

City of Lafayette Staff Report

For: City Council

By: Megan Canales, Assistant Planner
Julia Koppman Norton, Planning Technician

Meeting Date: January 25, 2016

Subject: Community Choice Energy

PURPOSE

Waive second reading of Ordinance 644, which was introduced on January 25, 2016, and adopt the ordinance which will:

1. Authorize the Mayor to execute the Marin Clean Energy (MCE) Joint Powers Agreement; and
2. Authorize the implementation of a Community Choice Aggregation Program within the City of Lafayette's jurisdiction by and through the City of Lafayette's participation in Marin Clean Energy.

BACKGROUND

On January 25, 2016 the Council conducted a public hearing and the first reading for Ordinance 644. After discussion and deliberation, the Council unanimously introduced Ordinance 644 and continued the matter to March 14, 2016 for adoption.

PUBLIC OUTREACH

The Council requested that staff continue to conduct outreach to Lafayette Constituents about MCE and Community Choice. Since the prior Council meeting, information was distributed in the following places: Weekly Roundup Friday Message from City Manager (March 4, 2016 e-mailed to 731 people), Lafayette Vistas (Winter 2016 Vistas distributed by mail to each Lafayette household and business ~8,500 recipients), handouts at the Planning counter in the City Offices (~250 visits to the Planning Counter per month), an article by the League of Women Voters (Bay Area Monitor February/March 2016 edition), and an article in the Lamorinda Weekly (February 10, 2016). Additionally, the City's website and information on Community Choice has been updated.

RECOMMENDATION

Waive the second reading and adopt Ordinance 644.

ATTACHMENTS

1. Ordinance 644 [DRAFT]
2. January 25, 2016 City Council Staff Report

BEFORE THE CITY COUNCIL OF THE CITY OF LAFAYETTE

IN THE MATTER OF:

An Ordinance of the City Council of the City of Lafayette approving the Marin Clean Energy Joint Powers Agreement and authorizing the Implementation of a Community Choice Aggregation Program)	Ordinance 644
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WHEREAS, the City of Lafayette of has been actively investigating options to provide electric services to constituents within its service area since June 2014 with the intent of promoting use of renewable energy, reducing energy related greenhouse gas emissions, and providing Lafayette residents and businesses with alternatives to Pacific Gas & Electric Company; and

WHEREAS, on September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (CCA); and

WHEREAS, on September 27, 2006, AB32 was signed into law establishing the goal of reducing the state's greenhouse gas emissions to 1990 levels by 2020; and

WHEREAS, on November 13, 2006, the Lafayette City Council adopted the Environmental Strategy which recognizes the importance of environmental sustainability and encourages community awareness, responsibility, participation, and education to promote an environmentally sustainable community; and

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 19, 2008, Marin Clean Energy (MCE) was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time; and

WHEREAS, on February 2, 2010, the California Public Utilities Commission certified the "Implementation Plan" of MCE, confirming MCE's compliance with the requirements of the Act; and

WHEREAS, the City of Lafayette is committed to the development of renewable energy generation and energy efficiency improvements, reduction of greenhouse gases, protection of the environment, and fully supports MCE's current electricity procurement plan, which targets more than 50% renewable energy content; and

WHEREAS, approximately 89-percent of housing in the City of Lafayette was built prior to Title 24 standards and is less energy efficient than newer construction; and

WHEREAS, in 2010, 22-percent of overall community wide greenhouse gas emissions in Lafayette was caused by energy use and Lafayette has a considerable opportunity to impact emissions through energy conservation, energy efficiency, and the use of renewable energy sources; and

WHEREAS, electricity in Lafayette is generated and provided by Pacific Gas and Electric Company (PG&E) and there is not presently an alternative provider in the City. PG&E is currently working to add more renewable energy to its power mix under California's renewable portfolio standard and is on track to have 33-percent renewables by the end of 2020; and

WHEREAS, the City finds it important that its customers- residents, businesses, and public facilities- have alternative choices to energy procurement beyond PG&E; and

WHEREAS, the City of Lafayette finds that joining MCE will offer Lafayette customers choice in their power provider and will help Lafayette meet the state goal set out in AB32 and the goals outlined in the City's Environmental Strategy; and

WHEREAS, on August 10, 2015 the Lafayette City Council authorized a Letter of Intent to be sent to Marin Clean Energy requesting that they conduct a membership analysis for Lafayette; and

WHEREAS, in order to become a member of MCE, the MCE Joint Powers Agreement requires the City to individually adopt an ordinance electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in MCE.

THE CITY COUNCIL OF THE CITY OF LAFAYETTE DOES ORDAIN AS FOLLOWS:

Section 1. The City of Lafayette has been actively investigating options to provide electric services to constituents within its service area with the intent of promoting use of renewable energy, reducing energy related greenhouse gas emissions, and providing Lafayette residents and businesses with alternatives to Pacific Gas & Electric Company.

Section 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, ch . 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (CCA).

Section 3. The Act expressly authorizes participation in CCA program through a joint powers agency, and on December 19, 2008, Marin Clean Energy (MCE) was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time.

Section 4. On February 2, 2010 the California Public Utilities Commission certified the "Implementation Plan" of the MCE, confirming the MCE's compliance with the requirements of the Act.

Section 5. In order to become a member of MCE, the Act requires the City of Lafayette to individually adopt an ordinance electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in the MCE.

Section 6. Based upon all of the above, the City of Lafayette Council elects to implement a Community Choice Aggregation program within the City of Lafayette's jurisdiction by and through the City of Lafayette's participation in Marin Clean Energy. The Mayor is hereby authorized to execute the MCE Joint Powers Agreement.

Section 7. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

Section 8. This ordinance shall take effect on the later of (a) the date the - Board of Directors of MCE adopts a Resolution adding the City/Town as a member of MCE, or (b) 30 days after its adoption and, before the expiration of 30 days after its passage.

Section 9. The City Clerk shall either (a) have this Ordinance published in a newspaper of general circulation once within fifteen (15) days after its adoption, or (b) have a summary of this Ordinance published twice in a newspaper of general circulation, once five (5) days before its adoption and again within fifteen (15) days after adoption.

The foregoing Ordinance was introduced at a meeting of the City Council of the City of Lafayette held on January 25, 2016, and adopted and ordered published at a meeting of the City Council held on March 14, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Joanne Robbins, City Clerk

Mark Mitchell, Mayor

City of Lafayette Staff Report

For: City Council

By: Megan Canales, Assistant Planner
Julia Koppman Norton, Planning Technician

Meeting Date: January 25, 2016

Subject: Community Choice Energy

PURPOSE

This staff report provides an update on Community Choice Energy and responds to a number of questions asked by the City Council. The Environmental Task Force and staff recommend that the Council move forward with Marin Clean Energy (MCE) and select Contra Costa County as an alternative to MCE.

BACKGROUND

The City has been studying Community Choice Energy "CCE" (also referred to as Community Choice Aggregation "CCA") since June of 2014. Since that time, the City has held multiple meetings about CCEs and heard presentations from various CCEs and PG&E. The matter was most recently heard at the City Council on August 10, 2015 where the Council unanimously adopted Resolution 2015-49 authorizing the City Manager to send a non-binding letter of intent to MCE expressing the City's interest in exploring possible membership.

UPDATES

Contra Costa County

On October 13, 2015 the Contra Costa County Board of Supervisors directed the Conservation and Development Director to gauge Contra Costa County cities' interest in studying the following Community Choice options:

- Formation of a CCE partnership among the Cities and County, representing unincorporated areas;
- Partnering with Alameda County to form a CCE program; or
- Joining the existing MCE program.

The feasibility of a Contra Costa County partnership is discussed below.

PG&E

PG&E is currently reporting 27-percent renewables and is working toward the 33-percent required under California's Renewable Portfolio Standard by the end of 2020. As of January 14, 2016 PG&E customers can enroll in a Solar Choice Program, although enrollment space is capped. This program essentially allows a certain number of customers to elect to purchase solar energy to match either 50-percent or 100-percent of their energy use. At the 50-percent option, this adds ~\$5.00-\$13.00 (can be more or less) to a customer's monthly bill depending on the amount of kWh that a customer uses.

RESPONSE TO COUNCIL

On August 10, 2015, the Council had a number of questions and requests of staff. The Council requested the following:

- Outreach effort to inform public and get a sense of public opinion
- Comparison of electricity costs with MCE, PG&E, and other service providers
- Complete understanding of Community Choice options to determine the right CCE to join

Outreach

Both the Environmental Task Force and staff have conducted an extensive outreach effort and attempted to reach Lafayette constituents through a number of avenues. Beyond the Community Choice education meetings held by the Task Force over the past year and a half, staff prepared a press release which was distributed to a number of sources including: Lafayette Homeowner's Council, Sustainable Lafayette, Chamber of Lafayette, Lamorinda Weekly, Contra Costa Times, Contra Costa Sun, Sustainable Contra Costa County, Lafayette Today, and League of Women Voters.

Information was also distributed in the following places: Friday Message from City Manager (September 4, 2015 e-mailed to 678 people), Lafayette Vistas (Summer 2015 Vistas distributed by mail to each Lafayette household and business ~8,500 recipients and e-mailed to 102 people), and handouts at the Planning counter in the City Offices (~1,500 visits to the Planning Counter since August). Additionally, a page was added to the City's website with information on Community Choice and a survey was available for public participation (207 respondents). The results of the survey are as follows:

- 87-percent of the respondents were in support of the City joining MCE with 13-percent against joining MCE.
- 43-percent of the respondents would remain in the MCE Light Green enrollment option, 44-percent would opt-up to the MCE Deep Green enrollment option, and 13-percent would opt-out of MCE and stay with PG&E.

Cost Comparisons

Attached are cost comparison tables with PG&E or Southern California Edison of various California CCEs in existence. These cost comparisons are a moving target and change over time.

Complete understanding of Community Choice options

Below is a summary of the active California CCE programs and pending local CCE programs.

COMMUNITY CHOICE IN CALIFORNIA

Alameda County *Pending Program*

Alameda is in the process of creating a CCE for Alameda County. In June 2014, the Board of Supervisors allocated money and staff time to investigate the possibility of a countywide CCE program, the Steering Committee began meeting in June 2015, and the estimated start date of service is in 2017/2018. Alameda has many more steps to complete before they will be ready to provide service to their customers including completing a feasibility study, forming a JPA, seeking financing, preparing an implementation plan, and signing energy provider contracts.

Start-up Costs: Unknown at this time, allocated \$1.3 million and County staff is budgeting \$3.25 million to set up and launch the program.

Rates: Unknown, the program has not launched.

Option for Lafayette? No, Alameda County is focusing inward and is unable to invite jurisdictions outside the County to join their study at this time.

CleanPowerSF

CleanPowerSF has spent the last eleven years trying to implement a CCE. CleanPowerSF is scheduled to rollout service and launch the official program this month. It will be administered by the San Francisco

Public Utilities Commission (SFPUC). CleanPowerSF will have a Green Option (33-50-percent renewable) and SuperGreen Option (100-percent renewable).

Start-up Costs: A report released by the SF Office of Economic Analysis noted that the SFPUC proposed a contract which allocated a total of 19.5 million for startup expenses (including efficiency programs).

Rates: Unknown, service has not yet started so rates are unavailable. According to its website, the Green Option price will match PG&E pricing and the SuperGreen rates will be at a slight premium over PG&E pricing.

Option for Lafayette? No, CleanPowerSF is for San Francisco residents/businesses only. There is not an option for jurisdictions outside of its service area to join.

Lancaster Choice Energy

Lancaster Choice Energy (LCE) is a single jurisdiction power program created by the City of Lancaster. LCE began planning in January 2013 and in May 2015 it began a phased rollout of its service. By October 2015, that rollout was completed. LCE offers a Clear Choice option (35-percent renewable), Smart Choice option (100-percent renewable), and Personal Choice option (for people who generate solar/wind power).

Start-up Costs: ~\$1.5 million.

Rates: Electricity costs are variable depending on rate schedules, but the Clear Choice option is currently less expensive than Southern California Edison while the Smart Choice option is more expensive (customers pay a flat rate premium). Attached is a cost comparison table with Southern California Edison.

Option for Lafayette? No, Lancaster Energy Choice is for Lancaster residents/businesses only. The CCE is set up as a single jurisdiction power, not joint powers association, so it is not set up in a way which would allow growth to other cities. They are currently providing assistance to neighboring cities to help them create their own CCE.

Sonoma Clean Power

Sonoma Clean Power (SCP) began planning in 2011 and in May 2014 it began a phased rollout of its service. By mid-2015, that rollout was completed. It offers service to all electric customers in Sonoma County, except in Healdsburg, which has its own municipal utility. SCP offers a CleanStart option (36-percent renewable) and EverGreen option (100-percent renewable).

Start-up Costs: \$1.6 Million

Rates: Rates are variable depending on rate schedules, but the CleanStart option is currently less expensive than PG&E while the EverGreen option is more expensive. Attached is a cost comparison table with PG&E.

Option for Lafayette? No, SCP is only able to serve its current service area at this time. There is not an option for jurisdictions outside of its service area to join.

Contra Costa CCE Pending Program

On October 13, 2015, the Contra Costa County Board of supervisors authorized staff to conduct outreach and explore the formation of a CCE. It has directed the Conservation and Development Director to gauge Contra Costa cities' interest in various options which include: forming a CCE with the Contra Costa cities and county, partnering with Alameda County (not a present option according to Alameda County staff), and joining Marin Clean Energy. The County has estimated this initial research effort to will require a County staff commitment of 57.5 hours/month for four months.

Option for Lafayette? Unknown. At this time, the Board of Supervisors has not indicated if it will or will not move forward with the actual formation of a CCE. It has only authorized the outreach and education to

Contra Costa Cities to gauge interest. It currently seems as though there is a decent amount of interest from Contra Costa Cities, indicating a likelihood that the County will move forward. If the County moves forward, this will be an option for Lafayette.

In order for Lafayette to be considered by the County and to participate in the feasibility study, the City must adopt a resolution (Resolution 2015-03) authorizing load data to be shared with the County, and send a letter of interest by January 31, 2016. The necessary documents are attached.

Start-up Costs: Unknown, however, based on other programs likely ~\$2-3 million. Start-up costs are typically recoverable through revenues of the program if the CCE is formed. MCE, for example, recovered costs within a year. The first step of creating a CCE is conducting a feasibility study which the County estimates will cost ~\$75,000-150,000, to be shared among participating cities.

In addition to the fiscal start-up costs of the program itself, there is also a resource cost of staff time for Lafayette staff to attend steering committee meetings and aid in the creation of the CCE. The time commitment is unknown and largely will be based on the time frame to create the CCE and frequency at which the steering committee meets (likely monthly for a few years). Given current workloads, it may be difficult for current City staff to devote the time needed for this option.

Rates: Unknown, however, based on other programs it will likely aim to be competitive with PG&E. Future rates will be largely dependent on the cost of energy at the time of procurement among other factors.

Governance: Unknown. There will probably be a board that votes similar to Marin Clean Energy and Sonoma Clean Power. If Lafayette is helping to form this CCE, it is expected that there will be a large element of local control on decisions and the way the board is governed. The board would also be made up of Contra Costa cities with which Lafayette has a high level of familiarity.

Time Frame to Serve Customers: Unknown. Based on other programs, from the time the Board of Supervisors authorizes the formation of a CCE it can take anywhere from 1-11 years with an average of ~4.5 years from research to implementation. There are existing CCE models that Contra Costa can use, so that time frame may be reduced.

Customer Programs: Unknown. Based on other CCE programs, revenues have gone toward a number of things including creating new programs for customers. These are generally developed over the course of several years and may not be immediately available.

Risks: Similar risks as with Marin Clean Energy, as described in the City of Richmond Risk Assessment Document (attached). Additional risks with Contra Costa County include the potential that the County Supervisors do not approve the formation of a CCE, in which case any start-up costs invested by Lafayette will be lost.

Marin Clean Energy

MCE was formed in 2008, started service in 2010, and currently serves 170,500 customers. Its service area includes all of Marin County (the 11 incorporated cities, and all of the unincorporated areas), unincorporated Napa County, and the cities of Benicia, El Cerrito, Richmond, and San Pablo.

MCE aims to address climate change by reducing energy related greenhouse gas emissions and securing energy supply, rate stability, energy efficiency, and local economic and workforce benefits. MCE promotes the development and use of a wide range of renewable energy sources and energy efficiency programs in addition to programs offered by PG&E, for which all MCE customers remain eligible. MCE procures 56-100% renewable electricity on behalf of its customers. It has reduced more than 63,482 metric tons of greenhouse gas emissions and in 2014 saved its customers more than 6 million dollars through lower electricity rates. In 2015, MCE's customers collectively saved approximately \$10.6 million.

Start-up Costs: \$2.2 million in working capital. This was recovered in a year.

Rates: MCE has multiple levels of service offered to its customers with varying levels of renewable energy. Customers have the option of choosing between Light Green (56-percent renewable), Deep Green (100-percent renewable), and Local Sol (100-percent local solar). The cost of electricity with MCE is currently competitive with PG&E even with the PCIA (Power Charge Indifference Adjustment) "exit fee" for customers who decide to use MCE.

The cost of electricity for customers is based on the PCIA (applies to CCE customers only), rate for electricity (applies to both MCE and PG&E customers, each with varying rates), and a PG&E delivery charge (applies to both MCE and PG&E customers for the same amount). MCE's generation rates are ~14-percent lower than PG&E's generation rates but the PCIA inflates the total cost of electricity for MCE customers. MCE is committed to offering competitive rates and will aim to keep electricity costs low. At the time this staff report was prepared, the total cost of electricity for the Light Green option is lower than PG&E while Deep Green and Local Sol are more expensive than PG&E. Attached is a cost comparison table with PG&E.

The cost of electricity is a moving target as MCE adjusts its rates once a year and PG&E adjusts its rates around 3-5 times per year. There are also many different rate schedules with varying levels of cost difference between MCE and PG&E. Currently, most MCE customers save between 1-10-percent on their electricity costs. On January 1, 2016, the PCIA was increased which will likely cause residential customers to pay more for electricity through MCE than with PG&E until the next rate change by MCE or PG&E. The PCIA increase is charged to all customers in Community Choice Programs (not just customers in MCE).

Revenues: MCE's increase in net position for 2015 was \$3,698,283. MCE is a not-for-profit public agency which ensures that any financial benefits directly serve the community. The board decides exactly how to spend the revenues; however, revenues are always invested into local projects and programs.

Governance: MCE is governed by a Board of Directors representing each of the member communities it serves. The Board conducts its business at monthly meetings that are always open to the public.

Lafayette will have a seat on the MCE Board and will contribute to the decision making process including voting on the budget and how revenues are spent. Each member on the board has one vote. Voting is weighted by energy use when there is not consensus among Board members, so Lafayette's vote will not have as large of a voting share as larger jurisdictions in those instances.

Can I opt-out of MCE? If Lafayette joins MCE or any other Community Choice program, each customer can choose to opt-out of the CCE and continue to use PG&E's energy supply. At any time, customers can choose to opt-out of MCE back into PG&E or opt-up to MCE's Deep Green Option (or back down to MCE's Light Green Option). MCE generally processes opt-out and opt-up requests by the next billing cycle.

If a customer opts-out of MCE and re-joins PG&E, PG&E requires that the customer make a one-year commitment to PG&E (i.e., that customer has a one-year waiting period until they can go back to MCE). After that one-year waiting period, the customer can then go back to MCE if they so choose or stay with PG&E. There is no limit to the amount of times a customer switches between MCE and PG&E.

Option for Lafayette? Yes, the City of Lafayette sent a letter of intent to MCE on August 11, 2015 expressing interest in joining MCE (attached). MCE has since decided to have an inclusion period which is open until March 31, 2016, during which time the membership analysis cost will be waived.

In order to be considered by MCE, Lafayette will need to pass a resolution (Resolution 2013-02), execute a memorandum of understanding, authorize load data to be shared with MCE, and adopt an ordinance binding the City to MCE, if accepted (Ordinance 644). The necessary documents are attached.

Cost to Lafayette: \$0. It was originally anticipated that if the City's request for membership was approved, the City would be required to fund a membership analysis. However, if the City joins within the inclusion period (i.e., by March 31, 2016), MCE will waive the membership analysis cost given the high level of interest from a number of cities.

There will be a resource impact on staff time to join MCE. While MCE is dedicated to doing the necessary outreach to the community, workshops, mailers, etc., there will need to be a point person at the City to communicate with MCE staff and help the program launch. Based on the experiences of other participating jurisdictions, staff anticipates that the temporary added workload will be manageable. There are monthly board meetings that a member of the Council will also attend once the program is launched in Lafayette. There are also Technical and Executive Committee Board meetings, should Lafayette's representative join one or both of these Committees.

Potential Money Saved: Electricity rates, delivery rates, and the PCIA are subject to change and rates are unique to each customer based on their rate schedule. Based on the 2015 cost of electricity (cost comparison attached), had residential, commercial, and municipal electricity customers in Lafayette switched in 2014 to MCE Light Green, the total cost savings in 2015 to customers in the City would have been ~\$605,000. In 2015, with the MCE Light Green Option, the City would have saved ~\$13,000 on its municipal accounts including the street lighting, traffic lighting, and City facilities (library, city offices, etc.). See attached cost comparison table.

Time Frame to Serve Customers: If Lafayette joins MCE during the inclusion period, the City's electricity customers can begin service by late summer 2016 or fall 2016 depending on a variety of factors including the number of cities being studied by MCE.

Outreach to Community: MCE in conjunction with the City will do extensive outreach prior to any changes.

MCE sends out five notices as part of its effort to help customers make an informed decision. The notices will inform customers of the service choices with instructions on how to opt out or how to obtain more information about the program. In addition, MCE performs outreach with local events and workshops, and will reach out to Lafayette clubs and organizations. The City will also ensure that information is available on the City's website, at the City Offices, and distributed to customers prior to the transition. If desired, MCE can develop a customized Community Outreach Plan, as was done for El Cerrito, San Pablo, Benicia, Napa County, and Richmond.

Other questions asked by the public about MCE are included in attachment 5. They include: what is the environmental impact, how does MCE affect solar panels, what happens if costs increase, are there fiscal risks to the city, are tax dollars used, is there a possibility of increased power outages, and what are the potential risks of joining, among others.

Other California jurisdictions also investigating CCE programs: City of Arcata, Butte County, Lake County, Los Angeles County, Mendocino County, Monterey Bay, City of San Luis Obispo, City of San Diego, San Mateo County, Santa Barbara County, City of Sunnyvale, Solano County, Ventura County, and others.

CONTRA COSTA CITIES ACTIONS

Contra Costa County CCE Interest: Danville, Martinez, Oakley, and San Ramon have sent letters to the County expressing interest and authorizing load data from PG&E to the County. Concord, Pleasant Hill, and Walnut Creek have done the former in addition to authorizing up to \$25,000, \$15,000 and \$20,000 respectively for a feasibility study.

Marin Clean Energy Letters of Intent: Moraga (pending 1/27/2016 meeting), Oakley, and Walnut Creek have sent letters of intent to MCE. In addition, El Cerrito, Richmond, and San Pablo are the Contra Costa jurisdictions that are already members of MCE. Other non-Contra Costa cities that have also sent letters of intent: Davis, Yolo County, Calistoga, American Canyon, St. Helena, Yountville, and the City of Napa.

VIABLE OPTIONS FOR LAFAYETTE

The two potential options are Contra Costa County (assuming that County supervisors approve the creation of a Contra Costa CCE) and Marin Clean Energy. There are benefits and risks with both options. Many of the risks are also risks currently associated with PG&E.

A potential benefit of a Contra Costa County program compared to MCE is the governance of the CCE. Lafayette will be involved from inception to implementation and therefore would have more control over the programs, renewable mix, how the revenues are spent, and how the board is structured, among other factors. While Lafayette will have a seat on the MCE board and can vote on policy decisions, the vote is weighted by our electricity usage. Lafayette might therefore have a larger impact on potential policy votes with a Contra Costa CCE.

The negatives of a Contra Costa CCE compared to MCE are the unknowns. At this time there is no guarantee that the County Supervisors will approve the formation of a County CCE. If they do approve the formation, the start-up costs, electricity costs, renewable mix, time frame, customer programs, and governance are all unknown at this time. Presumably, a Contra Costa CCE will get contracts that allow competitive rates with PG&E, provide beneficial programs to customers, and have an environmentally strong mix of renewables. However, wholesale energy rates will likely change over the next two years, which will affect the rate competitiveness of all future CCE programs, such as Contra Costa County. The time frame, as seen with other CCE programs, can range from 1-10 years. The start-up costs, as seen with other CCE programs, can also range but will likely be a couple million dollars. This will be a shared cost with the other Contra Costa Cities and will also have a payback period that is probably a couple years based on other CCE programs; however, the total is unknown at this time.

Marin Clean Energy has a clear path on how to join, costs to join, and a clear implementation strategy once Lafayette joins. The cost is low, rates are currently competitive with PG&E, there are a number of beneficial programs offered to customers, the governance is understood, and there is a clearer time frame of when Lafayette can join- minimizing the unknowns of a Contra Costa CCE.

Environmental Task Force Recommendation

In addition to its earlier 2014-2015 studies of Community Choice, the Task Force evaluated the new Contra Costa option and determined that MCE was a more practical option for the City of Lafayette.

On November 12, 2015, the Environmental Task Force unanimously voted to move forward with Marin Clean Energy. The Task Force urges the City Council to move forward with MCE due to the critical nature of climate change and current opportunity with MCE and encourages Contra Costa to continue its study on Community Choice.

Staff Recommendation

Staff recommends the City Council:

1. Move forward with Marin Clean Energy, as recommended by the Environmental Task Force
 - a. Adopt Resolution No. 2016-02 requesting membership in Marin Clean Energy
 - b. Introduce Ordinance 644 which approves the implementation of a Community Choice Aggregation Program within the City of Lafayette's jurisdiction by and through participation in Marin Clean Energy and authorizes the Mayor to execute the MCE Joint Powers Agreement

- c. Execute the attached Memorandum of Understanding regarding MCE membership consideration
- d. Authorize the City Manager to sign the attached request to PG&E for the sharing of electric use data within City limits to Marin Clean Energy
2. Move forward with Contra Costa County as an alternative to MCE
 - a. Adopt Resolution No. 2016-03 which authorizes Contra Costa County to complete a technical and feasibility study to determine if a Contra Costa Community choice program is feasible
 - b. Authorize the City Manager to sign the attached request to PG&E for the sharing of electric use data within City limits to Contra Costa County

The aforementioned actions will allow MCE to conduct a membership analysis. Assuming the membership analysis is positive in terms of rates and environmental impact, Lafayette will join MCE. If the membership analysis is negative and we cannot join MCE, the City will have taken the necessary steps to continue studying CCEs with Contra Costa County.

ATTACHMENTS

1. Staff Report August 10, 2015 [Page 9-12]
2. Letter of Intent to Marin Clean Energy [Page 13]
3. Contra Costa County CCE Presentation [Page 14-33]
4. Staff Outreach Materials [Page 34-38]
5. Response to Public Comments from Survey [Page 39-44]
6. Comparison of electricity costs [Page 45-75]
 - a. Sonoma Clean Power
 - b. Lancaster Choice Energy
 - c. Marin Clean Energy
 - d. PG&E and MCE renewable energy
 - e. Table of community and city electricity costs
7. Marin Clean Energy Documents [Page 76-195]
 - a. MCE Bill Example
 - b. MCE Flyer
 - c. MCE PowerPoint Presentation to El Cerrito, June 18, 2015
 - d. City of Richmond Risk Assessment of Participation in MCE
 - e. MCE Joint Powers Agreement
8. Marin Clean Energy Letter [Page 196-203]
 - a. City Council Resolution 2016-02 *DRAFT*
 - i. Exhibit A- Memorandum of Understanding *DRAFT*
 - ii. Exhibit B- Request for Load Data from PG&E
 - b. City Council Ordinance 644 *DRAFT*
9. Contra Costa CCE Letter [Page 204-206]
 - a. Resolution 2016-03 *DRAFT*
 - b. Letter of Support *DRAFT*