



City of Los Altos Information on Community Choice Energy

On February 9, 2016, the Los Altos City Council adopted Resolution 2016-06 approving the Joint Powers Authority Agreement establishing and authorizing participation in the Silicon Valley Clean Energy Authority (SVCEA). Council also introduced and waived further reading of Ordinance No. 2016-419 authorizing implementation of a Community Choice Aggregation program and appropriated \$150,000 from the General Fund for the initial costs of the Authority. Council appointed Councilmember Pepper as the regular Director to the Authority's Board of Directors. Council will appoint an alternate member at a future Council meeting. Upon adoption of Ordinance No. 2016-419, the City of Los Altos will be moving forward to bring Community Choice Energy to businesses and residents in the City of Los Altos.

What is Community Choice Energy (CCE)?

California state policy allows city and county governments to form a local non-profit Community Choice Energy agency to pool electricity demand within and across their communities. The new CCE agency, now established as SVCEA, then competitively purchases green energy on behalf of participating residents and businesses within these communities. Under Community Choice, the local investor-owned utility (PG&E for the City of Los Altos) continues to maintain responsibility for transmission and distribution of power, and for customer service and billing functions. Energy bills continue to come from PG&E, but list the CCE as the provider of electricity generation. Below is an example of CCE billing from Sonoma Clean Power:

ENERGY STATEMENT
www.pge.com/MyEnergy

Account No: 1023456789-0
Statement Date: 07/17/2014
Due Date: 08/07/2014

Service For:
Resident
Apt. 3C
Santa Rosa, CA 95404

Your Account Summary

Amount Due on Previous Statement	
Payment(s) Received Since Last Statement	
Previous Unpaid Balance	
Current PG&E Electric Delivery Charges	\$83.15
Sonoma Clean Power (SCP) Electric Generation Charges	42.97
Current Gas Charges	34.91

Total Amount Due by 08/07/2014 \$161.03

Questions about your bill?
24 hours per day, 7 days per week
Phone: 1-866-743-0335 or
www.pge.com/MyEnergy

Customers in a jurisdiction with an established CCE agency can buy power through the CCE, or continue to buy power from the Investor Owned Utility (PG&E) if they wish by an opt-out provision. This offers customers a choice in selecting the provider and source of their electricity, where no choice exists today.

Where are CCEs operating, and what are the potential benefits?

In California, CCE agencies in Marin County, Sonoma County, and the City of Lancaster are now providing hundreds of thousands of customers with cleaner, greener energy at rates less than the commercial utility. CCEs have increased the amount of electricity procured from renewable sources, such as solar, wind and geothermal. In addition, CCE agencies are actively developing local sources of renewable energy in their communities, and offering specialized energy efficiency and solar feed-in tariff programs relevant to their customers. See this [animated video](#) for a five-minute primer on Community Choice Energy from SVCEA.

Many other regions in the State of California are considering formation of local CCE agencies including all remaining counties in the San Francisco Bay Area. In addition, six other states have also adopted CCE enabling legislation.

Which Silicon Valley communities will participate in SVCEA?

As founding agencies, the Cities of Sunnyvale, Cupertino and Mountain View, and the County of Santa Clara (unincorporated areas) formed the [Silicon Valley Community Choice Energy Partnership](#) to study formation of a local CCE agency, SVCEA. An initial [Assessment Report](#), completed in May 2015, assessed high-level risks and benefits of forming a local CCE, and determined that eight additional communities were also interested in participating. In addition to the four foundation agencies, the cities of Campbell, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, and Saratoga are in the process of joining SVCEA.

In November of 2015, a detailed [Technical Feasibility Study](#) was completed which analyzed the energy needs of the service area (defined by the interested jurisdictions) and potential rate impacts. The 100-page study considers three energy sourcing scenarios, and concludes that a local Community Choice Energy agency has the potential to offer significant economic and environmental benefits to the area.

What are the environmental advantages of CCE?

Electricity generated from fossil fuel sources such as coal or natural gas is a major source of greenhouse gas (GHG) emissions and generally considered a leading cause of climate change. CCEs in California are choosing to purchase and/or develop electricity from sources that are more heavily weighted towards renewable energy. Renewable energy can provide electricity with little or no GHG emissions.

How does this relate to the Los Altos Climate Action Plan?

The Los Altos Climate Action Plan has set a GHG emissions reduction target for the year 2020, and outlines a wide variety of measures that the City must implement to meet this target. CCEs have helped communities reduce GHG emissions and meet State of California and local climate goals in a cost-effective fashion with the potential to deliver ratepayer savings and encourage local investment in renewable energy. The Cities of Sunnyvale and Cupertino estimate that the single action of participating in a CCE would achieve at least 25-50% of their 2020 GHG reduction targets. Similar results would be anticipated for Los Altos.

What are the costs?

CCEs are established as a Joint Powers Authority (JPA) agency. Operational CCEs are completely funded through program (rate payer) revenues, and are not subsidized by taxpayer dollars. Start-up costs are shared by participating jurisdictions and subsequently reimbursed from program revenues. The CCE is staffed with full-time personnel responsible for ongoing operation. Time required from participating agencies is limited primarily to periodic Board of Directors meetings. While there is no guarantee that CCE rates will always be lower than PG&E rates, CCEs have cost advantages in that they are typically small and agile non-profit agencies, with low overhead and no shareholder dividends or income taxes.

What are the risks?

Risk to individual customers is low, as there is always the opt-out choice to buy energy from PG&E instead of the CCE. Also, PG&E continues to maintain the distribution grid and provide the same delivery services regardless of whether a home or business is a CCE customer. CCEs are exposed to energy market, regulatory and operational risks, which must be managed by CCE staff. Participating jurisdictions are separated by the JPA structure from risks associated with the financial operation of the CCE.