

Summary of Estimated Budget for Formation of Community Choice Aggregation (CCA) Program for Alameda County

A - Initiation of the Concept:

Initial County Staff- Organization and Coordination - \$50,000

Includes education, training, task assignment for three to four County employees over a two-three month period.

Outreach to Other Jurisdictions and Entities for Participation - \$125,000

Staff would work independently and with the Board and Public Interest Groups to contact, explain and provide information to all other Alameda County jurisdictions (incorporated cities) to increase awareness and rally support for the CCA concept, and work with those cities' staff to secure authorizations from those cities to proceed on their behalf. Staff would also provide templates and consulting support for individual cities to provide permission for the County to request utility load data as required by CCA law. Expected time frame 6 - 9 months, can begin almost immediately

Costs and Coordination of Load Data Requests from PG&E for Analysis – Preliminary Phase - \$100,000

Load data requests from PG&E cost several hundreds up to a thousand dollars apiece for multiple load categories; Alameda County is a diverse County, and including cities may have up to 50 or more categories of load data for all types of land uses ranging from residential to commercial, industrial and agricultural, along with many variations including low-income load data. For each city, a pro-forma letter request from that city's City Manager should be submitted to the County so that the County can request the various load data from PG&E for the entire participating area. In some cases, different cities will have the same load data categories, so a single request to PG&E will help to coordinate and reduce costs. Permission from cities should be submitted as soon as County and cities have reached formal decisions to participate. Permission from cities requires only a City Manager's letter.

Hiring, Retention and Management of Consultant for Load Data Analysis, Feasibility Study and Bid Solicitation - \$400,000

A technical consultant will need to be retained to assimilate and analyze the load data to synthesize inputs to the feasibility study to be prepared in Step 2 of the Preliminary process. Staff management will be necessary to help keep the analysis relevant and targeted to jurisdictions in the County, and to continue to coordinate with each jurisdiction choosing to participate in the CCA.

Total for Initiation Phase: \$675,000

B - Feasibility Study and Related Activities

Feasibility Study - \$150,000

This is the actual analysis that allows the Lead Agency to determine whether a CCA can actually be administered in a way that is both cost-effective to the Agency and economically justifiable to its future customers. It depends upon the analysis of the Load Data procured from PG&E in the previous phase, along with the economics of the customer base itself experience of other jurisdictions. This will require staff to hire and retain and manage a consultant for this purpose, possibly the same consultant as the one hired to analyze the Load Data, but covered by the same staff cost.

Peer Review of Feasibility Study - \$50,000

A “Second Set of Eyes” that are trained to recognize possible errors, pitfalls and missed facts in the primary Feasibility document. This has proven valuable for others, notably Sonoma County.

Public Outreach by Staff and Consultants - \$300,000

The program, including the Feasibility Study, will require roll-out to the General Public for review and comment before a decision is made to adopt the Study and bring the CCA Agency, whatever form it may take, to fruition. This will include preparation of presentations and presentation at public workshops and hearings by staff and consultants.

Bid Solicitation Process and Energy Provider Selection - \$75,000

This task involves both the consultant and County staff. It includes selecting a group of likely renewable and traditional energy providers, requesting bids for energy provision, conducting interviews and selecting an appropriate group of energy providers from among the larger group. As an example, Sonoma County started with a dozen prospective energy producers, and ultimately selected four of them to participate in the CCA. Also includes consultant time to prepare load data information for prospective bidders, which is different from that for the feasibility study.

Business and Implementation Plans - \$75,000

This process is required by law, and critical to the success of the CCA. These plans must be drawn up based on the Feasibility Study, and must be approved by State PUC before they may be implemented. There is a pro-forma chart to fill out for this task, and once the load data analysis, feasibility study and bid solicitation steps are successfully completed, this is a relatively simple task. The same consultant may be used to help prepare these plans. State PUC staff handle the forms once they are submitted, with no further action by the County other than responding to comments. The State then approves the plan.

Total for Feasibility Study and Implementation Plan Phase: \$650,000

C - Post Feasibility Study – Start-Up Costs for JPA Assumes Positive Outcome of Study:

In order to create the CCA Agency, whether a JPA or some other entity, the following actions and costs would be necessary; this list is not all-inclusive, and may involve other activities not listed here.

Staffing and Professional Services- **\$1,200,000**

A probable minimum for effectively beginning an Agency that can manage the purchase and sale of energy. Includes lining up financing for initial energy purchases, if necessary. Each of the following tasks will be subordinate to the staffing step.

Marketing and Communications - **\$150,000**

Data Management - **\$180,000**

PG&E Service fees - **\$40,000**

PG&E Fees for follow-up load data requests - **\$40,000**

These types of data will need to be revisited on a semi-regular basis in order to maintain consistency and competitiveness.

Miscellaneous Administrative and General Costs - **\$250,000**

Financial Security and Bond Carrying Costs - **\$50,000**

This category of costs is necessary to guard against default.

Total Start-Up Costs for New Agency post-Feasibility Study - **\$1,910,000**

TOTAL ALL = **\$3,235,000**

Notes –

These cost do not include costs incurred by the CCA *after* it has begin operations and before it begins to sell electricity at a profit. These costs, which staff cannot estimate at this time but which may be on the order of \$20,000,000, include:

- Electricity Purchases
- Renewable Energy Purchases
- Electric Generation
- Transmission and Grid Services
- Legal
- Working Capital Requirements (estimated in the millions of dollars, roughly equal to one month's revenue of the CCA)
- Billing, Metering and Data Management
- Uncollectable Amounts
- Program Reserves (how much in the CCA account)
- Bonding and Security Requirements – possibly as high as \$1,000,000 or more.
- PG&E Surcharges – Monthly surcharges on customer's bills to make up for PG&E lost revenues as a result of previous long-term purchases of energy.

Assuming that the CCA Agency operates as expected, all of the costs described here would be recoverable, some within the first year and the rest within a few years, from revenues of energy sales to customers.

These also do not include revenues as a result of jobs created in the renewable energy sector, or long-term benefits realized from GHG reduction.