

STAFF REPORT

DATE: June 21, 2016
TO: City Council
FROM: Mike Webb, Assistant City Manager
Mitch Sears, Sustainability Manager
SUBJECT: Community Choice Energy Program Development Status Update

Recommendation

1. Receive update.

Summary

In March the City Council and Yolo County Board of Supervisors both voted unanimously to jointly develop a local Community Choice Energy (CCE) Program. This status update summarizes the activity since March and provides key steps in the formation process over the next 12 months with the goal of beginning CCE service in May/June 2017.

Current Activities

The City and County have formed a joint working group to develop a draft Joint Powers Authority (JPA) document for a local CCE. The working group meets twice a month and includes the City's Assistant City Manager, Sustainability Manager, and City Attorney, and the County's Director of Community Services, and Deputy County Counsel. The City of Woodland is attending the meetings as it assesses the benefits of participating in the CCE; Other cities in Yolo County have been invited to participate as well. Under the City's existing consulting contract, LEAN Energy advises the working group on the approaches other CCE formation efforts around the state are taking.

To date, the working group has undertaken the following activities:

- **Draft JPA Document.** Utilizing template documents from existing and forming CCE's, the City Attorney and Deputy County Counsel are developing a draft JPA document for consideration by the Council and Board in early Fall. The working group and LEAN Energy are providing comments on the draft document.
- **Draft Mission Statement.** The working group is developing a draft CCE Mission Statement for consideration by the Council and Board in early Fall. The draft Mission Statement builds off of the Davis CCE Vision Statement adopted by the City Council in September 2015 while incorporating a broader perspective to reflect the urban/rural partnership.
- **Master Calendar/Workplan.** Working from a master calendar developed with LEAN Energy, the working group is proceeding with tasks associated with the launch of the CCE in May/June 2017. Short term workplan tasks focus on developing the draft JPA documents, a draft CCE Ordinance, and developing RFP's for technical/energy services, communications/marketing, data management/call center, and financial services. The master calendar/workplan is attached.

- **Master Budget.** The working group reviewed the master budget estimates for the current JPA formation and CCE launch phase (costs through June 2017). The \$1m budget estimate is based on findings included in the CCE Technical Study and will pay for CCE start-up costs including development of the draft JPA documents, a draft CCE Ordinance, developing RFP's for technical/energy services, communications/marketing, data management/call center, and financial services, and development, submission of the CCE Implementation Plan to the CPUC, and initial JPA staff and consultant costs. The City and County are splitting the \$1m reimbursable loan equally. The City portion (\$.5m) is included in the proposed 16/17 City Budget. As identified in the CCE Technical Study, an additional loan or loan guarantee for initial energy purchases to serve CCE customers will be determined based on the number of CCE customers closer to the launch date. The Technical study estimates the initial energy purchases to be less than \$3m, which would be reimbursed over several years as the CCE establishes service and begins to collect revenue. The draft CCE JPA document includes language regarding reimbursement of all of these start-up costs. As noted in earlier staff reports, this is a similar approach that Marin Clean Energy and Sonoma Clean Power used at start-up. The more precise timing, mechanism, and amount of this bridge funding will be considered at future Council and Board meetings.

City/County Coordination

Council members Davis and Frerichs currently serve on the Council's CCE Sub-Committee. County staff will be requesting that the Board appoint two Supervisors to serve in a similar role for the County. The two sub-committees can help guide the JPA working group with timely feedback as it develops draft documents for eventual consideration by the Council and Board.

Advisory Committee

It is anticipated that the CCE JPA, once formed, will appoint a technical advisory committee that includes rate payer classes (e.g. business, agriculture, residential, disadvantaged communities, etc.), and local subject matter experts (e.g. energy, finance, etc.). A majority of the Davis CCE Advisory Committee have expressed interest in continuing to participate in an advisory role as the CCE moves toward launch. Previous discussions with the Davis CCE Advisory Committee show a recognition that a joint CCE advisory committee must reflect the broader interests of both rural and urban ratepayers while maintaining a manageable size to be able to work efficiently. The JPA working group has not discussed the formation of a joint advisory committee in depth but also acknowledges these factors.

Regulatory

At the end of May, on behalf of the Yolo/Davis CCE, City staff attended a meeting of existing and forming CCE's to discuss exit fees and other regulatory issues. The meeting included CCE representatives from the entire state. The general outcome of the meeting was the need and value of closer coordination on regulatory and legislative issues (such as exit fees), as CCE's mature and serve more electricity load in California. The group agreed to continue to work together to address these common interests. City and County staff will continue to participate with the group as the JPA is formed and the CCE moves toward launch.

Key milestones (from Master Calendar/Work Plan)

- June/Oct 2016 – Draft JPA doc; develop and issue CCE formation related RFP.
- Sept/Oct 2016 – JPA formation and CCE Ordinance adoption by participating jurisdictions.
- Oct 2016/Jan 2017 – Prepare and submit CCE Implementation Plan to CA Public Utilities Comm.
- Nov/Dec 2016 – Secure necessary credit guarantees and set up line of credit for power supply; hire JPA Executive Director and key staff.
- Nov 2016/Jan 2017 – Negotiate and finalize terms of initial power contract.
- Dec 2016/Jan 2017 - Initial rate design and setting; Call center training/go live.
- Feb 2017 – 1st opt out notice (90 days in advance of beginning service).
- Jan /Mar 2017 – Mail customer enrollment notices.
- Mar 2017 - 2nd opt out notice (60 days in advance of beginning service).
- **May/June 2017 – Program live.**
- June 2017 - 3rd opt out notice (30 days after beginning service).
- July 2017 – 4th opt out notice (60 days after beginning service).

Attachments

1. Master Calendar/Work Plan

Davis/Yolo CCA Project Timeline -- V.1//4.8.46

Workplan Timeline by Task Area

	Q2 2016			Q3 2016			Q4 2016			Q1 2017			Q2 2017			Q3 2017			Q4 2017		
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Administration/Project Management																					
Prepare RFPs and secure contracts for CCE Formation, Marketing and Technical Services																					
Develop Program workplan/timeline and budget; establish chart of accounts to track expenses																					
Complete necessary interagency agreements																					
Determine internal staff support /roles and responsibilities for start-up activities																					
Determine cost-share or secure other source of start-up funding																					
Begin weekly or bi-weekly team calls; coordinate with all program vendors and staff																					
Convene program advisory committee (in place until JPA Board commences)																					
Determine if any other jurisdictions are joining the program																					
Prepare reports, provide updates for City Council(s) and Board of Supervisors																					
Support initial JPA Board meetings and early Agency admin & operations																					
ONGOING																					
Technical/Energy Services																					
Secure technical services firm																					
Review and update results of technical study; verify load projections and proforma estimates																					
Support development of operating budget/proforma and determination of credit needs																					
Determine power supply mix and product options (i.e. default and voluntary products)																					
Determine customer phasing strategy based on economic projections and credit capacity																					
Develop and issue Energy Services RFP (includes scheduling services)																					
Prepare and submit program Implementation Plan/Statement of Intent (60-90 day certification)																					
Prepare Utility Service Agreement, Deposit and Bond Posting																					
Complete all regulatory registrations for program compliance (CPUC, CAISO, WREGIS etc)																					
Negotiate and finalize terms of initial power contract/schedule coordination																					
Support rate design & rate setting (incl PCIA and utility cost comparisons)																					
Develop related energy programs including FIT, NEM, EE, DR et al																					
Coordinate with program staff and all other vendors as needed																					
ONGOING																					
Communications/Marketing																					
Update FAQs and basic program collateral																					
Develop public outreach and marketing plan (including multi-lingual, multi cultural)																					
Branding: program name, logo, core messaging																					
Develop website with translation and opt-out features																					
Community education -- presentations to community groups, public workshops, event tabling, key stakeholder meetings, et al																					
Press outreach/earned media (op-eds, feature stories, local radio and TV)																					
Develop advertising campaign (paid media, social media, et al)																					
Develop call center script																					
Prepare customer enrollment notices (by phase)																					
Manage customer enrollment printing and mailing																					
Manage subsequent enrollments and develop ongoing community presence																					
Coordinate with program staff and all other vendors as needed																					
ONGOING																					
ONGOING																					
ONGOING																					
Data Management/Call Center																					
Issue RFP and negotiate contract for Data Mgmt and Call Center Services																					
Infrastructure and Application configuration																					

<p>EDI certification (utility and bank) Call center training/go live List of Phase 1 customers 1st opt-out period (90 days out) 2nd opt-out period (60 days out) Program rates and reports Utility account set up (dead period) Account Switches/Program Live 1st Full Billing Cycle 3rd opt-out period (30 days post) 4th opt-out period (60 days post)</p>	
<p>Finance/Banking Determine source of and secure ~ \$1 M in start-up capital Develop short list of potential bank partners and begin outreach meetings Finalize operating budget and determine initial credit needs (working capital and credit for power supply contract) Issue banking and credit services RFP Select banking partner Secure necessary credit guarantees and set up credit line, deposit and lockbox accounts Coordinate with data management vendor to ensure daily deposits and controls Determine plan for internal accounting and annual audits</p>	
<p>Regulatory/Legislative Begin tracking CCE-related regulatory activity and participating in statewide efforts Begin tracking CCE-related legislative activity and participating in statewide efforts Register with the CPUC and obtain party status for priority regulatory proceedings Work with technical services vendor to ensure full regulatory/program compliance</p>	
<p>JPA Related Meet with city attorney/county counsel to prepare JPA Agreement Approve JPA Agreement and supporting resolution; register JPA with Sec of State Prepare and Pass CCA Ordinance/Tentative Deadline: September 1, 2016 Determine Board composition/First Board Meeting in Oct. Prepare Operating Guidelines or Bylaws and Operating Budget Hire CEO and key staff Develop Board policies and committees Secure office space, insurance, and other admin/operations needs</p>	