

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: June 4, 2012
Reviewed by: BP

SUBJECT: Recommendation to Submit a Letter to EBMUD to Encourage Community Choice Aggregation

REPORT BY: Jeff Bond, Community Development Director
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STAFF RECOMMENDATION

That the Council authorize submittal of a letter to the East Bay Municipal Utility District stating that the City of Albany encourages them to continue research on the feasibility of Community Choice Aggregation as a method of purchasing renewable energy, and state the City's interest in discussing a potential collaboration.

BACKGROUND

Energy consumption in Albany's residential, commercial, and industrial buildings generates almost two-thirds of the City's GHG emissions. The City's Climate Action Plan (CAP) includes policies to increase the use of renewable energy. In order to reach the greenhouse gas (GHG) reduction goals stated in the CAP, the Sustainability Committee has been researching the feasibility of Community Choice Aggregation (CCA) for the acquisition of alternative (clean) energy, as stated in Measure BE 4.3 of the CAP.

Pacific Gas and Electric (PG&E) is Albany's energy utility, providing both natural gas and electricity for residential, commercial, industrial, and municipal uses. Electricity used in Albany is produced at a wide variety of power generation facilities. According to PG&E, their power in 2010 was generated by non-emitting nuclear generation (24 percent), large hydroelectric facilities (16 percent) and renewable resources (16 percent), such as wind, geothermal, biomass and small hydroelectric facilities. The remaining portion (45 percent) came from natural gas, fossil fuels and other sources that generate GHG.

DISCUSSION

Community Choice Aggregation

In 2002, the California Legislature passed Assembly Bill 117, which allows California cities, counties, public agencies, and joint powers agencies to purchase electricity on behalf of

customers within their borders. Joining the Community Choice Aggregation (CCA) efforts of other East Bay cities would allow Albany to pool the electricity demand of residential, business, and municipal accounts and purchase energy from sources that do not generate GHG.

Unlike a municipal utility, a CCA does not own the transmission and delivery systems, but is responsible for purchasing electricity used by residents and businesses. A CCA may or may not own electric generating facilities. With CCA, energy transmission, distribution, repair and customer service would continue to be administered by PG&E.

Due to a recent change in the law, a vote of the citizens is not required for a CCA. Alternatively, residents would be allowed to “opt-out” of the program before implementation and continue purchasing electric power from PG&E rather than the CCA.

Greenhouse Gas Reductions

Joining the CCA would allow the City to reduce electricity-related GHG emissions by selecting an electricity-supply portfolio that utilizes more GHG-free energy sources than the current PG&E portfolio. Electric utility companies such as PG&E are mandated by the State to provide 20% renewable energy currently, and 33% by 2020. The current PG&E electricity portfolio is comprised of about 55% GHG-free sources. A CCA program that results in the purchase of a higher percentage of GHG-free energy (60-100%) could contribute considerably to achievement of Albany’s GHG emissions reduction target.

If the CCA purchased 100% of its electricity from GHG-free sources, this approach alone would achieve a 25% reduction of GHG by 2020, based on 2004 levels (16,140 MTCO_{2e} /year of the 2020 emissions target of 19,600 MTCO_{2e} /year).

Potential Impacts

CCA may increase rates. Sonoma County conducted a feasibility study which found that electric rates would increase for their residents. EBMUD participated in a study in 2005 that found that purchasing power from a CCA did not offer any significant cost savings. Because of the uncertainty with pricing, it is important to reiterate that by law all residents will have the ability to “opt-out” of the program.

Researching CCAs may negatively affect the City’s relationship with the current service provider, PG&E. The formation of a CCA in Marin County was aggressively opposed by PG&E. Since then, the California Public Utility Commission has established some limits on anti-CCA marketing by utilities.

Current CCA Research and Implementation

Marin County launched the first CCA in California in May 2010, and is currently the only CCA operating in the state. It is operated by a Joint Powers Authority (MEA) and currently has 14,000 customers and expects to have 95,000 customers by the end of 2012. In Marin’s model, PG&E’s

special programs, such as tiered pricing, senior, low-income (CARE Program), and disabled programs are still available and customers can “opt-out”.

San Francisco plans to launch their CCA, CleanPowerSF, in July 2012 with a limited number of customers receiving 100 percent renewable energy. Others, such as Sonoma County, Richmond, Berkeley, and Emeryville have been researching CCA as well.

The East Bay Municipal Utility District (EBMUD) is currently looking into the use of CCA to explore potential benefits, including environmental performance, cost savings to customers, local participation in rate setting, and direct use of the District’s hydro-generation. They have met with several cities in the region to discuss the feasibility of CCA, including Berkeley and Richmond. The District has not made a determination on CCA, but will be meeting in June to discuss the issue. The Sustainability Committee recommends that the City collaborate with EBMUD and nearby cities to explore the feasibility of CCA and to achieve the best rates and options.

FINANCIAL IMPACT

A letter of interest to EBMUD does not commit the City to any action, and there is no cost to participate in their feasibility study. Minimal staff time would be required to support the research. More CCA studies and implementation would require more staff time and there may be other costs associated with implementation of CCA. CCA may impact the cost of utilities.

Attachments

1. Letter from the Sustainability Committee
2. Sustainability Monthly Patch Article for May
3. EBMUD Memo