



ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

PLANNING DEPARTMENT

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MEMORANDUM

To: Steering Committee, Alameda County CCE – East Bay Community Energy (EBCE), each member

From: Bruce Jensen, Senior Planner, Community Development Agency

Re: Items for First Steering Committee Meeting, June 18, 2015:  
A. Item 2 - Purpose and Administration of Committee  
B. Item 3 - CCE Project Plan, Goals and Accomplishments to Date  
C. Item 4a – New Business - Discussion of Technical Study and Staff Request for Feedback on Request for Proposals (RFP)  
D. Item 4b - Topics for Future Meetings – staff suggestions

Date: June 11, 2015

County Community Development Agency (CDA) Staff welcomes the Committee Membership to the first inaugural meeting of the Alameda County Community Choice Energy (CCE) Program – East Bay Community Energy (EBCE) Steering Committee. CDA Staff looks forward to a constructive series of sessions with your Committee, and a resulting program that, if found to be feasible, will serve the citizens of the County and help become greener and more resilient in the face of the environmental challenges of the 21<sup>st</sup> century.

This Memorandum provides staff information, requests and suggestions for the Committee for several topics at this first meeting.

**Item 2 – Purpose and Administration of the Committee**

The County would like to acknowledge all steering committee applicants and thank the selected representatives and alternates who are volunteering their time to assist the County in its investigation and pursuit of a Community Choice Energy (CCE) program for the residents and businesses of Alameda County. The following is a statement of purpose for the committee as well as an overview of the committee’s role and administration.

**Purpose of Committee:** The CCE Steering Committee provides a monthly forum for local governments, community stakeholders and the public to learn about and provide feedback on matters related to Community Choice Energy in Alameda County. Although advisory in nature, the committee is designed to solicit a broad spectrum of ideas and input on CCE development and program design. The committee will meet monthly until such time that either: a) a Joint Powers Agency (JPA) is formed and a formal Board of Directors is appointed, or b) there is a decision not to move forward. Anticipated length of service is 1 year – 18 months.

**Meeting Dates, Time and Location:** These logistics will be discussed at the first committee meeting on June 18. Based on a review of city council and local government calendars, it is staff’s recommendation that the committee select either the *first or third Thursday* of each month so as not to conflict with standing City Council or other regional government meetings. In addition, we recommend evening meetings to allow for greatest committee member and

public participation, since most people work during the day. The committee will also be asked their preference for a single vs. roving meeting location within the county. Please note that this will be dictated by venue and space availability.

**Role of County & County staff:** As the lead sponsor of the CCE initiative, the County is providing financial, staff and consulting support for CCE start-up and formation until such time that a JPA is formed and a formal Board of Directors assumes responsibility for program operations and finances. The initiative is being staffed by the County's Community Development Agency, and a staff team within the Planning Department that provides day-to-day project management and committee support. The primary staff point of contact is Bruce Jensen who can be reached at [Bruce.Jensen@acgov.org](mailto:Bruce.Jensen@acgov.org).

**Role of Committee members:** Committee members are asked to perform 3 primary functions throughout the CCE formation process:

- 1) Represent the views of your constituency in your comments and decision-making
- 2) Serve as an information-channel back to your colleagues and constituents, providing liaison reports and/or opportunities for County reps to provide status reports and briefings
- 3) Help us identify issues of concern and opportunities to educate about CCE in Alameda County

We also ask that if you have administrative questions or concerns prior to a meeting that you contact appropriate staff in advance so that they can either resolve the matter or be prepared to respond at the meeting.

**Public Participation:** All meetings are subject to the Brown Act and open to the public. Meeting notices/agenda will be posted to the County website and sent to the County's CCE list-serve one week prior to each meeting. Members of the public will be given opportunities to provide comment at appropriate points during the meeting. Brown Act requirements also address the need for transparency in other ways, including prohibitions against unannounced meetings by a quorum of the Committee, and against serial meetings, which are informal communications between significant groups of members by e-mail, telephone or other media. Members are encouraged to familiarize themselves with the Brown Act, which is described in an attachment to this memo and/or which may be found at this link [http://caag.state.ca.us/publications/2003\\_Intro\\_BrownAct.pdf](http://caag.state.ca.us/publications/2003_Intro_BrownAct.pdf)

**Meeting Materials and Attendance:** The meeting agenda and materials will be sent to all Committee members and interested citizens, posted to the County's CCE website one week prior to each meeting, and hard copies will also be available at the meetings. If you are unable to attend a meeting, please notify staff and make sure your alternate can attend in your absence.

**Voting:** The committee Chair will lead the meetings in accordance with the provisions of the Brown Act and County protocol. Staff recommends using consensus-based discussion and decision-making, although the Chair may determine that a formal vote is required for any or all action items. When formal votes are needed, the majority vote/recommendation will carry, and dissenting opinions will be noted in the minutes. As an advisory committee, it is important to note that the County Board of Supervisors will retain final decision-making on all matters related to CCE formation and program development.

### **Item 3 - CCE Project Plan, Goals and Accomplishments to Date**

Shawn Marshall, staff consultant for the County and Director of LEAN Energy USA, will present a Powerpoint presentation at this time.

**Item 4a – New Business - Discussion of Technical Study and Staff Request for Feedback on Request for Proposals (RFP)**

The next major step in the CCE formation process in Alameda County is a technical study that will determine the size of the program, as well as the ability to meet key objectives as set out by the County and described in the RFP (key sections attached, Attachment 4). The purpose of this discussion is to review the overall scope of the study. The memo will also respond to specific suggestions that stakeholders have made in terms of conducting the study. *County staff is seeking feedback from the Steering Committee on the RFP during this meeting, and staff will consider the Steering Committee's input prior to releasing the RFP.*

**I. Summary of the RFP:** The technical study will examine the basic parameters of the CCE program and the regulatory thresholds it must meet to be viable. It will size the program in terms of megawatt hours (MWH) of electricity and megawatts (MW) of capacity required, and examine the potential for greenhouse gas emissions (GHG) reductions, clean power integration, economic benefits, and the CCE's ability to be rate competitive. The study will also assess the risks associated with a Community Choice program and how those risks can be mitigated. The study will specifically examine the potential for a CCE program to do the following:

- Set overall rates that are equal to or less than PG&E.
- Develop differentiated products (eg: 33%, 50%, and 100% renewable, 100% local energy option).
- Determine an electric supply portfolio with a lower GHG intensity than PG&E and an energy portfolio which includes as much local renewable energy as possible and as few Renewable Energy Credits (RECs) as possible.
- Consider a project development and ownership strategy which increases the development of renewable energy projects and expands opportunities for local ownership and investment in energy assets.
- Establish a financially sustainable and flexible business model that supports investment in and the local build-out of distributed energy resources and develop local energy programs.
- Conduct an assessment of potential economic benefits.

The technical consultant(s) selected will review the County's load data and complete specific tasks, such as:

- a. Prepare utility load forecast that reviews historical energy data and projects future power demand requirements across all customer classes. This task would also create a load profile for specific rate class customer sector populations, which can provide a composite CCE electrical load and load shape for all of Alameda County and its cities (excluding the City of Alameda).
- b. Prepare both CCE and incumbent PG&E rate analysis with estimates of PG&E rate increases into the future based on historical prices and factors that may affect the rate of increase into the future.
- c. Supply Scenario for Alameda County CCE: Develop a range of scenarios for the energy procurement requirements of the CCE. Each scenario will examine the likely rates and

competitiveness with PG&E, given current energy market conditions. Each scenario will also estimate greenhouse gas (GHG) impacts compared to PG&E.

**Option 1:** Baseline, minimum 33% RPS compliance. The goal of the CCE will be to meet or exceed the State Renewable Portfolio Standard (RPS) during the CCE's the first year of operation, so the first scenario would examine a supply scenario that meets the 2020 RPS minimum of 33% at the time of service commencement.

**Option 2:** Mid-line, minimum 50% California Qualified Renewable Portfolio with less GHG intensity than PG&E.

**Option 3:** Similar to options 1 and 2 but with an increase to 100% CA qualified renewable content that would be offered on a premium, voluntary basis, with a substantial portion of that coming from in- State and local renewable resources in the County and general region.

The study will conduct sensitivity analyses for each supply scenario given that a number of variables could change from the original assumptions. Finally, the consultant will assess the overall cost-benefit potential to support a threshold decision to move forward with CCE.

**II. Feedback from East Bay Clean Power Alliance (EBCPA):** County Staff received a letter from EBCPA (Attachment 5), which suggested several major changes to the scope of the RFP. First and foremost, the letter proposed creating three separate scopes of work. The first would cover the study scope outlined above, based on a three-year forecasting period. The letter suggests this study should inform a threshold decision to move forward with the formation of a JPA and CCE agency. The second scope would consist of a ten-year analysis focusing on the build-out of local renewable resources and all of the associated environmental and economic benefits. The study would examine how local projects could be financed, propose different ownership models and what mechanisms could be used to promote such development. The letter makes clear the study would avoid identifying specific projects, thus avoiding any CEQA risk (see more on this issue below). The letter suggests this study could be concluded after JPA formation but before program launch. The third scope would consist of a long-term power planning exercise – recommending tools, methodologies, and procedures to be used operationally by the program to procure power and build specific projects after launch. This study, the letter suggests can also be completed after JPA formation.

Staff appreciates the feedback provided from EBCPA and sees value in what is proposed. However, staff would not recommend undertaking these studies now for the following reasons:

- Some of what EBCPA seeks to accomplish can be incorporated into the existing study, as well as be included as presentation topics for future Steering Committee meetings (see examples below).
- The time and effort required to develop and issue an RFP, evaluate responses, approve and sign a contract and monitor the consultants' work would take up considerable staff and financial resources – and possibly delay the overall timeline if the results of these analyses are desired prior to the decision to set a program launch date.
- The cost of these studies is unclear, and the budget as currently envisioned would not support the second and third scopes proposed in the letter.
- If these studies are to be undertaken, it should be a decision taken by the JPA board once it is formed and/or once CCE staff is hired. CCE staff, for example, could do a better job of monitoring the consultants' work and ensure a quality and useful product than County staff.

County believes that some of the suggestions by EBCPA can be incorporated now. For example, the overall study could factor out the use of RECs when considering the GHG impacts of the program. Staff also believes it is worth considering incorporating elements of EBCPA's second scope into the current RFP. For example, the second scope suggests the power scenarios should assess the costs, job benefits and GHG impacts associated with substantial investment in local renewable projects. The RFP can make explicit that the third power supply scenario examine the likely availability, rate competitiveness, increased jobs, lower GHG emissions, etc. if X% of the renewable power supplied in that scenario were generated within the immediate region. Thus, if the consultant is looking at a 50% renewable scenario, the analysis would assess the overall costs and benefits of the program if (for example) a third of that renewable power came from local sources within a given number of years. That analysis should not be much more costly and could use best market estimates for the cost difference between (a) existing renewable power on the wholesale market and (b) new, local and more decentralized energy resources. We believe this type of analysis could incorporate much of what EBCPA is seeking to accomplish, without the expense of additional studies and without invoking CEQA.

With regard to topics such as different financing mechanisms and ownership models, staff believes these are worthy topics of discussion that are well suited for agenda items at future Steering Committee meetings. Again, the benefit of this approach is that key information can be imparted to Committee members and the interested public without the costs and potential for delays associated with formal studies. Finally, in terms of EBCPA's third scope proposal, we again see some value in this analysis but believe it should be deferred to the JPA board and/or CCE staff when it is formed.

**III. Conducting an Actual Local Renewable Resource Study:** Prior to the EBCPA letter, some interested parties have from time-to-time called for a detailed renewable energy resource assessment to identify actual CCA project sites before the program launches (and even identify financing resources ahead of time). Staff believes that this request could present a number of problems for launching the CCE program, as highlighted below:

1. **CEQA risk:** There is a real risk that a study – which identifies actual project sites with estimated MW capacities – would trigger a long-term, costly and time-consuming CEQA review. Before the Alameda County Board of Supervisors authorized exploration of a CCE program, the Supervisors received a letter arguing that any CCE program requires a CEQA analysis. This concern was rejected because CCE is a program that – particularly at its start – owns no projects and buys energy on the wholesale market from facilities that already exist. Thus the argument that a CCE program alters the overall energy generation pattern within the grid – requiring an environmental review since some generation plants' usage might actually go up – is weak. However, that argument could be strengthened if actual projects are incorporated right at the beginning of the CCE program; and, because these projects themselves would require a CEQA review, it is possible the whole program could not launch until a comprehensive CEQA analysis is completed. Since this specific argument was used in the past, it is not advisable for the CCE – while it undertakes its technical study – to do anything that potentially conflates the present study with a renewable resource assessment. After the CCE launches, we believe this risk will diminish substantially, as demonstrated in Marin and Sonoma CCE programs, where a number of renewable energy projects are under development but have triggered no CEQA concerns beyond an environmental review of those individual projects.
2. **CCE could do a resource assessment at a future point:** The County or JPA (once it's formed) could undertake an assessment at some point in the future. This study should take place, however, when it is clear that program launch would not be delayed by a CEQA review of the

entire program. In addition, this study – as well as any of the scopes of work described in the EBCPA letter – would have maximum benefit after CCE staffers are hired, because the staff could properly monitor and evaluate the work of the consultants to ensure a quality and useful resource assessment. This monitoring/review function would be difficult for County staff, particularly given the high-level of activity needed to get the JPA off the ground.

3. **Discussions with landowners will be key:** Even if renewable energy sites are identified, whether it be parking lots, brownfield sites or open fields, most of these lands will be privately owned. A resource assessment that simply identifies the technical potential, distance to grid interconnection, etc. has limited use unless the landowners of these sites are consulted. Only once the interest of local landowners can be gauged – whether public or private – can we truly understand the local renewable potential. It would seem logical that this discussion would not begin until the JPA is launched and CCE staff hired. In other CCE programs, local projects were identified once the program was up and running, when the CCE was able to undertake specific actions to incentivize renewable energy development (eg: a feed-in-tariff program, an official RFP/solicitation for project proposals, etc.).
4. **An early resource assessment could be politicized:** Depending on the scope of a resource study, the analysis and results of the study could become political, particularly if some cities feel renewable energy potential within their jurisdictions is underrepresented in the analysis. The result could be delays, continued analysis by consultants and consequently, higher start-up costs.
5. **What about energy efficiency and storage?** Some advocates may argue that energy efficiency should be considered a resource and be incorporated into any resource assessment. We would certainly agree that energy efficiency and particularly peak demand reduction opportunities should be exploited. However, doing such an assessment with any degree of detail and specificity would be expensive, and there are many approaches that could/should be considered for understanding how to tap into this potential. Given the timeframes we are working under and the great work ahead simply to launch the CCE – and given the technical complexity of such a study in a county like Alameda – Staff feels this would best be left for the period after JPA creation, and for CCE staff and its board of directors to decide.
6. **Financing:** Current CCE programs are contracting with 3<sup>rd</sup> party energy providers for electricity. Electricity comes from large energy providers, feed-in tariff programs, and distributed generation. Both Sonoma and Marin programs are beginning to access electricity from locations within and near their service territories. Neither program at this point actually owns any of the generation assets. Over time, it is likely that this situation will evolve, but to do so will require significant amounts of capital to acquire land and equipment that produces the electricity. Access to credit markets for new programs is an impediment as well as the expertise required to build and maintain significant power supplies. A local build out plan will have to determine the risks and benefits of resource ownership vs. third party procurement.

***To reiterate, County staff seeks feedback from the Steering Committee on the RFP during this meeting, and staff will consider the Steering Committee's input prior to releasing the RFP.***

**Item 4b - Topics for Future Meetings – staff suggestions**

Staff has prepared a few suggestions for discussion topics at future meetings:

- “Energy 101,” a primer on electrical energy in California, its sources, distribution and marketing.
- California Energy Policy, a discussion of policy, regulations and jurisdictional responsibilities of energy agencies.
- Renewable Energy Credits/Certificates, or RECs – what they are, their usefulness, trade-offs and drawbacks as renewable energy surrogates, their role in CCE start-ups, and when/why not to use them.
- Governance – What is a Joint Powers Agency (JPA), how JPAs function, how representation is determined on a JPA, and how it might be structured for the EBCE.
- Lessons from the experiences, positive and negative, of other CCE programs in California.

Many other topics are possible. *Staff requests input from the Committee on other topics it wishes to see addressed.*

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Attachments:

- Brown Act for Public Meetings and Committees PDF
- Draft RFP for Technical Consultant – pertinent excerpts
- Letter from Jessica Tovar, EBCPA
- List of Committee Members
- Notice of Public Meeting