misrepresents the experience of CCAs in structuring debt financing from private banks. For example, it states that the loan executed by Sonoma Clean Power was "*secured by a Sonoma County general fund guarantee."* In fact:

a) Sonoma Clean Power executed two loans: a smaller loan executed at an early stage of CCA program exploration to pay for staff and consulting costs (which did need to be secured by a general fund guarantee) and a larger loan for working capital requirements (the bulk of a CCA's financing requirements) that did not require a general fund guarantee; instead, this larger loan only required a lien on future program revenues in the event of nonpayment.

b) In essence, the CCA program was forecasted to be financially robust enough such that it financed itself.

c) After program launch, Sonoma Clean Power put in place a line of credit and standby letters of credit to minimize financing charges (allowing the cost of collateral to drop to 1% to 1.5% instead of 4% to 6%) while paying off its bank debt in less than a year and building a substantial reserve fund to offset future collateral requirements.

Conclusion: the options which do not rely on the County for financing should be much more detailed; there are lessons-learned and best practices from Sonoma Clean Power and Humboldt County in particular that would lower LACCE financing costs and shield member governments from financial risk.

Properly Grouping & Analyzing Financing Requirements

1) The financing discussion structurally lacks clarity because of how the report discusses financing requirements in terms of "Phase 1" and "Phase 2":

   a) Phase 1 is $10 million comprised of $3.5 million in startup expenses and $6.5 million in working capital and credit support requirements for energy for the County's municipal accounts (to be enrolled first).

   b) Phase 2 is $42 million in working capital and credit support requirements for energy for the subsequent enrollment of all eligible accounts in the County.

2) The issue here is that financing tranches should be logically separated into product types and analyzed separately. For Phase 1, the financing required to pay staff and consultants to design and implement the program ("startup" funding) has an entirely different risk profile from the capital and/or credit support required to finance power purchases.

   Keeping these tranches separate in the discussion would allow a clearer analysis of how best to meet financing requirements for each. In this case:

   a) The startup costs can be dramatically lowered by requiring service providers to perform some or all of the required tasks at-risk (as detailed in the *"Regarding*

Startup Costs" section above). Alternatively, the County could opt to fund startup costs directly or guarantee a loan (because the capital required is relatively low).

b) The experience of CCAs to date has shown that working capital and credit support requirements:

   i) Can be minimized through a variety of proven mechanisms and financed with debt that does not require any general fund guarantee;

   ii) Alternatively, these requirements may be met through vendor financing at a lower cost (also without requiring a general fund guarantee).

Conclusion: a conceptual framework should be employed that allows for the proper application of financial products to different financing requirements; the subsequent analysis should identify the most appropriate financing strategy.

Including Financial Strategies Employed Post CCA Launch

1) Options for minimizing overall financing costs and ensuring the financial stability of the CCA after program launch are incomplete, mentioned only in passing, and relegated to unrelated sections (e.g. within the "Rate Impacts" and "Plan Results" discussions). For example, the report states:

   "… these rate comparisons assume all savings will go towards rate reductions. It is likely that the LACCE governing body may opt to place some of these savings into a financial reserve account for use at other times when needed and/or to accelerate the payoff of start-up and initial operations financing."

   …

   "Based upon final LACCE policy direction, some of these savings could be retained by LACCE to build up financial reserves".

2) Regarding the reserve fund:

   a) A reserve fund allows the CCA to minimize or entirely avoid future financing costs, stabilize rates in response to market prices swings, diversify its power supply portfolio, and evolve to engage in self-management of its portfolio.

   b) The above activities form the foundation of long-term risk management for a CCA, and thus ensure the stability of the program over the long-term.

   c) Project developers require a long-term power purchase agreement to be able to finance new renewables.

      i) This means that the CCA must be perceived as a stable off-taker of the power for the subsequent 20-year period.

d) Therefore, without a reserve fund, the CCA will not be able to contract for the construction of new renewable resources.

e) To suggest that the establishment of a reserve fund is a "policy decision" is highly misleading. It is a crucial risk management mechanism that protects customers and allows CCAs to achieve policy objectives (e.g. the construction of new renewables). It is widely accepted and of paramount importance that the CCA should build up a reserve fund from Day 1.

3) Regarding the repayment of debt:

a) The experience of all CCAs to date has been that net revenues are sufficient to repay debt financing accrued to cover startup costs and working capital requirements within approximately 1-3 years.

b) Extending the loan repayment out past the point that it could reasonably be paid off is not fiscally prudent, as it only serves to increase interest rate charges to customers.

4) Regarding mechanisms not mentioned in the report:

a) As detailed in the above section "*Clarifying Financing Mechanism Options*", lines and letters of credit can be used after program launch to minimize interest rate charges.

Conclusion: the importance of the reserve fund, repayment of debt in a fiscally responsible manner, and utilization of letters and lines of credit are <u>foundational</u> to the financial stability of the CCA program. As such, these should be discussed in the financial section of the report and explained to a sufficient degree.

Recommendations for Correcting the Financial Strategy in the Pro Forma

1) The Pro Forma analysis assumes an unrealistic financing strategy that is far more costly and risky than observed under any CCA to date: full financing requirements that are unmitigated by any mechanism or contracting strategy, fully financed by relatively high-cost debt, debt repayment extended over an unprecedented 20-year period, and without retaining any revenues retained to establish a financial reserve fund.

2) As detailed in the previous sections, a variety of mechanisms have been proven to lower financing requirements and costs, the collection of revenues for a reserve fund is critical to ensure the stability of the CCA and to achieve policy goals of constructing new renewables, and extending the loan term beyond the point that debt could paid off in a fiscally prudent manner only serves to increase interest rate charges to customers. (For example, paying down the loan in the Pro Forma over four years instead of twenty would save customers over $22 million in avoided interest rate charges.)

Conclusion: the financing strategies in the Pro Forma analysis disregard industry-standard practices, incur substantial and unnecessary costs, inflate perceived financing requirements, and undermine the stability of the CCA and its ability to achieve its policy goals. The financial projections should more accurately reflect industry-standard financing mechanisms and repayment terms, and should include a reserve fund.

Addressing Calculation Errors and Discrepancies in the Pro Forma vs. Report

Regarding the Pro Forma spreadsheets disclosed in the appendices:

1. Key figures cannot be reconciled with what is stated in the body of the report in certain key respects;
2. The summary totals in the Pro Forma appear to be incorrect in relation to the average rates.

Select examples and recommendations are listed in the proceeding sections.

Total savings cannot be reconciled with average rates

1) In year 2018 of the 50% Renewable scenario, “Savings” is reported as $18,825,033. However, the average generation rate savings as calculated by subtracting the “Average CCE Rate” ($0.0582/KWh) from the “Average SCE Generation Rate” ($0.0692/KWh) and multiplying the result by “Total Energy Sales” (2,873,075,000 KWH) equals $31,603,825. Subtracting the “SCE Non-bypassable Charges” line item (of $24,496,470) results in net customer savings of $7,107,355.
2) The reported 20-year total of “Savings” is $573 million. However, as calculated in the manner described above, the total generation rate savings is $1.25 billion and the total net customer savings $979 million.
3) Comparable discrepancies are also found in the RPS and 100% Renewable scenarios.

Conclusion: the reported rates for SCE and LACCE are incorrect and/or the reported savings accruing from the LACCE are incorrect. Further documentation is required to ascertain whether it is an error in methodology or calculation (i.e. a “spreadsheet error”), and what the corrected figures should be.

The Power Charge Indifference Adjustment (PCIA) figures do not match the report

1) The report states "*For this Plan, the PCIA is forecast to increase initially due to the end of offsetting credits that expire in 2018. Post-2018, the PCIA is expected to grow based on the inverse of the market price growth rate. As market prices increase, SCE’s surplus resources become more cost effective and the PCIA therefore decreases.*"

2) However, in the Pro Forma, the line item "SCE Non-bypassable Charges"[2] stays practically constant through 2022, then drops by almost 2/3 in 2023 and only slightly declines for the next 14 years (by less than 1% per year, while SCE power costs increase 2.1% per year).

3) Additionally, PCIA charges vary by rate class; therefore, the average PCIA rate should change between Phase 1 (early 2017, composed of non-residential usage) and Phase 2 enrollments (late 2017, which is approximately half residential usage). Instead, the PCIA remains static. This indicates that the PCIA may not have been calculated using the correct weighting.

Conclusion: the non-bypassable charges that LACCE customers will pay are not properly forecasted in the financial analysis, inasmuch as the numbers do not reflect the methodology disclosed in the report.

Financing costs are incorrectly represented

1) The report states that, in regards to startup loans, the "financial analysis assumes that LACCE can obtain a loan for the first $10 million with a term of 2 years at a rate of 5.5 percent. The second loan for $42 million is assumed for a 20-year term at 5.5 percent. "
   a) Based on the above, the $42 million loan would require annual payments of $3,514,532 for twenty years, while the $10 million loan would require annual payments of $5,416,180 for two years.
   b) Therefore, debt service in the first two years of the program would equal $8,930,712 while payments in years three through twenty would equal $3,514,532.

2) The "Debt Service" line item in the Pro Forma does equals $3,514,532 for years three through twenty (i.e. 2019 through 2036). However, the total in the first two years (2017 and 2018) is $7,029,064 – which is double the $3,514,532 figure and nearly two million per year <u>less</u> than the expected $8,930,712.

Conclusion: the Debt Service line item in the Pro Forma likely contains an error in calculation and should be revised. (Note that the overall financing strategy in the Pro Forma should also be revised, as per the above section "*Recommendations for Correcting the Financial Strategy in the Pro Forma*".)

---

[2] Note that the PCIA would be expected to account for substantially all of this figure.

RESPONSE TO ISD'S REQUEST FOR QUALIFICATIONS

On June 6, 2016 ISD staff issued the "Los Angeles Community Choice Energy (LACCE) Request for Statement of Qualifications (RFSQ) For Power Supply Procurement, Data Management and Program Start-Up Services." It is our understanding that staff and consultants subsequently engaged in document review and discussions with select respondents.

Our primary concerns regarding the RFSQ process are that:

1) The RFSQ was poorly drafted; the entire process appears to have been rushed.
2) As an RFSQ, the process did not result in firm pricing under a competitive process; despite this fact, ISD staff has proposed to engage in direct negotiations to hire bid respondents instead of through a proper competitive solicitation.
3) The RFSQ was prepared and released without a stakeholder review process, and without any consultation or authorization by the Board of Supervisors.
4) The services requested will not achieve the policy objectives of LACCE, particularly in regard to distributed energy resources and workforce development.

In contrast to the process proposed by ISD staff, other CCAs in California have requested detailed, specific services under full Request for Proposals (RFP) processes that require substantive responses and firm pricing, and reviewed bids using committees composed of stakeholders to safeguard the public interest.

An RFSQ is Not a Sufficiently Competitive Process for CCA Services

1) The RFSQ has no requirement for full proposals with costs from respondents, and makes clear that a contract for services can be awarded after only an interview with prospective firms. ISD staff has subsequently proposed to engage in direct negotiations to hire bid respondents instead of through a proper competitive solicitation.
   a) Awarding multi-year, mult-million dollar services contracts without a competitive and transparent solicitation process contravenes best practice.
   b) A failure to solicit a robust and comprehensive selection of best-qualified and eligible respondents risks locking LACCE into more costly and less expert services for years to come.

Conclusion: the responses to the RFSQ should only be used as supporting documentation in the preparation of detailed Requests for Proposals for services, which should be issued and reviewed by stakeholder committees that ensure a transparent, competitive public solicitation process. The Implementation

Workgroup recommended to oversee this process should include experts in public power utility management and distributed energy resources, in order to ensure effective review of bid responses.

The RFSQ Lacked Supporting Documentation & Disadvantaged Bidders

1) No supporting documentation for prospective respondents to analyze were included in this RFSQ; responses were due prior to the release of the Business Plan, which would have given bidders insights into LACCE's electricity requirements, customer composition and accounts, and background on how the agency was planned to develop in terms of staffing and services.

    a) This lack of specificity has the practical effect of decreasing the ability of bidders to propose innovative solutions tailored to LACCE, and also may have discouraged prospective bidders from committing the resources necessary to prepare a response.

Conclusion: the RFP(s) that should replace the RFSQ process should also include background documentation on LACCE sufficient to allow bidders to propose services tailored to the goals and plans of the CCA.

Requested Services were Incomplete and Lacked Specificity

In general, the requested services did not adhere to the level of specificity used by other CCAs in California under Request for Proposals solicitations. Additionally, the requested services do not reflect the policy goals of LACCE, particularly in regards to Distributed Energy Resources.

Services for Distributed Energy Resources were not requested

1) There is no mention of Distributed Energy Resources (DER) anywhere in the RFSQ, although it does vaguely request that: "*Responders shall propose a strategy for developing and/or procuring local, renewable resources as part of their response.*"

    a) "Local, renewable resources" are generally thought of as utility-interconnected photovoltaics (indeed, as envisioned by the Business Plan) and not Distributed Energy Resources, which are diverse customer-sited resources (e.g. rooftop solar and smart inverters, energy efficiency, demand response, advanced energy storage, small-scale combined heat and power, electric vehicle managed charging, microgrids, etc.).

    b) To meaningfully integrate Distributed Energy Resources into a CCA business model requires the provision of specific services and expertise that span across all LACCE's required services: e.g. load forecasting, Integrated Resource Planning, power procurement, customer engagement, billing and data management, power operations (scheduling), etc.

c) This lack of specificity at the initial stage of LACCE will likely preclude the potential benefits that Distributed Energy Resources could provide the CCA, and creates a strategic vacuum regarding this key policy directive.

Conclusion: the <u>specific</u> services, expertise and qualifications required to effectively utilize Distributed Energy Resources span all aspects of a CCA, and should be detailed appropriately in LACCE's Request for Proposal solicitations for services.

Necessary power services were not requested

1) The RFSQ calls for full requirements for commodity power (shaped energy, RA, RE, ancillary), a limited set of services (scheduling) and "Risk Management Strategy".

   a) The RFFSQ doesn't request a full set of integrated utility-grade power services, e.g.: portfolio/risk management (modeling & strategy), trading controls, advanced load forecasting, origination (contracting), etc.

   b) Failure to engage a back office partner with an integrated set of these services and competencies:

      i) Risks diminishing the ability of LACCE to deploy the most sophisticated power forecasting, operations and planning, which will likely drive up procurement costs and lessen the flexibility of LACCE to procure renewable and distributed energy resources.

      ii) Will likely require an inordinate amount of staff and consulting resources to "fill gaps" in contracted services, and engage in "fire drills" to satisfy a basic level of service.

         (1) In the context of the limited staff and financial resources available during the startup and early years of LACCE, this will have the practical effect of all but ensuring that LACCE is forced to focus only on a basic level of service and not on achieving its policy goals in maximizing renewable and distributed energy resources and workforce development.

Conclusion: to provide LACCE with the expertise and flexibility necessary to 1) to maximize the procurement of cost-effective renewable and distributed energy resources while 2) streamlining planning and operations, a full set of integrated power services should be detailed and requested in LACCE's Request for Proposal solicitations for services.

Startup services were not requested

1) No startup services are actually requested as part of RFSQ. It states that firms which respond to the energy & data SOWs "*will be required to participate*" in startup services. But the only specific request made of respondents under that section is financing to partially or wholly pay for up to "*$10 million ... to cover initial staff costs, marketing, consultants, interface with SCE, and any bonding required by the CPUC.”*
    a) As detailed under the “*Recommendations for Decreasing Startup Costs*” section of this report, the $10 million figure is overstated;
    b) As detailed under the “Recommendations for Clarifying Financing Strategies” of this report, requesting specific startup services from bid respondents can be used to dramatically lower or avoid startup costs;

Conclusion: LACCE’s Request for Proposal solicitations for services should detail <u>specific</u> startup services be provided at no upfront cost, so that bidders can offer concrete and innovative proposals that reduce or eliminate the need for upfront financing.

Requested Customer Engagement & Data Management services were flawed

1) The services description includes only inbound call services and no proactive, outbound call services and key account management, or customer engagement platform. Additionally, the specificity of services requested falls short of RFPs issued by active CCAs in California for identical services.
    a) The lack of specificity in requested services lowers the bar for bid respondents and may pose risks for LACCE. For example, there is no language that holds respondents to achieving a certain minimum quality of service for data and call center operations.
        i) The RFSQ does not request outbound call center services and key account services, or advanced customer engagement platforms such as customer web portals and database analytics for CCA administrators to assist customers in enrolling into Distributed Energy Resource programs.
            (1) This will result in “one size fits all” customer service approach, which the broader utility and power marketing industry is moving away from in favor of customized engagement and targeted distributed energy services.
    b) The lack of these services will significantly diminish or preclude pro-active customer engagement for the purposes of:

(1) Participation in distributed energy resource programs, such as participation in demand response programs that could lower electricity consumption on high usage days (and lower overall costs for LACCE);

(2) Increasing customers' awareness and accessibility to market-based programs, such as those available for low-income residents;

(3) Retaining customer accounts and educating customers that have opted-out on the benefits of signing back up for LACCE service;

(4) Provide larger key accounts with tailored engagement for a level of customer service that reflects their sophistication in energy management practices.

Conclusion: LACCE's Request for Proposal solicitations for customer engagement and data management services should not only take advantage of the experience of existing CCAs in contracting for such services, but should further request additional services that allow LACCE to pro-actively 1) engage customers to accelerate distributed energy resources (thereby achieving workforce development goals) and 2) manage key accounts and retain and win-back customers (thereby maximizing the revenues of LACCE).

CONCLUSION & RECOMMENDED NEXT STEPS

Taken as a whole, ISD staff and consultants have failed to meet acceptable standards of professional excellence, transparency, or stakeholder engagement, and as a result have produced sub-standard work products that make numerous assumptions that are flawed and contravene policy directives.

Unfortunately, the work products produced do not provide any meaningful consideration of the participation of cities or the deployment of Distributed Energy Resources and workforce development, and the overall process has jeopardized the ability for the diverse governments within the County of Los Angeles to maintain cohesion while implementing Community Choice Aggregation.

While this does not undermine the financial viability of Community Choice as presented in the Business Plan, it does require significant "course correction" to enable LACCE to meet the Board of Supervisors policy directives. Despite the shortcomings of work products produced to date, we believe both South Bay Clean Power and the County of Los Angeles are positioned to move forward with the development and launch of Community Choice in 2017.

The next steps recommended to advance LACCE are based on our analysis of best practices of other California CCAs existing and in development:

1) A reconstituted Implementation Workgroup should be formed and convened in September;
   a) This process should be modeled on the steering committee of San Mateo County's Peninsula Clean Energy, which was transparent and effective.
      i) Refer to the Appendix for details on Peninsula Clean Energy's approach.
      ii) Note that this Implementation Workgroup will likely evolve into two or more distinct groups in the near-future (as appropriate): a Board of elected representatives to govern LACCE, and a Stakeholder Advisory Committee (Peninsula Clean Energy has both a Citizens Advisory Committee and an Executive Committee in addition to a JPA Board).
   b) Membership should include stakeholders and representatives of:
      i) County Supervisors;
      ii) Any and all of the 82 eligible cities;
      iii) UCLA's Laser Study team (Luskin Center) and Energy Atlas team (Center for Sustainable Communities);

iv) Labor and management including IBEW 11 and Los Angeles NECA;

v) Environmental organizations;

vi) Environmental Justice organizations;

vii) The Public Power industry in California, prioritizing representatives with utility management and distributed energy resource expertise.

2) All documentation compiled by ISD staff and consultants to date should be made available to the Implementation Workgroup, including but not limited to:

a) The LACCE draft Implementation Plan;

b) All RFSQ responses and related communications;

c) The actual spreadsheet models and supporting documentation used to prepare the Pro Forma cashflow tables (including the commodity cost, PCIA, SCE rate forecasts and sensitivity analyses), as detailed under the preceding section "*Recommendations for Enabling Effective Peer Review";*

d) All key documents and deliverables in MS Word and MS Excel format (as applicable, instead of PDFs).

3) The reconstituted Implementation Workgroup's priorities should be to:

a) Formalize the goals and objectives of the LACCE for inclusion in subsequent governance models and agreements.

b) Coordinate with South Bay Clean Power working group and advisory committees on shared goals and processes, and to review SBCP and LA work products prepared to date.

c) Create consensus JPA documents for a LACCE that includes the unincorporated area and interested cities;

i) Evaluate governance models that allow multiple CCAs within LA County to interact and collaborate at will to achieve common goals, without any loss of sovereignty for individual CCAs. Examples of such activities include but are not limited to:

(1) Sharing staff resources (such as in legislative and regulatory engagement);

(2) Contracting for services and power procurement at an advantageous economy of scale;

(3) Jointly financing and building power generation facilities.

d) Finalize Request for Proposals for the services and expertise necessary to launch and operate LACCE, **including the capabilities required to achieve the stated goals and objectives of LACCE regarding green jobs and distributed energy resources.**

e) Create and deliver to the Board of Supervisors:

i) The Joint Powers Agreement(s) and Request for Proposal(s) detailed above;

ii) An updated LACCE business plan that incorporates:

(1) The aforementioned goals and objectives and JPA governance models;

(2) Revised financial projections after correcting the errors and omissions in the summary Pro Forma calculations;

(3) Revised sections on lowered startup costs and best-practice financing options, including a recommended financing strategy.

(4) New sections on the practical process by which the LACCE launches and commences operations, including the timing and process in:

(a) Issuing and evaluating RFPs for services (including for distributed energy resources) in a transparent and competitive manner;

(b) Hiring an initial CEO/ Executive Director with appropriate utility management credentials.

iii) A revised Implementation Plan that incorporates relevant elements above.

f) Develop a public outreach campaign based on the successful campaigns of existing CCAs;

i) Include town halls and public forums charettes that educate and engage the public in providing citizen input;

ii) Use existing South Bay Clean Power collateral and resources as starting point;

iii) Take advantage of offers from Sierra Club and other nonprofit organizations to collaborate on outreach activities.

South Bay Clean Power already has existing advisory committees that have been working on the above tasks and work products. We stand ready to share resources, expertise and leadership to the County's new Implementation Workgroup to achieve our mutual goals on an accelerated timeline.

APPENDIX: PENINSULA CLEAN ENERGY

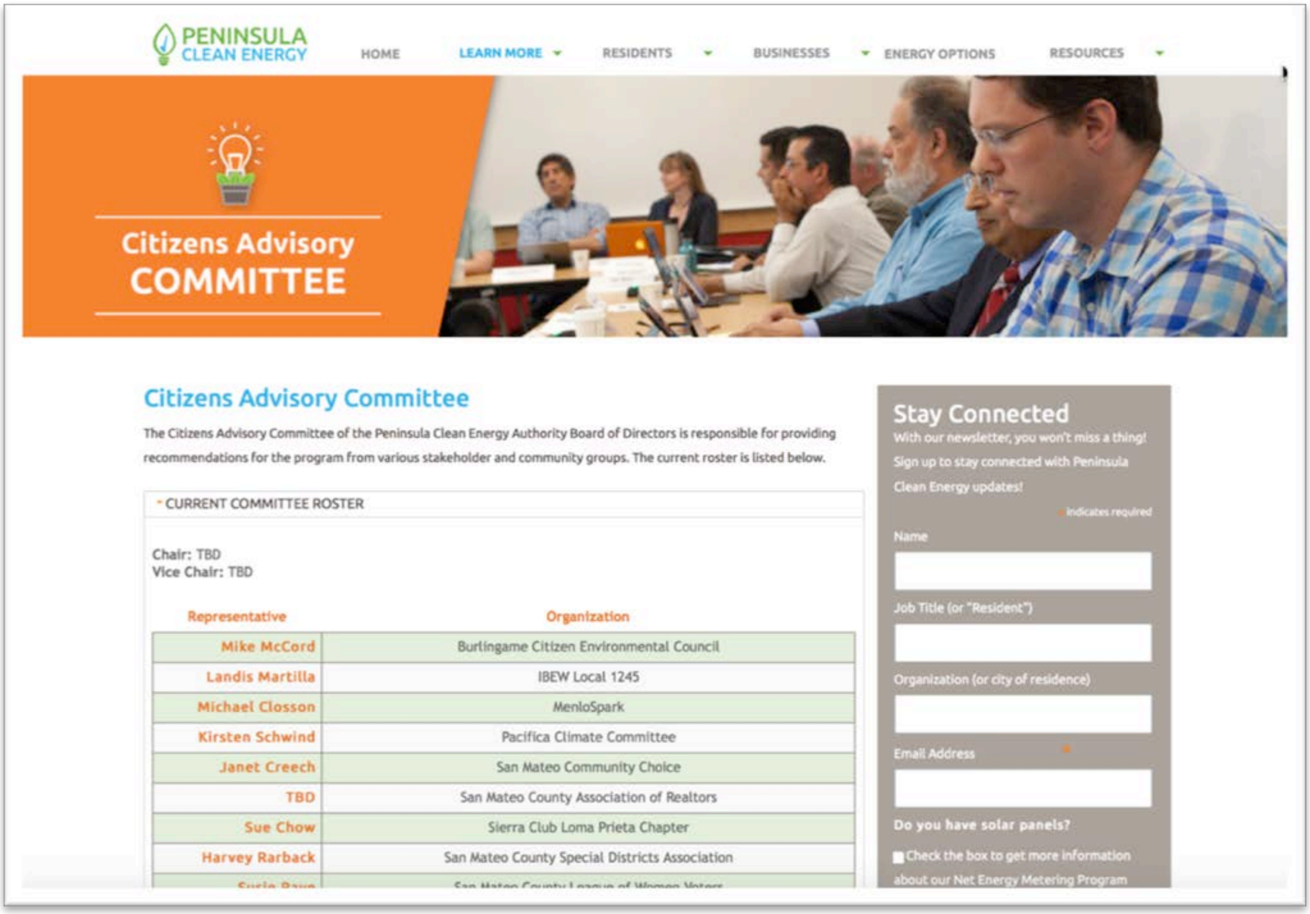
Throughout their multi-year CCA development effort, Peninsula Clean Energy's approach has to been to engage and inform all stakeholders and encourage their active participation:

1) Peninsula Clean Energy's Advisory Committee met for over a year in collaborative and interactive engagement;
   a) All of their meetings and materials were made readily and easily available.
2) The Advisory Committee became the Citizens Advisory Committee in May of 2016 and began working with the PCE Board of Directors;
   a) They also began holding public workshops throughout the County.
3) Peninsula Clean Energy's Board of Directors includes 2 County Supervisors and 1 Board Member from each of the 20 participating cities.

For both the Board of Directors and the Citizens Advisory Committee, their member rosters, meeting schedules and materials, and all relevant documents are all easily accessible on a user-friendly website.

The inclusive tone and positive approach of Peninsula Clean Energy is reflected in their communications and branding decisions. The foundation for these successful elements was created in the original Advisory Committee's practices.

Various screenshots have been included in this appendix to showcase the scope of work the Committee has engaged in:



Advisory Committee Binder Materials

These are all the documents that were included in a binder given to all advisory committee members during the first meeting. It contains background information on the County's efforts, general education documents on CCE, and useful resources and contact information.

1. Operational Guidelines (PDF 132.98 KB)
2. Agenda (PDF 150.26 KB)
3. 2015 Meeting Schedule (PDF 108.14 KB)
4. Board of Supervisors Staff Report (12/9/15) (PDF 90.31 KB)
5. Board of Supervisors Staff Report (2/24/15) (PDF 135.29 KB)
6. Board of Supervisors Staff Report (5/19/15) (PDF 101.18 KB)
7. CCE 101 Webinar Slides (PDF 995 KB)
8. Program Goals (draft) (PDF 108.52 KB)
9. Frequently Asked Questions (PDF 156.93 KB)
10. Glossary of Terms (PDF 367.7 KB)
11. Workplan, Timeline, Budget (PDF 23.63 KB)
12. Trifold Pamphlet (PDF 5.85 MB)
13. Press Articles (PDF 439.05 KB)
14. Technical Study Request for Proposals (PDF 218.98 KB)
15. Outreach Plan (draft) (PDF 86.79 KB)
16. Resource List (PDF 83.38 KB)
17. Roster (PDF 86.63 KB)

Advisory Committee Meeting

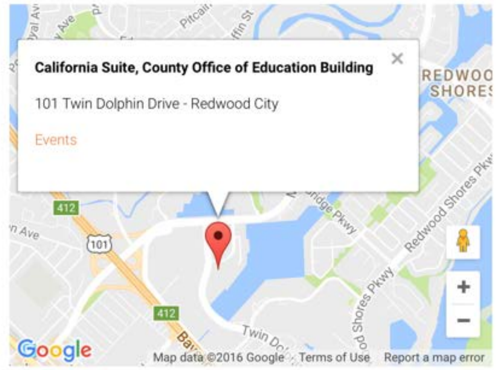
Date/Time

01/28/2016

12:00 am

Location

California Suite, County Office of Education Building



- Audio recording of the meeting (YouTube)
- Meeting Agenda
- Meeting Minutes
- Pacific Energy Advisors – Implementation Plan
- Jim Eggemeyer, Office of Sustainability – Project Updates
- Implementation Plan Comment Sheet
- Marin Clean Energy – Revised Implementation Plan
- Sonoma Clean Power – Revised Implementation Plan

Advisory Committee Meeting

Advisory Committee Meeting

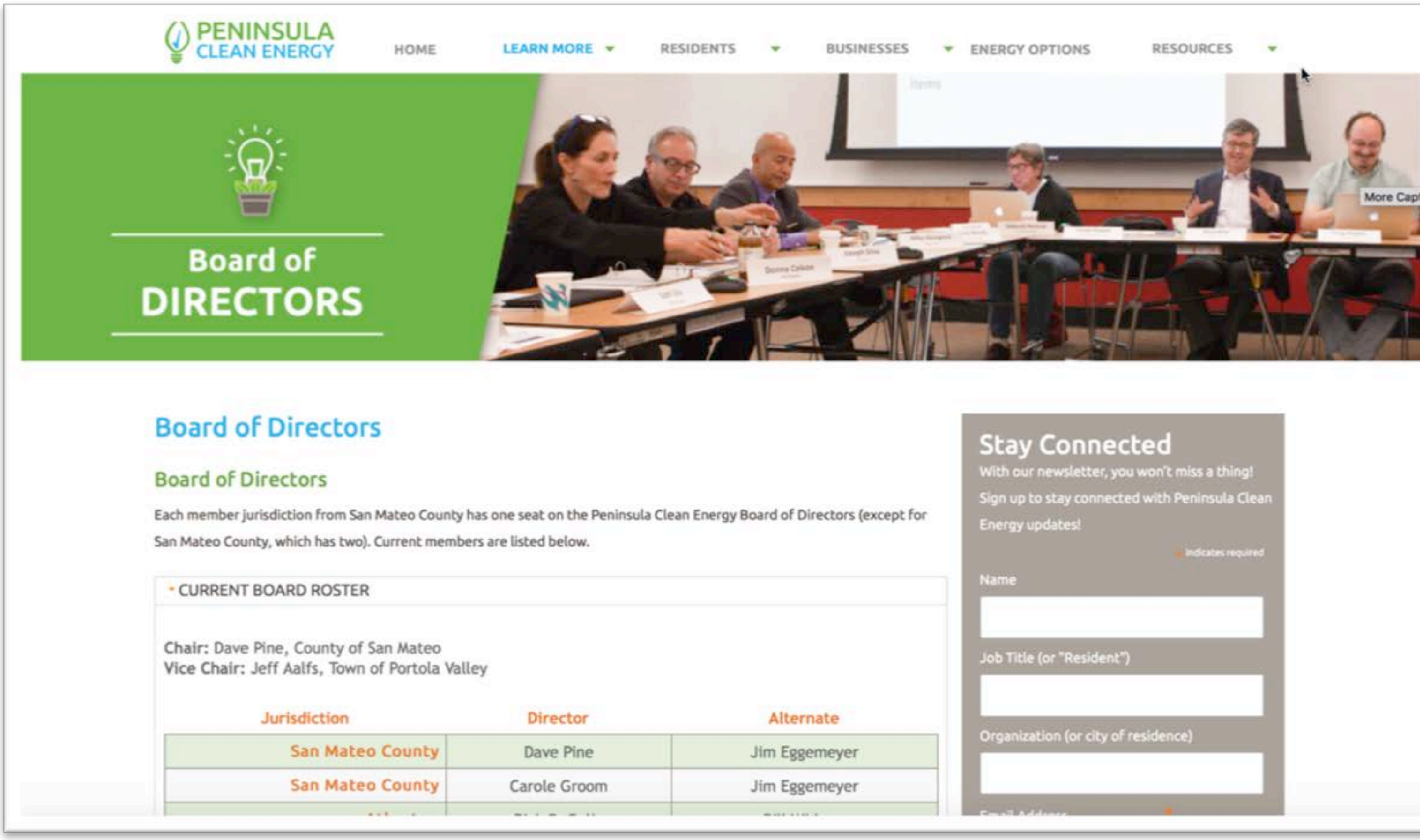
PENINSULA CLEAN ENERGY

Good afternoon,

Please join us on **Thursday, May 5th at 7 p.m**. for the **inaugural meeting of the Peninsula Clean Energy Citizens Advisory Committee**. The Citizens Advisory Committee represents stakeholders across San Mateo County and will be providing recommendations to the Peninsula Clean Energy Board of Directors on key decisions items.The Citizens Advisory Committee will meet monthly until Peninsula Clean Energy's launch in October 2016. The meeting location is at: **400 Harbor Blvd., Building B, Belize Room, Belmont, CA 94002**. Please visit the Peninsula Clean Energy website for the meeting packet.

In addition, the meeting materials, including the agenda, presentations and audio recording, from the April 28th Board of Directors meeting are now available on the Peninsula Clean Energy website. The meeting minutes will be posted shortly. The next Board of Directors meeting will be held on Thursday, May 12th.

Finally, if you would like to learn more about Peninsula Clean Energy, we are collaborating with San Mateo County cities to host a series of community workshops. The first three workshops are in Menlo Park, Burlingame and Millbrae. All workshops are free and open to residents and business owners throughout San Mateo County. Click here for workshop details.


PENINSULA CLEAN ENERGY
HOME
LEARN MORE
RESIDENTS
BUSINESSES
ENERGY OPTIONS
RESOURCES
Board of DIRECTORS
Board of Directors
Board of Directors
Each member jurisdiction from San Mateo County has one seat on the Peninsula Clean Energy Board of Directors (except for San Mateo County, which has two). Current members are listed below.
CURRENT BOARD ROSTER
Chair: Dave Pine, County of San Mateo
Vice Chair: Jeff Aalfs, Town of Portola Valley
Jurisdiction
Director
Alternate
San Mateo County
Dave Pine
Jim Eggemeyer
San Mateo County
Carole Groom
Jim Eggemeyer
Stay Connected
With our newsletter, you won't miss a thing!
Sign up to stay connected with Peninsula Clean Energy updates!
Name
Job Title (or "Resident")
Organization (or city of residence)


2014
PHASE 1
PHASE 2
PHASE 3
2016
DECEMBER 2014
Initial Exploration and Research
FEBRUARY 2015
Funds Allocated for CCE Study
JULY 2015
Technical Study Begins
SEPTEMBER 2015
Technical Study Completes
OCTOBER 2015
Joint Powers Authority (JPA) Formation Begins
FEBRUARY 2016
Deadline for Cities to join JPA
APRIL 2016
Implementation Plan Submission
MAY 2016
Notices Sent to Customers
AUGUST 2016
Program Launch

Jurisdiction	Director	Alternate
San Mateo County	Dave Pine	Jim Eggemeyer
San Mateo County	Carole Groom	Jim Eggemeyer
Atherton	Rick DeGolia	Bill Widmer
Belmont	Charles Stone	Greg Scoles
Brisbane	Lori Liu	Terry O'Connell
Burlingame	Donna Colson	Ann Keighran
Colma	Joseph Silva	Raquel Gonzalez
Daly City	Michael Guingona	Judith Christensen
East Palo Alto	Larry Moody	Lisa Gauthier
Foster City	Gary Pollard	Catherine Mahanpour
Half Moon Bay	Deborah Penrose	Marina Fraser
Hillsborough	Laurence May	Elizabeth Cullinan
Menlo Park	Catherine Carlton	Rich Cline
Millbrae	Wayne Lee	Ann Schneider
Pacifica	John Keener	Mary Ann Nihart
Portola Valley	Jeff Aalfs	Craig Hughes
Redwood City	Ian Bain	Diane Howard
San Bruno	Marty Medina	Rico Medina
San Carlos	Cameron Johnson	Ron Collins
San Mateo	Joe Goethals	Rick Bonilla
South San Francisco	Pradeep Gupta	Mike Futrell
Woodside	Daniel Yost	Chris Shaw

Meeting Calendar

The Board of Directors meets on the second and fourth Thursday of every month at 6:30p.m. at the County Office of Education building in Redwood City. All meeting agendas will be posted here at least 72 hours prior to each meeting. Our complete meeting and event calendar is below.

2016 Meeting Schedule (pdf)

Key Documents

Can't make it to the meeting? We have you covered. All meeting agendas, notes and other PCE information can be found here.

- August 11, 2016 - Regular Meeting
- July 28, 2016 - Regular Meeting
- July 14, 2016 - Regular Meeting
- June 23, 2016 - Regular Meeting
- June 9, 2016 - Regular Meeting
- May 26, 2016 - Regular Meeting
- May 12, 2016 - Regular Meeting
- April 28, 2016 - Regular Meeting
- April 14, 2016 - Regular Meeting
- March 31, 2016 - Regular Meeting
- March 24, 2016 - Regular Meeting

PENINSULA CLEAN ENERGY

Here are some quick updates on Peninsula Clean Energy.

- The final Advisory Committee meeting will be held this Thursday (see details below)
- The first Peninsula Clean Energy Authority Board of Directors meeting will be on March 24th. Details to follow.
- A Request for Proposals for Data Management Services has been released. Please register on Public Purchase to respond.

Final Peninsula Clean Energy Advisory Committee Meeting

February 25th, 2016
7:00pm - 9:00pm

San Mateo County Office of Education Building, California Suite
101 Twin Dolphin Drive
Redwood City, CA 94065

Meeting Materials:

- Meeting Agenda
- Draft Implementation Plan

While the meeting starts at 7:00pm, we encourage you to arrive by 6:30pm to partake in the celebratory festivities. The main topic of discussion will be review of the draft Implementation Plan.

Click to view this email in a browser.

PENINSULA CLEAN ENERGY

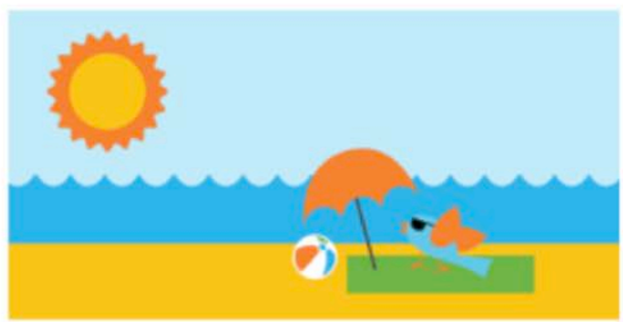
Good afternoon,

We hope to see you at the recurring Citizens Advisory Committee meeting Thursday:

- **August 4th, 7:00-9:00 pm:** Regular Meeting of the Peninsula Clean Energy Citizens Advisory Committee**,** 400 Harbor Blvd, Building B, Belmont, CA 94002

The meeting agenda and packet have been published and made available on the Peninsula Clean Energy website. The Committee will be discussing marketing strategies and the net energy metering program.

We hope you are enjoying your summer and we wish you a great week!



-Peninsula Clean Energy Team

Facebook Twitter YouTube Website Email

SUPPLY SCENARIOS

In order to reduce County-wide GHG emissions from electricity generation, the goal of PCE is to provide energy that contains both more renewable energy content and fewer GHG emissions than PG&E[1]. In addition, study participants were interested in how the projected electricity rates would compare to PG&E in each scenario, to ensure that PCE can be cost competitive.

Each supply scenario was evaluated based on the parameters listed above which include impact on electrical rates, degree to which greenhouse gases can be reduced, and degree to which use of renewable energy can be increased. The study also projected customer opt-out rates for each scenario. The results of the study are listed below for Year 1 of PCE operations.

SCENARIO 1: LOW-COST

- 35% Renewable
- 35% GHG-Free (including renewable energy)
- Average 6% cost savings from PG&E (~$5.40/month)[2]
- Annual increase in 211,000 metric tons of GHG emissions
- Assumed 15% opt-out rate

SCENARIO 2: BALANCED

- 50% Renewable
- 63% GHG-Free (including renewable energy)
- Average 4% cost savings from PG&E (~$4.05/month)
- Annual reduction in 75,000 metric tons of GHG emissions
- Assumed 15% opt-out rate

SCENARIO 3: 100% RENEWABLE

- 100% Renewable
- 100% GHG-Free (including renewable energy)
- Average 2% cost increase from PG&E (~$1.80/month)
- Annual reduction in 130,000 Metric tons of GHG emissions
- Assumed 25% opt-out rate

	PG&E	SCENARIO 1	SCENARIO 2	SCENARIO 3
Renewable Energy	27%	35%	50%	100%
GHG-Free Energy	60%	35%	63%	100%
Cost Difference from PG&E	N/A	-6%	-4%	+2%
Difference in GHG Emissions (MTCO2e)	N/A	+211,000	-75,000	-130,000
Projected Opt-Out Rate	N/A	15%	15%	25/50%

Scenarios 1 and 2 demonstrate the potential for customer rate savings in 2016, ranging from 2% to 6%, relative to PG&E projected 2016 rates. Scenario 1 shows the greatest opportunity for customer savings, but would lead to an overall increase in GHG emissions (despite a higher level of renewable energy). Scenario 2 still demonstrates modest customer savings, but surpasses PG&E both in terms of renewable energy content and GHG emissions reduction.

Scenario 3 demonstrates the greatest use of renewables and reduction in GHG emissions; however, it would result in a 1-2% increase in customer rates, relative to PG&E. The higher cost may also increase the opt-out rate of the program.

All three scenarios would meet or exceed current State requirements for renewable energy content in Year 1. In the ten-year study period, Scenarios 1 and 2 assumed an increase in renewable energy content to 50% and 75% respectively after 2020. Scenario 2 assumes an increase in GHG-free content. As a result, the GHG emissions of both Scenarios 1 and 2 are projected to decrease over time. The GHG emissions from PG&E's energy content is also assumed to decrease over time, due to increasing State requirements for renewable energy and other factors.