A Tradition of Stewardship
A Commitment to Service

Agenda Date: 1/28/2014
Agenda Placement: 9C
Set Time: 9:15 AM
Estimated Report Time: 30 Min

NAPA COUNTY BOARD OF SUPERVISORS
Board Agenda Letter

TO:	Board of Supervisors
FROM:	Steven Lederer - Director of Public Works Public Works
REPORT BY:	Steven Lederer, DIR OF PUB WKS/DIST ENGINEER - 259-8228
SUBJECT:	Community Choice Aggregation-Enter into a rate study agreement with MCE

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chairman to sign an agreement with Marin Clean Energy (MCE) for a maximum of $35,000 for the term January 28, 2014 through June 30, 2015 to conduct a rate and services analysis to determine if Napa County would be eligible to join MCE's existing Community Choice Aggregation (CCA) program. (Supervisor Wagenknecht)

EXECUTIVE SUMMARY

Marin Clean Energy (MCE) is a fully operating Community Choice Aggregation (CCA) program, operated by a joint powers authority. A CCA acts as an alternative energy provider to PG&E, providing consumers with an option to purchase energy that is 50%-100% generated from renewable energy sources such as solar, wind, water, and biopower. Currently PG&E's energy mix is about 20% from renewable sources. Today's action authorizes staff to enter into an agreement with MCE, which provides MCE with $35,000 to conduct a feasibility study to determine if Napa County is a good "fit" for MCE. The results of the study will be provided both to MCE's Board, and the Board of Supervisors, for a subsequent decision as to whether to enter into an operating agreement or not. Today's action does not commit either party beyond funding and conducting the required study.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Although not currently budgeted, the existing Public Works Department Budget (12200) should be able to absorb this expense due to salary savings from two unexpected retirements.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This agreement is necessary as the next step in determining whether it is appropriate, from a rate and power purchase standpoint, for Napa County to join MCE. Should the County ultimately join, the CCA will provide the ability for rate payers to chose between PG&E or MCE as their power provider.
Is the general fund affected?	Yes
Future fiscal impact:	This study is expected to complete in the current fiscal year, but some portion could possibly occur early in the 2014-2015 fiscal year.
Consequences if not approved:	The rate study would not be funded, and Napa County's consideration of joining MCE would be halted.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Marin Clean Energy (MCE) is a fully operating Community Choice Aggregation (CCA) program. A CCA acts as an alternative energy provider to PG&E, providing consumers with an option to purchase energy that is 50%-100% generated from renewable energy sources such as solar, wind, water, and biopower. The role of the CCA is to choose where to purchase power from, and to create a mix that meets the goals of the program (providing clean energy), while providing customers with a competitive price. Other aspects of PG&E services (such as power transmission, billing, etc.) continue for all customers. Consumers who are not interested in dealing with the CCA may still opt out and continue to use PG&E as before with no changes whatsoever.

MCE presented its program at the four County joint meeting this past June 4th, and subsequently your Board voiced an interest in investigating such a program. The financial and time requirements needed to locally create a CCA appear daunting, to say the least. Sonoma County is currently developing a CCA, and they have invested hundreds of thousands of dollars and many FTEs of staff time in developing the program (scheduled to be up and running in 12-18 months). Should the Sonoma program launch they would likely recover these investments but the upfront costs are not insignificant, which is quite challenging for Napa given our other priorities. MCE represents the County of Marin, and each of its cities. MCE also recently expanded by accepting the City of Richmond into its program indicating an ability to expand beyond its county borders. A similar arrangement could allow Napa County to launch into a CCA program for citizens in a more timely and cost effective manner than by establishing our own local program.

MCE also offers energy efficiency programs that could work in parallel with programs offered locally to provide additional financing and rebate options to consumers wishing to undertake energy efficiency projects. One particularly attractive program offers bill financing. MCE also works to encourage development of new, local, power sources, as they have done with a large solar project located at the San Rafael airport. MCE would likely benefit programs in Napa such as a proposed bioenergy plant at the Clover Flat Landfill and a proposed solar array at the former American Canyon Landfill.

MCE has been serving customers since 2010. They offer two programs, a "light green" option, which is the default program, and a "dark green" option, which customers can choose if they want to pay extra for an even higher percentage of renewable power.

The Table below provides data on the mix of renewable power (**expressed as a percent of total power**) provided to customers from each program (PG&E, and MCE's Light Green and Dark Green options).

	PG&E	Light Green	Dark Green
Biomass	4	12	0
Geothermal	5	0	0
Small Hydro	4	2	0
Solar	0	1	0
Wind	6	38	100
Sub Total Renewable	**19**	**53**	**100**
Large Hydro	18	7	0
Gas	25	0	0
Nuclear	22	0	0
Unspecified*	15	40	0
Total	**100**	**100**	**100**

* "Unspecified" power is power purchased off the grid for load balancing and in peak periods. As this power cannot be specifically tied to any one source, it is considered nonrenewable.

The data above shows that PG&E currently purchases 19% of their power from sources that are considered renewable. MCE's light green program is at 53%, and their dark green program is at 100%. MCE currently purchases power under about 10 different contracts (representing 15 different power generating stations) with providers in California, Oregon, and Nevada. Specific provider names and locations can be found on their web site (www.mcecleanenergy.com). The contracts have rolling expiration dates to guard against being overly reliant on one provider and to minimize rate fluctuations from any one contract provider. They have 56MW of local new power sources under development, including 52MW of solar and 4MW of biomass.

In the interest of full disclosure, it is important to note that while MCE has a much higher "renewable" percentage, the carbon emissions from both PG&E and the MCE light green program are almost identical (about 390 pounds of carbon/MW Hr generated in both programs). This is because two major sources of PG&E power, large hydro (18%), and nuclear (22%) are carbon free, though not considered renewable under California law, due to their other environmental impacts. The dark green program is a zero emitter of carbon.

From a customer cost perspective, a typical residential bill that would cost $80.84 under PG&E, is running $81.74 under MCE's light green program (90 cents, or about 1% higher). On the commercial side, a typical PG&E bill of

$229.06 would be $224.17 under the light green program. The dark green program tends to run about 10% higher than PG&E in both commercial and residential for those customers who choose to opt in to that program. MCE offers the same rate tiers that are offered by PG&E. For instance, certain wineries who have already invested heavily in solar are on timed rate tiers from PG&E that support the time of day production of solar energy. These identical rate tiers are also available from MCE.

Today's action authorizes a contract with MCE to conduct a study to determine if the County and MCE are a good fit from a rate and power purchase standpoint. The decision (for both MCE and the County) as to whether to join up or not will occur following completion of the study, most likely some time in the spring. The contract includes funds for public outreach to involve the community in the final decision.

While staff is recommending moving forward with the MCE rate study, the Board may want to consider this investment decision in the context of other options available.

- Local Option: Dedicate local staff and funds to develop a Napa specific program. This is not recommended due to the many other commitments that Napa County has already established as higher priority goals.
- Wait for PG&E: PG&E will improve over time, as they are legally mandated to be using 33% renewable power by 2020. They are also in the process of developing a greener, opt in program for their customers who want to pay a premium for cleaner power. It remains unclear if, and when such a program would launch, and what the details of it would be. Also, joining MCE would not prevent a customer from joining this PG&E program later, should it become available.
- Wait for Sonoma: While detailed discussions have not taken place, Sonoma officials have verbally stated that there may be an option for Napa to join their program, after a year or two of operations. Since Sonoma is not yet operating, this possibility would be about 2 years off.
- Do not participate: Make a decision that joining a CCA is not a priority for the Board. Staff would cease all efforts in this area and focus on other Board priorities.

Staff welcomes the Board's input and direction.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan