



## Legislation Text

File #: 20-392, Version: 1

### Memorandum

**Date:** April 28, 2020

**To:** The Honorable Moke Simon, Chair, Lake County Board of Supervisors

**From:** Carol J. Huchingson, County Administrative Officer

**Subject:** Consideration of an Update on Community Choice Aggregation (CCA) and Direction to Staff for Future Efforts

**Executive Summary:** (include fiscal and staffing impact narrative):

Community Choice Aggregation (CCA) enables Counties and/or Cities to pool the electricity demand of participating communities' facilities to purchase and/or develop power on their behalf. Significant entities engaged in CCA services include Marin Clean Energy, Redwood Coast Energy Authority (Humboldt County), Monterey Bay Community Power, and, more locally, Sonoma Clean Power (SCP), which presently serves customers in Mendocino County.

As your Board is aware, [Ordinance No. 3026](#) [https://library.municode.com/ca/lake\\_county/ordinances/code\\_of\\_ordinances?nodeId=760261](https://library.municode.com/ca/lake_county/ordinances/code_of_ordinances?nodeId=760261) was unanimously passed on Tuesday, June 23, 2015, authorizing implementation of a Community Choice Aggregation (CCA) Program in Lake County. At the time this Ordinance was passed, CCA was believed to offer energy cost savings to the County of Lake and members of the public, and possibly even an opportunity to increase County General Fund revenues.

On December 15, 2015, the Lake County Board of Supervisors voted unanimously to issue an RFP for "[Community Choice Aggregation Development and Operations Services](#) <https://countyoflake.legistar.com/View.ashx?M=F&ID=4165657&GUID=B973F73B-8028-4374-A100-4FD887EDC97C>," and [contracted for specialty legal counsel](#) <https://countyoflake.legistar.com/View.ashx?M=F&ID=4173096&GUID=690E2AA4-F1F3-44F5-B835-1DA274F4A973>, in partnership with Mendocino County. SCP was among the entities that responded to Lake County's RFP.

By [March 22, 2016](#) <https://countyoflake.legistar.com/ViewReport.ashx?M=R&N=Text&GID=407&ID=2417640&GUID=3590EAE3-CECF-4A7E-BB9F-9DADB0643401&Title=Legislation+Text>, however, the California Public Utilities Commission (CPUC) had authorized increases in PG&E's "Power Charge Indifference Adjustment" (PCIA) fees, to such an extent that some CCA customers were reportedly seeing higher electricity costs than those offered by PG&E. In [May of 2016](#) <https://countyoflake.legistar.com/ViewReport.ashx?M=R&N=Text&GID=407&ID=2417640&GUID=3590EAE3-CECF-4A7E-BB9F-9DADB0643401&Title=Legislation+Text>

[M=R&N=Text&GID=407&ID=2457039&GUID=99634730-280D-4495-BAF3-3703A9CF3F10&Title=Legislation+Text>](#), work toward CCA implementation was indefinitely paused, due to staffing and workload challenges associated with Valley Fire recovery.

In May of 2018, with support from local Energy Consultants Carol Cole-Lewis and Denise Rushing, the County began revisiting CCA, alongside a complement of Energy priorities. Electrical load data was requested from PG&E in late 2018, and received in early 2019. Because chronic understaffing that had worsened following the Valley Fire was persistent, it was determined, in consultation with Supervisors Brown and Simon and the Space Committee, evaluating the feasibility of joining an existing CCA was the best possible way forward.

On May 20, 2019, I wrote my counterpart in Sonoma County, Sheryl Bratton, to express Lake County's interest in evaluating the possibility of Community Choice Aggregation, and potentially service from Sonoma Clean Power. On June 10, 2019, SCP CEO, Geof Syphers, offered their Board's enthusiastic interest in exploring options.

From July through December, 2019, Susan Parker and Matthew Rothstein of my staff met with Geof Syphers, and ultimately representatives from the Cities of Clearlake and Lakeport, and these collaborations resulted in SCP's Board very generously authorizing a comprehensive feasibility analysis, at no cost to any Lake County entity. That detailed Study is attached.

Following a thorough analysis, on March 5, 2020, Sonoma Clean Power's Board adopted SCP staff's recommendation against extending an offer of service to Lake County. SCP's rates were expected to be at least 5-8% higher than PG&E for Lake County residents, unless their Board authorized a significant subsidy (around \$33 million), borne by all SCP customers.

Unfortunately, Power Charge Indifference Adjustment fees are again anticipated to increase, and current SCP customers are expected to see rates 3-5% greater than PG&E for the next four years as a result of those increases.

Bottom line, had an offer of service been extended and accepted, Lake County customers may have faced rates as much as 8-13% higher than PG&E's for potentially 4-6 years.

However, we are excited SCP's Board and staff remain interested in helping Lake County in other ways. They adopted the following recommendations that will benefit our residents, over the long-view:

- SCP advocacy at the CPUC and in Sacramento arguing for more equitable treatment of regions with limited industrial and commercial customers, and with greater access to CCA service and clean power, using Lake County as a prime example;
- SCP advocacy at the CPUC and in Sacramento arguing for a PCIA buyout or more appropriate long-term planning process for PCIA;
- A re-check and report from staff to the Board of Directors to test whether this situation changes with significant new CPUC rulings and market conditions;
- Continued dialog between SCP staff and Lake County staff about renewable energy development opportunities and other areas of potential collaboration, even potentially without providing service to the region;
- SCP advocacy for Lake County to be formally recognized as containing a Disadvantaged

Community or other status valuable for obtaining state funding.

Lake County residents cannot sustain higher energy costs, and this was very clearly not the right timing or opportunity, for any party. The PCIAs that inflated Sonoma Clean Power's rates would likewise threaten any other CCA provider's ability to provide affordable energy costs. Further, the regulatory environment surrounding CCA includes a great many unknowns, only enhanced by the COVID-19 crisis.

However, our County stands to benefit from maintaining relationship with SCP. They are a highly knowledgeable and supportive partner. In concurrence with the Chair, Supervisor Scott has agreed to serve as CCA Advocate, on behalf of your Board, and contribute to SCP-coordinated advocacy efforts where there is alignment with Lake County's priorities.

Triggering events that may result in CCA being a greater opportunity for Lake County in the future include the end of PG&E's long-term generation Agreement with Diablo Canyon Nuclear Power Plant in San Luis Obispo County in 2026, and any successful regulatory change that significantly lowers PCIAs.

SCP's Board has committed to revisit extending an offer of service to Lake County in late 2021. Staff recommends your Board likewise pause consideration of CCA, broadly, until late 2021, following SCP's review. Should significant regulatory changes occur in the interim, staff will confer with Supervisor Scott and the Chair.

**If not budgeted, fill in the blanks below only:**

Estimated Cost: \_\_\_\_\_ Amount Budgeted: \_\_\_\_\_ Additional Requested: \_\_\_\_\_ Future Annual Cost: \_\_\_\_\_

**Consistency with Vision 2028 and/or Fiscal Crisis Management Plan** (check all that apply):

- |   |  |   |   |
|---|--|---|---|
| <input checked="" type="checkbox"/> Well-being of Residents | <input type="checkbox"/> Public Safety               | <input type="checkbox"/> Infrastructure   | <input type="checkbox"/> Not applicable             |
| <input checked="" type="checkbox"/> Economic Development    | <input type="checkbox"/> Disaster Recovery           | <input type="checkbox"/> County Workforce | <input type="checkbox"/> <i>Technology Upgrades</i> |
| <input checked="" type="checkbox"/> Community Collaboration | <input type="checkbox"/> Business Process Efficiency | <input type="checkbox"/> Clear Lake       | <input type="checkbox"/> <i>Revenue Generation</i>  |
|   |  |   | <input type="checkbox"/> <i>Cost Savings</i>        |

**If request for exemption from competitive bid in accordance with County Code Chapter 2 Sec. 2-38, fill in blanks below:**

Which exemption is being requested?

How long has Agreement been in place?

When was purchase last rebid?

Reason for request to waive bid?

**Recommended Action:**

- 1) **Direction to staff, to continue to maintain relationship with Sonoma Clean Power, authorizing staff's participation in the actions recommended by SCP's Board.**
- 2) **Appoint Supervisor Tina Scott to participate in any collaborative advocacy efforts.**

