

# CITY OF CHULA VISTA

## CCA GOVERNANCE OPTIONS

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Presented by:

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# CCA FEASIBILITY STUDY TIMELINE

- ✓ Council Requests CCA Feasibility Study – March 2018
- ✓ Council Approves Cost Share Agreement– January 2019
- ✓ SDG&E Data Provided – April 2019
- ✓ Draft Report – July 1<sup>st</sup>
- ✓ Sustainability Commission – July 8<sup>th</sup>
- ✓ Draft Study to City Council – July 23<sup>rd</sup>
  - August 12 – Sustainability Commission
  - August 13 – City Council

# GOVERNANCE OPTIONS

- **Generic Options Available for CCA Governance**
  - Enterprise
  - Joint Powers Authority (JPA)
  - Enterprise CCA JPA/Cooperative Agreement
- **City Council Directed Staff to Return with Information On**
  - Regional CCA JPA
  - Enterprise JPA

# EXAMPLE GOVERNANCE OPTIONS FOR CCAs

Existing CCE Program Size and Governance

	Accounts	Estimated Peak Demand (MW)	Annual Load 2019 (GWh)	Governance
Solana Energy Alliance	7,300	13	65	Enterprise
Rancho Mirage Energy Authority	14,500	100	300	Hybrid
San Jacinto Power	14,500	65	170	Hybrid
Pico Rivera Innovative Municipal Energy	17,600	60	220	Hybrid
Apple Valley Choice Energy	25,000	100	260	Hybrid
Lancaster Choice Energy	50,000	200	600	Hybrid
Valley Clean Energy	54,200	219	682	JPA
Redwood Coast Energy Authority	62,000	125	699	JPA
Pioneer Community Energy	79,500	250	1,030	JPA
City of Chula Vista	91,700	240	702	
CleanPowerSF	110,000	375	2,600	Enterprise
Partners	140,000	250	1,057	
Sonoma Clean Power	225,000	450	2,502	JPA
Silicon Valley Clean Energy	270,000	800	3,898	JPA
Monterey Bay Community Power	277,000	505	3,202	JPA
Peninsula Clean Energy	293,000	644	3,600	JPA
San Jose Clean Energy	332,500	1,081	3,286	Enterprise
Marin Clean Energy	470,000	1,050	5,275	JPA
East Bay Community Energy	533,000	984	6,200	JPA
Clean Power Alliance	972,500	3,600	10,295	JPA

# DETAILS OF EACH OPTION

## ■ Regional JPA

- Lead by JPA Board, JPA document in draft
- Set up new JPA
- City of San Diego covers all up-front expenses plus line of credit, with reimbursement after operational
- City achieves economies of scale and is estimated to be able to offer up to a 2%+ rate discount
- More local control than with SDG&E
- Weighted voting applicable if three members request
  - Weighted voting is maximized at 49% for any one member regardless of load share
- Proposed RPS product choice fits well with Chula Vista goals
  - Minimum product 50% renewable at launch
- General fund liability will be minimized through JPA structure
- 2021 launch likely

## DETAILS OF EACH OPTION (CONT'D)

### ■ Enterprise CCA/Cooperative Agreement

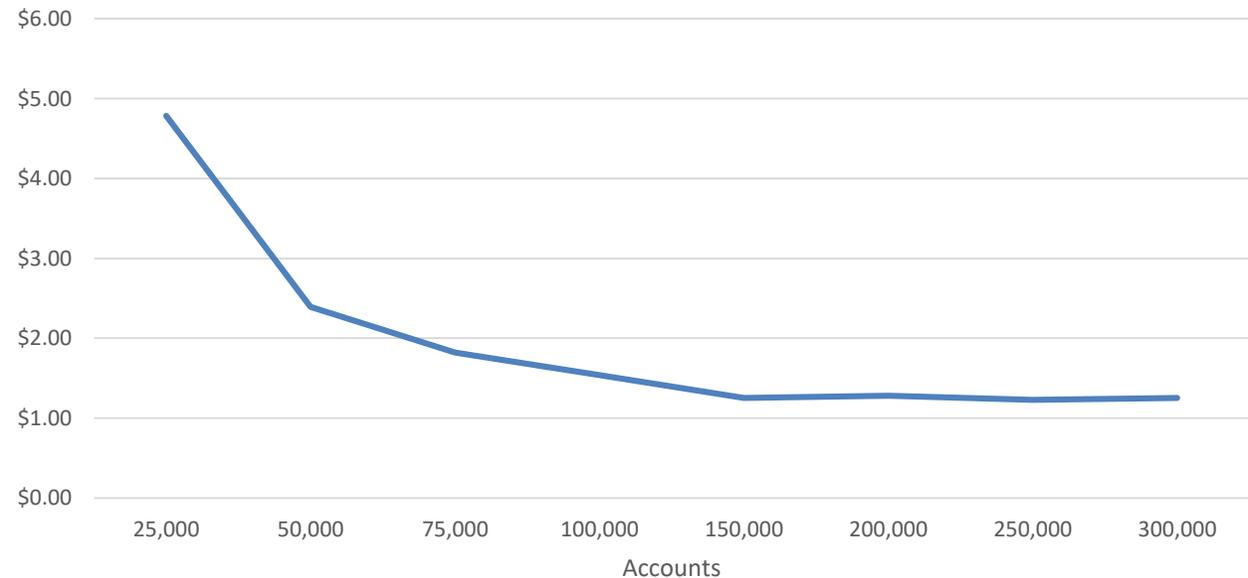
- Staff hire consultant to assist with Enterprise CCA formation
- Chula Vista implements Enterprise CCA
- Enterprise CCA joins with others to share costs of services such as program and administration through a new JPA or cooperative agreement
- City retains sole local control over rates, power supply, and discretionary funds/program spending
- City achieves some economies of scale in administration/overhead and is estimated to be able to offer a 2% rate discount
- General fund liability can be minimize by proper drafting of power purchase agreements and other legal protections
- 2022 Launch

# SIMILAR SERVICES

- **SDG&E Still Responsible for Billing and Distribution Questions**
  - Explaining the elements of the bill
  - Connecting new accounts
  - Taking care of outages
- **CPUC Energy Efficiency Programs Would Still be Provided by SDG&E Unless a CCA Files with the CPUC to Provide Them**
  - Local Government Partnership is going away at the end of 2020 regardless of CCA action
- **Customers That Want to Opt-Out Can Choose to Stay With SDG&E**
  - Four opt-out notices sent to potential CCA customers

# ECONOMIES OF SCALE

- **Power Supply Costs**
  - Purchases in 25MW blocks or more optimize pricing
- **Operating Costs (\$/per month per account)**
- **Both CCA Business Models Large Enough to Receive Optimal Pricing for Power Supply**
- **Operating Costs Slightly Lower Under Regional JPA Due to Number of Customers**



# GOVERNANCE SUMMARY

	3. Regional CCA JPA 	4. Enterprise JPA 
Pre-Launch Costs to City (External Financing Possible)	\$0	\$400K - \$600K
Start-Up and Working Capital (Financed)	\$0	\$5M
Estimated Rate Discount	2%+	2%+
Probable Launch Date	2021	2022
Rate Setting	1 city, 1 vote, with limited weighted vote	Full Control
General Fund Liability	Low	Low to Moderate
Local Control	Some	High

# OBSERVATIONS

## ■ Observations

- Enterprise JPA
  - Funding needed in 2020
  - External financing possible for 2020 expenses
  - Desirable to enlist other cities/CCAs to share overhead/admin structure
  - High local control
  - Maximizes local control and flexibility but may not maximize rate discounts
- Regional JPA
  - City of San Diego covers upfront funding and working capital, repaid through JPA revenues once launched
  - Some loss of some local control
  - Economies of scale savings available under both models; however, likely more under Regional JPA
  - Minimize City resource requirements and general fund liability but some loss of local control would likely be experienced
- CAP goals well aligned for Regional JPA and Enterprise JPA

# RECOMMENDATIONS

- City Staff Recommendation
  - The Regional JPA governance option because it has the ability to minimize City resource requirements and liability while providing greenhouse gas reductions and increased local control
- Sustainability Commission Recommendation
  - The Regional JPA governance option

# QUESTIONS

# SAMPLE TIMELINE REGIONAL JPA – 2021 LAUNCH

Task	Due Date	2019					2020												2021	
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Feasibility Study Draft Final	7/1/2019	■																		
Chula Vista City Council Presentation	8/13/2019	■																		
Approval of Ordinance and Resolution to Create CCE	9/30/2019		■																	
Form JPA with City of San Diego	10/15/2019			■																
Prepare Implementation Plan	12/31/2019				■	■														
File Implementation Plan with CPUC	12/31/2019					■														
File Historic Load Data with CPUC/CEC	3/17/2020								■											
Hire Executive Director	3/31/2020								■											
RPS Procurement Plan	3/31/2020								■											
RFP & Contract for Scheduling Coordinator/Portfolio Mng	3/31/2020								■											
RFP for Data Mgmt, Billing, Call Cntr, and Mrktng	3/31/2020								■											
CPUC completes review of IP	4/1/2020									■										
Register with CPUC and submit Bond	4/1/2020									■										
File Year-Ahead Load Forecast	4/20/2020									■										
CPUC confirms registration	5/1/2020										■									
Integrated Resource Plan	5/1/2020								■	■	■									

# SAMPLE TIMELINE REGIONAL JPA – 2021 LAUNCH

Task	Due Date	2019					2020												2021				
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb			
Hire Staff	6/1/2020																						
RPS Compliance Report	8/1/2020																						
Revised Year-Ahead RA Load Forecast	8/16/2020																						
Develop risk management and procurement plan	9/1/2020																						
Finalize financial Plan and Rates	10/1/2020																						
Systems Testing with SDG&E	10/1/2020																						
January Month-Ahead RA Load Forecast Due	10/15/2020																						
Pre-Enrollment Notice 1	10/31/2020																						
Power Purchase and Contracting	10/31/2020																						
Pre-Enrollment Notice 2	11/30/2020																						
Transaction Testing with SDG&E	12/1/2020																						
Call Center and CRM Operational	12/1/2020																						
Customer Program Transitions Notice	12/31/2020																						
Program Launch	1/1/2021																						
Post-Enrollment Notice 1	1/31/2021																						
Post-Enrollment Notice 2	2/28/2021																						