



# CITY COUNCIL AGENDA STATEMENT



February 19, 2019

File ID: 19-0015

## **TITLE**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE TWO PARTY CONTRACT WITH EES CONSULTING, INC. TO PROVIDE A COMMUNITY CHOICE AGGREGATION TECHNICAL FEASIBILITY STUDY AND A RELATED COST SHARING AGREEMENT WITH THE CITY OF LA MESA AND THE CITY OF SANTEE

## **RECOMMENDED ACTION**

Council adopt the resolutions.

## **SUMMARY**

Staff request Council approval of a two-party contract with EES Consulting, Inc. to prepare a Community Choice Aggregation (CCA) Feasibility Study for the City of Chula Vista, the City of La Mesa, and the City of Santee (partners). Staff has also prepared a Cost Sharing Agreement between the City of Chula Vista, the City of La Mesa and the City of Santee that allows for La Mesa and Santee to reimburse the City of Chula Vista for work undertaken to prepare a CCA Feasibility Study for all jurisdictions. The CCA feasibility study will help implement the 2017 Climate Action Plan (specifically action item 3.2.2.A) and help the City evaluate if a Community Choice aggregation program would benefit Chula Vista.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

The Sustainability Commission voted to support the 2017 Climate Action Plan and received an presentation on the CCA RFP process on October 8<sup>th</sup> 2018 and have been regularly updated on the CCA feasibility study process by City staff at commission meetings.

## **DISCUSSION**

As part of the 2017 Climate Action Plan the City identified several actions that should be taken to provide more grid-delivered clean energy to our community to help reach the City's goal of offering our community 100% clean renewable energy by 2035. One of the Implementation Actions with the largest potential to

increase clean energy on the grid was 3.2.2.A which called for conducting a feasibility study to identify costs and benefits of pursuing a Community Choice Aggregation (CCA) program for Chula Vista.

### CCA Basics

CCA is a model that allows communities to purchase power to meet their electricity needs, offering an alternative choice in the current energy market. CCAs can provide the communities they serve with competitively priced, clean energy choices while reinvesting revenues into projects and programs, supporting the local economy. There are currently 18 CCA programs operating in other jurisdictions that collectively serve more than 2.5 million accounts in California. Some potential benefits of CCA that have been identified in feasibility studies conducted for other California jurisdictions include: increased customer choice, local control of resource decisions and rates, lower electricity costs, opportunities for innovative new energy programs (energy efficiency, distributed generation, economic development, etc.) and support for local infrastructure investment.

### Collaboration

Because of the similarities in goals and timelines, staff partnered with the City of La Mesa and City of Santee to conduct a joint feasibility study. By partnering, the Cities will be able to reduce the cost of the feasibility study for each jurisdiction, however, the consultants will evaluate each jurisdiction independently. The City of Chula Vista led the Request for Proposal process and with La Mesa selected the proposal from EES Consulting, Inc. (EES) (Attachment #3). While the feasibility study will not commit the City to any future partnerships, many jurisdictions that enter into a CCA program do utilize a Joint Power Authority (JPA) because of the similarities in goals, benefits of economies of scale and ability to limit risk for individual jurisdictions. Currently, the City of San Diego has stated that they will be pursuing a CCA through a JPA with other jurisdictions in the region.

### Study Outline

EES will assist in evaluating the data needs for the feasibility analysis, submitting the request for that data to San Diego Gas and Electric (SDG&E), and then verifying the satisfactory fulfillment of that data request. EES will then develop a load forecast, power supply scenarios, a comparative rates analysis, an economic impacts assessment, environmental review of possible greenhouse gas emission changes and a pro-forma analysis for the potential CCA. EES will also conduct an extensive sensitivity analysis exploring a range of possible outcomes for key variables in the analysis. This will be combined with an analysis of possible regulatory changes and risks to the CCA. Finally, EES will explore possible models for the CCA's governance and management as well as external funding options. An initial outline of tasks and time line is outlined in Table 1 below. In an effort to consolidate the timeline to better align with the regional CCA JPA efforts City staff has already requested data from SDG&E and will be working with EES to identify future opportunities to streamline the study process where possible. City staff, with EES, will return to City Council and present the final report. Throughout the process City staff will engage with community stakeholders through the Sustainability Commission, the Climate Change Working Group and through a series of stakeholder workshops that will be held to educate community members and collect relevant feedback.

Table 1. Initial Timeline

Milestone/Activity	Month (from start of contract)								
	1	2	3	4	5	6	7	8	9
Notice to Proceed	█								
Submit Data Request to SDG&E	█								
SDG&E Fulfills Data Request		█	█						
Receive, Process, and Validate Data				█					
Task 1 Load Study Forecast				█	█				
Task 2 Rate Analysis and Comparison				█	█				
Task 3 Supply Scenario Analysis					█	█			
Task 4 Pro-Forma Analysis					█	█			
Task 5 Sensitivity Analysis					█	█			
Task 6 Regulatory and Risk Analysis					█	█			
Task 7 Governance, Management, and Funding					█	█			
Task 8 Economic Impacts					█	█			
Draft Feasibility Report							█		
Final Feasibility Report								█	
Presentation to CCA Partners									█
Presentation to Public									█

**DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

**CURRENT-YEAR FISCAL IMPACT**

The CCA feasibility study is being implemented using existing departmental budgets resulting in no new fiscal impact in the current year.

The City of Chula Vista, as the lead agency, will administer preparation of a CCA feasibility study for the cities of Chula Vista, La Mesa and Santee including contracting and payment of a professional consultant.

The cost of the study will be shared between the partner cities as detailed in Table 2.

Table 2. Cost Share Budget

City	Total Population	Proportional Population	Proportional Pop. Cost	Fixed Cost (20%)	Total Study Cost
Chula Vista	267,172	0.69	\$24,784.11	\$17,868	\$43,082.43
La Mesa	59,948	0.16	\$5,561.05	\$17,868	\$22,998.73
Santee	58,113	0.15	\$5,390.83	\$17,868	\$23,258.83
<b>Total</b>	<b>385,233</b>	<b>1.00</b>	<b>\$35,736</b>	<b>\$53,604</b>	<b>\$89,340</b>

The cost allocated for each city was calculated based on the following formula:

$$\text{City Cost} = 20\% \text{ Fixed Cost} + \text{Per Capita Cost}$$

The cost of acquiring the necessary energy data from San Diego Gas & Electric is not included in the study cost but is estimated to cost \$5,200. The resulting total cost to the City to complete the study is expected to be \$48,282.43.

### **ONGOING FISCAL IMPACT**

There is no new, ongoing fiscal impact created by the CCA feasibility study since it is being implemented using existing budgets. While there may be future costs associated with CCA formation, such as startup and operation capital requirements, the feasibility study does not commit the City to creating or joining a CCA. Future potential fiscal impacts will be included in the final CCA feasibility study and in any future potential CCA actions that are brought to City Council.

### **ATTACHMENTS**

1. Two Party Contract with EES
2. Cost Sharing Agreement with City of La Mesa and City of Santee
3. EES Consulting, Inc. Proposal

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