



City of Woodland

**COMMUNITY CHOICE ENERGY
TECHNICAL ADVISORY COMMITTEE
JANUARY 23, 2017 - 6:00 P.M.**

**Woodland Community and Senior Center
2001 East Street, Woodland CA**

Meeting Notes

Attendance:

Committee Members Present: Mark Aulman, Kevin Cowan, Tom Flynn, Jim Gillette, Phil Hogan, Mark James, Beth Robbins, Christine Shewmaker, Erick Watkins

Committee Members Absent: Maria Armstrong, Ralph Solorio

Staff Present: Roberta Childers, Environmental Sustainability Manager

Council Members Present: Angel Barajas

Guests: Mitch Sears, City of Davis Sustainability Program Manager
Regina Espinoza, Yolo County Climate and Sustainability Manager
Gerry Braun, Vice Chair, Davis CCE Advisory Committee
John Mott-Smith, Yolo County ex-officio member of Davis CCE
Advisory Committee

1. Welcome and Roll Call

Committee members and guests introduced themselves. Chairperson Flynn reiterated the purpose of the committee – to evaluate benefits and risks of CCE participation and make a recommendation to the City Council.

2. Public Comment

No comments.

3. Meeting Notes Procedures

The members agreed to the following: Meeting notes will list committee members absent as well as those present. The notes will be less formal than minutes and will summarize the important discussion points. Staff will send the members a draft version of the notes for corrections before the following meeting. At the meeting, members will have a last opportunity to suggest changes and will be asked to approve the notes as corrected.

4. Presentation on City of Davis CCE Advisory Committee

Gerry Braun gave a Powerpoint presentation on *City of Davis Community Choice Energy Advisory Committee (CCEAC)*. See the presentation posted on the Woodland CCE website at: [Presentation on Davis CCE Advisory Committee](#).

Additional points:

- The CCEAC learned much from meetings with representatives of MCE and other CCEs.
- The Davis City Council was kept apprised of the CCEAC's efforts through a Council subcommittee that tracked the committee's progress. Staff presented the Council with reports of the CCEAC's work at the end of Phase 1 and Phase 2.
- There was no real question about feasibility of participating in a CCE; the real issue was which option would be best (Davis or Davis+Yolo stand-alone, join MCE, or stand-alone with a full-service provider operating all aspects of the program).
- A PCIA (power charge indifference adjustment) is charged to all CCE participants by the incumbent utility. It accounts for the obligations (power contracts) taken on by the utility on behalf of all customers and is meant to ensure that the customers left with the incumbent utility are "financially indifferent" to the departure of those participants. The PCIA is updated annually and is "the elephant in the room" because of its unpredictability. Gerry suggested that the PCIA issue may become resolved, pointing out that PG&E no longer has to purchase as many contracts, and he recommended having CCEAC member Richard McCann come talk about the PCIA if the committee would like more information.
- The CCEAC Working Group prepared the final scoring chart of the three options, dividing the rankings into three objective categories: rate competitiveness; governance & local control; and risks & mitigation. They determined that all three options would be feasible in terms of rate competitiveness with PG&E. The decision therefore rested on comparative scores in the other two categories, with evaluation of governance & local control attributes being more subjective and evaluation of risks & mitigation subjective but also based on much information in the technical study prepared by TEA. Ability to develop local resources was very important to the CCEAC. The scoring was very front-loaded to the first few years of CCE operation.
- The CCEAC also considered whether the CCE would dovetail with the City's clean energy roadmap (see [Local Integrated Energy Analysis](#)).
- CCEAC members and City staff met with PG&E representatives to discuss how to work better with PG&E, recognizing that the relationship need not be competitive.
- As part of another project, Mitch Sears calculated the effects of CCE participation on the City's climate goals and energy use and stated that it is clear that participation "lets you turbo-charge" progress toward climate goals.

5. Presentation on Valley Clean Energy Alliance (VCEA)

Mitch Sears gave a Powerpoint presentation on *Valley Clean Energy Alliance*. See the presentation posted on the Woodland CCE website at: [Presentation on VCEA](#).

Additional points:

- The CCEAC was very important to assisting the Davis City Council in making an informed decision. Lay people on the CCEAC made sure information was understandable to the community at large.
- By some estimates, within the next 5-10 years 50% of California energy will be obtained through CCEs.
- PG&E used customer funds to fight the formation of MCE. The incumbent utilities are now prohibited from using customer funds in this manner.
- All the existing CCEs have been successful, overall, at providing rates lower than those of the incumbent utility.
- The TEA technical study assumed a 10% customer opt-out rate, which is high compared to historical opt-out rates. Opt-out rates are diminishing. Peninsula Clean Energy, which includes 25 communities – among which is San Bruno – has a 1% opt-out rate.
- Tom Flynn noted that many policy and consumer changes are underway that are causing the old model of utility monopolies to undergo a rethinking. CCEs are a very integral part of these changes, which also include direct access, energy storage, EV chargers, and rooftop solar.
- *Question:* Are the CCEs able to maintain their competitiveness or is PG&E adding more fees that reduce the rate differential? *Mitch:* MCE has tried to stay within $\pm 1-2\%$ of PG&E rates and has a policy of staying 1% lower. Reserves are used to maintain stability in relation to PG&E's rates. The pro forma for VCEA showed there is ample room to build up a good reserve fund.
- *Question:* How does a CCE buffer the first few years? *Mitch:* They basically don't spend on other things (e.g., local investment, incentive programs). Many existing CCEs started lean, at less renewable content than was their goal so that the cost was less. *Gerry:* Wholesale solar prices are really dropping now, so that newer contracts are undercutting existing long-term contracts. There are lots of options to be opportunistic.
- One mitigation against the unknowns such as the PCIA is forming a trade association group to represent CCEs before the CPUC and in other forums. This is being done.
- Davis and Yolo County have each put \$500,000 toward VCEA start-up costs. This seed money is a loan that will be recovered over time with interest through customer rate payments. MCE's seed money was paid back in 2 years. Additional working capital of \$3.5M-\$10M will be needed. The financing market for CCE start-up loans is becoming more favorable. River City Bank is a leader in backing CCEs. The VCEA Board hasn't made a policy decision about the "entry fee" for other jurisdictions that wish to join.
- Some of the next steps are redoing the pro forma using the latest data, performing community outreach, contracting for a CEO and for data management and call center functions. There is much ongoing outreach to large power users and the business community.
- Under the VCEA's more aggressive (Option A) schedule, if Woodland decides it wants to join VCEA, it would have to make a formal decision by March 1 to be included in the implementation plan to be turned in to the CPUC April 1. Option B provides about 4 additional months of breathing room overall, but a decision from Woodland would be needed by about May if VCEA is to submit an implementation plan in June. There is some flexibility in this schedule, though.

- October is ideally the latest time in the year to launch the CCE because PG&E sets new rates that are put in place in January. You don't want to be making rate announcements right before PG&E issues its new rate information.
- *Question:* Does PG&E keep the public purpose charge (for low-income rate payers)? *Mitch:* PG&E continues to administer CARE and other low-income programs. There is discussion occurring around this issue because the public purpose charge encompasses more than low-income issues.
- *Question:* How did adding Woodland's load profile change the details of the pro forma? Does adding spiky loads provide complementary or counter-beneficial effects? *Mitch:* Not familiar with this level of granularity of the pro forma background.
- *Question:* How was the turnout for public meetings? *Mitch:* They were fairly well attended, but by the "usual suspects." Big community events are not worth the effort, but outreach to key stakeholders is good. *Gerry:* People wanted to know more; nobody was really skeptical. *Mitch:* The fact that CCE is introducing competition into the marketplace is a strong message.

Agenda items 6-8, pertaining to discussion of committee work plan elements, schedule, and next steps, were postponed to the February 6 meeting.

The meeting adjourned at 8:40.