

Community Choice Energy

A Local Energy Model to Green the Grid, Provide Customer Choice
and Boost Local Economies

May 21, 2015

**Webinar Briefing for San Mateo County
CCE Advisory Committee**



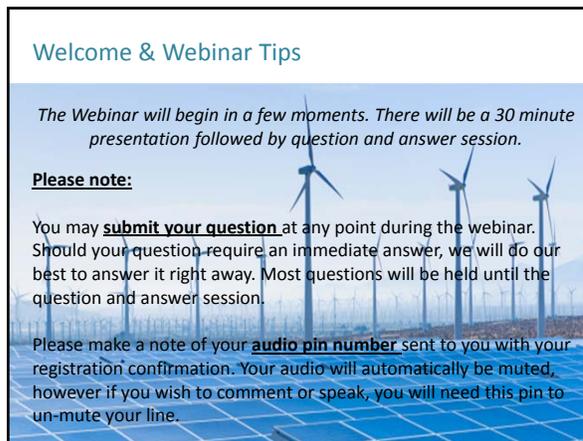

Welcome & Webinar Tips

The Webinar will begin in a few moments. There will be a 30 minute presentation followed by question and answer session.

Please note:

You may **submit your question** at any point during the webinar. Should your question require an immediate answer, we will do our best to answer it right away. Most questions will be held until the question and answer session.

Please make a note of your **audio pin number** sent to you with your registration confirmation. Your audio will automatically be muted, however if you wish to comment or speak, you will need this pin to un-mute your line.



CCE Overview in San Mateo County



- ✓ Background/CCE-related activities so far
- ✓ Timeline and process overview
- ✓ Function and purpose of the Committee
- ✓ Logistics for meeting on May 28th



In our First 5 Months...



- ✓ Completed early research and formed internal staff + consultant team
- ✓ Completed outreach to all 20 cities; unanimous participation in Countywide Technical Study
- ✓ Unanimous County Board agreement to fund CCE program development; \$300k in phase I
- ✓ Community Engagement: Stakeholder database, e-notifications, website, educational workshops and community events
- ✓ Launching CCE Advisory Committee
- ✓ Technical Study underway in June (60-90 days)
- ✓ Return to BOS in early September for go/no-go and funding approval for Phase II



Overview of SMC Formation Timeline



San Mateo County could launch a CCE by Q3 2016.

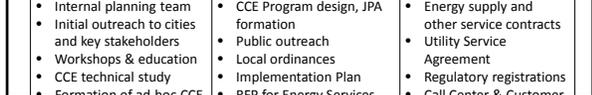
Phase 1

Phase 2

Phase 3

★

January –Sept. 2015	Sept. 2015 - April 2016	May – September 2016
Pre-Planning & Due Diligence	Community Outreach; CCE Planning & Development	Preparing for Launch
<ul style="list-style-type: none"> • Internal planning team • Initial outreach to cities and key stakeholders • Workshops & education • CCE technical study • Formation of ad-hoc CCE 	<ul style="list-style-type: none"> • CCE Program design, JPA formation • Public outreach • Local ordinances • Implementation Plan • RFP for Energy Services 	<ul style="list-style-type: none"> • Energy supply and other service contracts • Utility Service Agreement • Regulatory registrations • Call Center & Customer



CCE Advisory Committee



The purpose of the County's CCE Advisory committee is to provide feedback and guidance throughout the CCE formation process, until such time that a local inter-governmental agency (JPA) is established and a formal Board is seated.

First Meeting: Thursday, May 28th, 7-9 pm
San Mateo County Event Center, Cypress Room South 1346
Saratoga Drive, San Mateo, CA



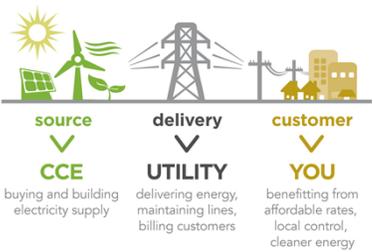
How Does CCE Work?



CCE leverages the market power of group purchasing and local control.

CCE allows communities to pool their electricity demand in order to purchase and potentially develop power on behalf of local residents, businesses, and municipal facilities.

How Local Energy Aggregation Works



Why is CCE So Powerful?



- Responsive to *local* environmental and economic goals
- Offers consumers a choice where none currently exists
- Revenue supported, not taxpayer subsidized
- Stable, often cheaper, electricity rates
- Allows for rapid switch to cleaner power supply and significant GHG reductions
- Provides funding source for energy efficiency and innovative energy programs like energy storage and EV charging stations

Basic Program Features

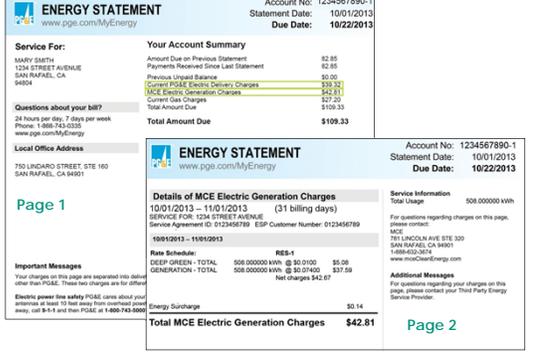


“CCE: The Biggest Change You’ll Never Notice”

- Formation of Joint Powers Agency in San Mateo County: Local governments participate by passing an ordinance
- Utility (PG&E) continues to provide consolidated billing, customer service, line maintenance
- CCE electric generation charges (including exit fee) appear as new line items on the customer bill; all other charges remain the same
- CCE becomes default electric provider. Customers receive a *minimum 4 opt-out* notices over 120 days and *can return to PG&E service any time.*
- CPUC certifies CCE Plan; oversees utility/CCE relationship and other requirements.



Sample Energy Bill – Marin Clean Energy

ENERGY STATEMENT Account No: 1234567890-1
Statement Date: 10/01/2013
Due Date: 10/22/2013

Service For: MARY SMITH, 1234 STREET AVENUE, SAN RAFAEL, CA 94904

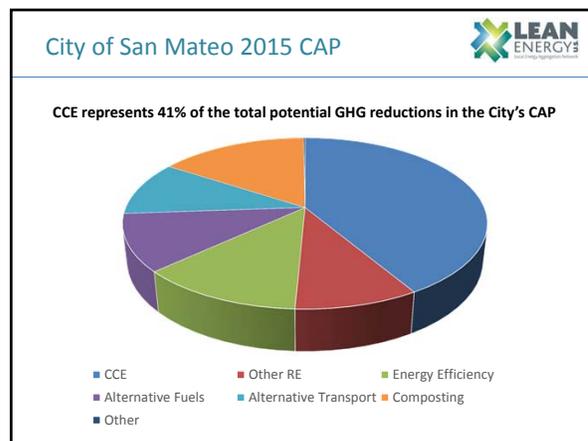
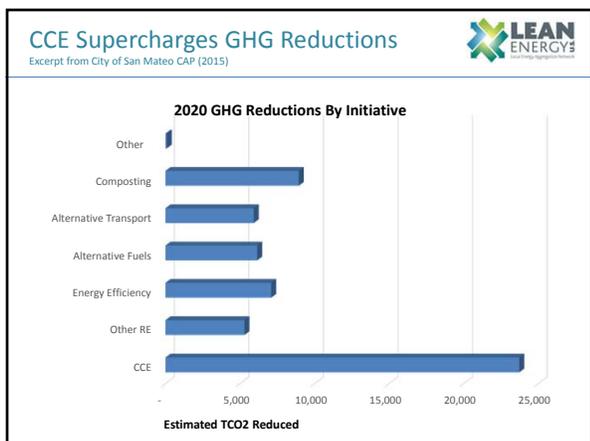
Your Account Summary

Amount Due on Previous Statement	\$2.85
Payments Received Since Last Statement	\$2.85
Previous Unpaid Balance	\$0.00
Current PG&E Electric Delivery Charges	\$39.24
MCE Electric Generation Charges	\$42.81
Current Gas Charges	\$27.20
Total Amount Due	\$109.33

Details of MCE Electric Generation Charges
10/01/2013 – 11/01/2013 (31 billing days)
SERVICE FOR: 1234 STREET AVENUE
Service Agreement ID: 0123456789 ESP Customer Number: 0123456789

Rate Schedule: RES-4
DEEP GREEN - TOTAL: 508.00000 kWh @ \$0.0100 = \$5.08
GENERATION - TOTAL: 508.00000 kWh @ \$0.0160 = \$8.13
Net charges \$42.81

Energy Surcharge: \$0.14
Total MCE Electric Generation Charges: \$42.81



CCE Reduces Carbon Emission Rates



Electric Power Generation Mix*

Specific Purchases	Percent of Total Retail Sales (kWh)		
	PG&E	Sonoma Clean Power	
Renewable	22%	33%	100%
• Biomass & Biowaste	4%	9%	0%
• Geothermal	5%	15%	100%
• Eligible hydroelectric	2%	0%	0%
• Solar electric	5%	0%	0%
• Wind	6%	9%	0%
Coal	0%	0%	0%
Large hydroelectric	18%	37%	0%
Natural gas	28%	0%	0%
Nuclear	22%	0%	0%
Other	0%	0%	0%
Unspecified sources of power	18%	30%	0%
Total	100%	100%	100%

* PG&E's generation data represents 2013 is provided in the "Annual Report to the California Energy Commission: Power Source Disclosure Program." SCP's generation data is forecast for 2014.

Total CO₂ Emissions from Electricity Sales per Megawatt-Hour**

PG&E	CleanStart	EverGreen
445 pounds	294 pounds	70 pounds

** The CO₂ emissions rates reflect the energy generation provided by PG&E in 2012. SCP's CO₂ emission data is forecast for 2014.

CCE is a Local Economic Engine



- SMC Localized Revenue Stream = ~\$356M gross/year *
 - Redirected from utility electric generation rates
- Estimated start-up costs of \$1.5M provided by the County
 - Fully recoverable from early revenues
- Financing is available for initial energy contracts and working capital; local community bank if possible
- CCEs have public agency bonding authority to initiate local power projects and programs
- Low overhead, public agency salaries, no shareholder or investor profits

* San Mateo County 2013 electrical consumption = 4.58 kwh x .079/kwh which is MCE's current E-1 residential rate. Revenues higher as rates increase.

And is Saving Customers Money



Marin and Sonoma's electric rates are lower than PG&E. Thus...

- MCE's residential customers saved nearly \$6M in 2014; greater savings expected in 2015.
- SCP customers are saving \$6M in first year of service.
 - Sonoma's current rates are 6-9% lower than PG&E and 10-14% lower for low-income CARE customers.
 - The City of San Rafael (municipal operations) saved \$47,000 in 2014.
 - West Contra Costa Unified School District projected to save \$65,000 per year from its operations in Richmond and San Pablo.



CCE is Good for Business



Competition drives costs down, diversifies the market, incentivizes innovation, and spurs new technologies.

- Rate savings are only the tip of the iceberg
- New energy contracts = new power projects, new CA and local jobs
- Local Feed-in-Tariff, Net Energy Metering incentivizes local DG
- Public/Private Partnerships: Community Solar, Battery Storage, Home Area Networks, EV Charging Stations, etc.
- Energy Efficiency funding available from utility and state
- On-bill repayment option and green business loans
- Local job training programs that focus on underserved populations



CCE Operations - Financial Performance



CCE Programs in Marin and Sonoma are fiscally healthy

	MCE (FY15-16)	SCP (FY15-16)
Total Revenue	\$145,933,000	\$165,495,000
Expenses	\$141,433,000	\$148,588,000
Cost of Energy	\$129,522,000	\$130,100,000
Cost of Administration	4%	3.5%
Net Increase in Reserves	\$4,500,000	\$16,907,000

Marin Clean Energy (MCE)



- May 2010: service starts for Phase I customers
- As of 2014: 125,000 customers; expansion to 165,000 by end of 2015
- Service area includes Marin, City of Richmond, City of Benicia and unincorporated Napa County
- 17-Member Board of Directors; 25 staff members
- 200+ MW new renewable energy in development for MCE customers
- 131 M tons of GHG reductions to date (2010-2013 reporting periods)
- 1800 jobs created/supported by MCE, most in construction sector



2015 MCE Residential Cost Comparison



508 kWh E-1/Res-1	PG&E 22%	MCE Light Green 50%	MCE Deep Green 100%	MCE Local Solar 100%
Delivery	\$44.37	\$44.37	\$44.37	\$44.37
Generation	\$49.50	\$40.13	\$45.21	\$72.14
PG&E Fees	-	\$6.27	\$6.27	\$6.27
Total Cost	\$93.87	\$90.77	\$95.85	\$122.78

2015 MCE Commercial Cost Comparison



1,405 kWh A-1/Com-1	PG&E 22%	MCE Light Green 50%	MCE Deep Green 100%	MCE Local Solar 100%
Delivery	\$154.70	\$154.70	\$154.70	\$154.70
Generation	\$142.54	\$111.00	\$125.05	\$199.51
PG&E Fees	-	\$15.45	\$15.45	\$15.45
Total Cost	\$297.24	\$281.15	\$295.20	\$369.66



Sonoma Clean Power (SCP)



- May/December 2014: service starts for 22,000 commercial customers; Currently serving ~200,000 customers throughout the county
- SCP has 10% opt out rate so far; 90% customer retention
- Average rates are 6%-9% lower than PG&E and 10-14% lower for low income CARE customers
- SCP customers are saving \$6M in first year of program
- Product Options: CleanStart @ 33% and Evergreen @ 100% CA qualified renewable power
- 100% renewable product sourced from Calpine/local geo-thermal plant; 70MWs plus 12.5 MW new solar project on floating docks in County irrigation pond

2015 Residential Cost Comparison



Example Residential Electric Charges Based on a home using 500 kWh per month on the RES-1 (E-1) rate	PG&E* 28% ¹ Renewable Energy	CleanStart 33% Renewable Energy	EverGreen 100% Renewable Energy
Electric Generation (all customers)	\$48.73	\$35.50	\$53.00
PG&E Electric Delivery* (all customers)	\$58.85	\$58.85	\$58.85
Additional PG&E Fees (SCP customers only)	\$0.00	\$6.17	\$6.17
Average Total Cost	\$107.57	\$100.52	\$118.02

*PG&E fees are calculated by Sonoma Clean Power using rate data provided by PG&E effective on January 1, 2015.

2015 Commercial Cost Comparison



Example Commercial Electric Charges Based on a business using 1500 kWh per month on the COM-1 (A-1) rate	PG&E* 28% ¹ Renewable Energy	CleanStart 33% Renewable Energy	EverGreen 100% Renewable Energy
Electric Generation (all customers)	\$153.42	\$114.24	\$166.74
PG&E Electric Delivery* (all customers)	\$165.75	\$165.75	\$165.75
Additional PG&E Fees (SCP customers only)	\$0.00	\$16.50	\$16.50
Average Total Cost	\$319.17	\$296.49	\$348.99

*PG&E fees are calculated by Sonoma Clean Power using rate data provided by PG&E effective on January 1, 2015.

CCE: What are the Risks...

And how are they mitigated?

Rate Competition/Market Fluctuation: Power market expertise and well crafted power RFPs are essential; Long and short term contracts; Diversified supply portfolio, power asset ownership and “value add” programs.

Customer Opt-Out: Competitive rates are a must; Articulate additional consumer and community benefits; Opt-outs in CA typically in 10%-20% range.

Political: Align CCE to local policy objectives; Appeal to both progressive and conservative minds by making the environmental AND business case; Robust community engagement is essential

Regulatory/Legislative: PUC decisions may adversely affect CCE, and proposed bills (eg: AB 2145) can change the original statute; Participate in the regulatory and legislative process.

CCA is Poised for Growth in CA

- **Operational CCAs**
 - MCE Clean Energy
 - Lancaster Choice Energy
 - Sonoma Clean Power
- **Exploring / in Process**
 - Alameda County
 - Butte County
 - City of Arcata/Humboldt County
 - City of Davis/Yolo County
 - City of San Diego
 - City/County of San Francisco
 - City of Sunnyvale/Silicon Valley Partnership
 - Contra Costa County
 - LA County/South Bay Consortium
 - Lake County
 - Mendocino County
 - Monterey Bay Community Power (Tri-County)
 - Nipali County Cities
 - San Bernardino County
 - San Diego County
 - San Luis Obispo/Morro Bay
 - San Mateo County
 - Santa Barbara County
 - Solano County
 - Ventura County

NOW is the time to take
control of your local
energy future.

*Community Choice Energy
is the path forward.*

For More Information...

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