



## Council Agenda Report

**From:** Thomas Frutchey, City Manager  
Dick McKinley, Public Works Director

**Subject:** Adoption of Ordinance XXXX N.S for Community Choice Aggregation/Monterey Bay  
Community Power

**Date:** June 4, 2019

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### Facts

1. Community Choice Energy (CCE), also known as community choice aggregation (CCA), is authorized by Public Utilities Code section 366.2, a state law that allows cities, counties, and other authorized entities to aggregate electricity demand within their jurisdictions to enable the collaborative purchase and/or generation of electricity for their residents and businesses, while maintaining the existing electricity provider for physical transmission and distribution services.
2. CCEs are typically created to provide a higher percentage of renewable or carbon-free electricity, such as wind and solar, at competitive and potentially cheaper rates than existing investor owned utilities (IOU), such as PG&E, while giving consumers local choices and promoting the development of renewable power sources and local economic development. In addition, CCEs are able to reduce the costs of power generation, thereby reducing utility bills.
3. Currently, there are 18 operational CCEs across the state of California, serving over 5 million customers.
4. CCE's aims are to increase local choice in energy supply and provide electricity with high renewable energy content (50% or more) in partnership with PG&E. While a CCE program determines the sources of its power supply, sets customer rates, and develops programs and incentives, PG&E continues to deliver the energy, maintain infrastructure, read meters, and bill the customers. Participation in a CCE program has the potential to provide substantial economic benefits through the provision of favorable electricity rates and incentive programs tailored to local needs.
5. The CCE model is an opt-out program; if Paso Robles were to move to the CCE model, all eligible PG&E customers who have not opted out would be enrolled to receive the CCE's service upon the stated date in the implementation plan. CCEs are required by law to send out notices 60 days pre enrollment, 30 days pre enrollment, 30 days post enrollment, and 60 days post enrollment in an effort to inform each customer about the change. As of late 2018, there are 12 CCEs operating within PG&E's service territory and average customer participation is around 93%.
6. Monterey Bay Community Power Authority (MBCPA) is the first tri-county CCE program; it began service in early 2018 and serves the counties of Santa Cruz, San Benito, and Monterey, as well as 16 incorporated cities therein.
7. The Cities of Morro Bay and San Luis Obispo joined MBCPA in the fall of 2018; their customers will begin electric service in January 2020. Currently, MBCPA has about 277,000 customers and will increase to close to 307,000 in early 2020 once the Cities of Morro Bay and San Luis Obispo are enrolled.
8. MBCPA is a joint powers authority. The cities and counties in its service area are members, and are represented on the governing board. Unlike PG&E, MBCPA has no stockholders; thus, net revenues are kept in the area, being returned to the local customers.
9. Electric ratepayers in Paso Robles would save about \$4 million over five years by switching to MBCPA. The amount of expected savings for each customer is proportional to the amount of power used. These savings can be instrumental in helping local businesses thrive and grow, creating new

- jobs. The projected savings are especially important now, as PG&E's costs for transmission and distribution are going to rise sharply, as a result of the recent fires and other problems.
10. The City Council had a public presentation and discussion on this item at its April 2, 2019 meeting. MBCPA made a presentation on April 24 at Wake Up Paso.
  11. The City Council held a public hearing on May 7, 2019 on this issue, in anticipation of staff bringing back a resolution and first reading of an ordinance to move forward with joining Monterey Bay Community Power.
  12. On May 21, 2019 the City Council held a public hearing, approved Resolution No. 19-053, and adopted Ordinance XXXX N.S. for first reading by title only.
  13. There have been no substantive changes to the proposed Ordinance since first reading. All noticing and publishing requirements are being met to enable the adoption of this Ordinance.

### **Options**

1. Take no action;
2. Adopt Ordinance XXXX N.S.;
3. Provide alternative direction to staff.

### **Analysis and Conclusions**

The City has an opportunity to join other cities and counties on the central coast in helping Paso Robles' residents and businesses conserve energy and save money through a Community Choice Energy program (Monterey Bay Community Power Authority). The energy savings and reduced costs would be realized by businesses, institutions, and residences, and would be beneficial to the local economic development efforts.

Taking action this year will begin a two-year process to join with the other agencies. Failing to act now would either delay the opportunity to begin the energy savings, or possibly miss the opportunity entirely.

The resolution demonstrates the City's intention to join the joint powers authority, requests that the MBCPA Board of Directors approve the City as a member, and authorizes the Mayor to sign the MBCPA joint powers agreement and operating rules and regulations. The ordinance formally authorizes the implementation of the CCA within Paso Robles through participation in MBCPA's CCA program.

The Mayor would sign the joint powers authority agreement (Attachment 6) after approval of the City's membership by the MBCPA Board of Directors and after second reading and adoption of the Ordinance.

### **Fiscal Impact**

The estimated savings (as provided in Attachment 1) apply to the City as well. Thus, the General Fund, Water Fund, Waste Water Fund, and Airport Fund will achieve savings, when compared with not joining the CCE.

### **Recommendation** (Option 2)

Hold second reading and adopt Ordinance No. XXXX N.S. by title only.

### **Attachments**

1. Ordinance No. XXXX N.S.

ORDINANCE NO. XXXX N.S.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES,  
CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE  
AGGREGATION PROGRAM BY PARTICIPATING IN THE MONTEREY BAY  
COMMUNITY POWER (MBCP) JOINT POWERS AUTHORITY

WHEREAS, the City Council has previously directed staff to investigate the feasibility and formation of a Community Choice Aggregation (CCA) program under the provisions of the Public Utilities Code section 366.2 in order to provide electric service to customers within the City of Paso Robles (City) with the intent of achieving reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

WHEREAS, Monterey Bay Community Power Authority (MBCPA) is an established CCA program capable of providing the desired financial and environmental benefits, and

WHEREAS, MBCPA will enter into agreements with electric power suppliers and other service providers and, based upon those agreements, MBCPA will be able to provide power to residents and businesses at rates that are competitive with those of PG&E, the incumbent utility. Once the California Public Utilities Commission certifies the amended Implementation Plan adopted by MBCPA, MBCPA will be able to provide service to customers within the City; and

WHEREAS, the purpose of this Ordinance is to authorize the implementation of a community choice aggregation program through MBCPA, as required by California Public Utilities Code section 366.2(c)(12); and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to receive service from the incumbent utility will be able to do so; and

WHEREAS, on May 7, 2019 and May 21, 2019, the City Council held public hearings on the manner in which the City will participate in a CCA program at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCA program serving the City through MBCPA; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a "project" as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

NOW, THEREFORE, the City Council of the City of El Paso de Robles does ordain as follows:

SECTION 1. The above recitations are true and correct and material to this Ordinance.

SECTION 2. Based upon the forgoing, and in order to provide businesses and residents within the City with a choice of power providers and with the benefits described above, the City Council hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating as a member in the Community Choice Aggregation Program of MBCPA, as generally described in its Joint Powers Agreement.

SECTION 3 This Ordinance shall take effect 30 days after its adoption. The Deputy City Clerk shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

INTRODUCED at a regular meeting the of the City Council of El Paso de Robles for first reading, held on the 21st day of May, 2019.

PASSED AND ADOPTED on the 4th day of June 2019, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Steven W. Martin, Mayor

ATTEST:

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Kristen L. Buxkemper, Deputy City Clerk