



DATE: June 9, 2014

AGENDA ITEM # 3

**TO:** Environmental Commission

**FROM:** J. Logan, Staff Liaison

**SUBJECT:** Climate Action Plan and Community Choice Aggregation feasibility study

**RECOMMENDATION:**

Receive CAP update and information regarding Community Choice Aggregation (CCA)

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**BACKGROUND**

On December 10, 2014, Council adopted the City of Los Altos Climate Action Plan (CAP) and set forth activities to reduce greenhouse gas (GHG) emissions, prepare an emissions inventory update once data for 2013 is available and to direct staff to provide a status update in mind-2014.

On July 8, 2013, the Environmental Commission received a special presentation by Gerald Glaser on the Community Choice Aggregation (CCA) as one of the methodology to reduce GHG emissions in accordance with the CAP.

**DISCUSSION**

Commissioner Hedden spoke as a citizen at the Council meeting on May 27, 2014 and encouraged Council to look into the feasibility of joining local agencies, namely, the Cities of Mountain View and Sunnyvale that are forming a feasibility study to explore CCAs. Council noted the CCA item as a future agenda item. City staff will explore information about the CCA feasibility study and has reached out to staff in other agencies for information. Commissioner Hedden will address this issue as part of the update that he will provide on the CAP at the June 9, 2014 Environmental Commission meeting. He will review Attachment A.

**Attachment:**

A. Community Choice Aggregation *Informational Sheet*

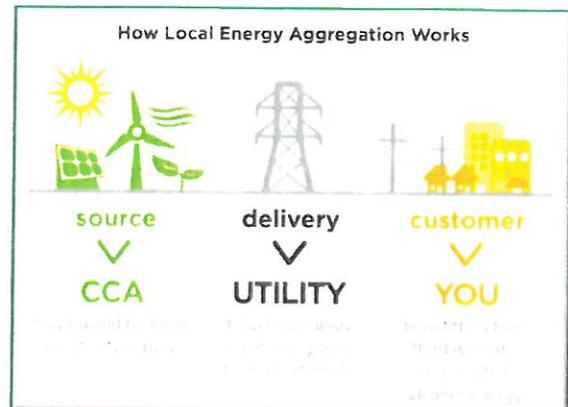
# Community Choice Aggregation Informational Sheet

## INTRODUCTION

### WHAT IS COMMUNITY CHOICE AGGREGATION?

In 2002, California lawmakers passed [AB 117](#) to establish Community Choice, a means by which competitors could enter the energy market. Lawmakers believed that such reforms were needed not only to prevent another energy meltdown, but also to enable the transition from fossil fuels to renewables. In 2011, Governor Brown signed SB 790 which strengthened the original 2002 Community Choice law.

Community Choice Aggregation (CCA), allows cities and counties to pool their residential, business and municipal electricity loads, and to purchase power (and/or generate it) on their behalf. Energy transmission, distribution, repair and customer service functions remain with the incumbent investor owned utility (IOU).



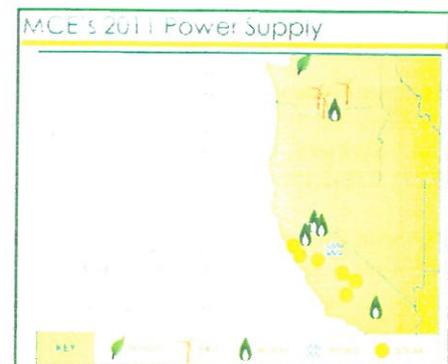
CCAs are legal entities that are separate from (and formed by) municipalities, typically as a Joint Powers Authority, which act as the procuring agent for electrical power. CCAs work directly with energy providers and enter into long-term energy contracts to provide electricity for the participating areas. Customers (residents, businesses, municipalities) continue to pay their bill to the IOU. The utility continues to receive payment for distribution and transmission services associated with providing the power, and the generation portion of the bill is remitted to the CCA. The CCA is responsible for setting the rates for the generation portion of the bill.

### WHY FORM A CCA?

The most compelling reason to create a CCA program is to reduce a community's greenhouse gas (GHG) emissions associated with electrical consumption. Because a CCA can select the type of power it provides, it can source renewable power that is less carbon intensive and avoid high carbon fuels like fossil fuels, gas and coal. Participating communities get credit for the reduced GHG emissions based on the community's electrical load. Assuming high participation rates, Sunnyvale is in a situation where a CCA can achieve greater GHG emission reductions than all other measures combined in its Climate Action Plan. This is likely true for other communities as well. In addition to reducing community GHG emissions, CCAs create local economic benefits by fostering local energy projects, provide for a greater level of local control over the source of power, and create community choice where it was previously limited. CCAs also have the ability to secure long-term contracts and pricing for power that can foster rate stability. CCAs have the advantage of lower financing costs, and as a nonprofit, are eligible for tax-exempt bonds and do not have to pay dividends to shareholders. And, because CCAs are locally run, there is the opportunity to create aggressive energy conservation programs targeted at participating communities, rather than the generic suite of programs offered by the IOU.

### LOCAL EXAMPLE - MARIN CLEAN ENERGY (MCE)

MCE, formerly Marin Energy Authority, started as a grassroots campaign in 2002. They officially started delivering power to customers in 2010. As a not-for-profit public agency serving Marin County and the City of Richmond, MCE currently serves approximately 120,000 customers. MCE offers two levels of power, light green and dark green that provide 50% or 100% renewable power, respectively. In comparison, PG&E reports their electric power mix includes 30% renewable power. MCE's budget for FY 13-14 was approximately \$83 million. MCE's renewable energy portfolio includes biomass, wind, biogas, hydroelectric, and solar power. MCE continues to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production at competitive rates for customers.



# Community Choice Aggregation Informational Sheet

## NEXT STEPS- SUNNYVALE'S CCA STUDY ISSUE

Sunnyvale is interested in CCA due to the impact it would have in achieving our long-term greenhouse gas emissions goals. Sunnyvale's Sustainability Commission CCA Subcommittee has done initial background research and presented their findings to staff and other communities. The City Council ranked a study issue for completion in 2014. Sunnyvale invites interested communities to participate in the study that will include:

- Identification of other cities interested in participating in a CCA
- Costs and risks to Sunnyvale and participating cities or cities associated with the establishment of a CCA
- How would a CCA best be established (what agency or founding of an agency could lead the effort) and framework that would guide CCA establishment
- Which actions of the Climate Action Plans might be assigned and implemented through the charter of a CCA to facilitate emission reductions for participating cities

## SUNNYVALE CONTACT INFORMATION

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## REFERENCES/RESOURCES

### LEAN Energy

[www.leanenergyus.org](http://www.leanenergyus.org)

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### Business for Clean Energy

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### MCE (Marin Clean Energy)

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(888) 632-3674



### Sonoma Clean Power

<http://sonomacleanpower.org>

Geof Syphers, CEO  
(707) 978-3468



### Sonoma Clean Water Agency

<http://www.scwa.ca.gov/cca>