



October 18, 2018

TO: MCE Board of Directors

FROM: Alex DiGiorgio, Deputy Director of Community Development
John Dalessi, Operations and Development

RE: Receive Applicant Analysis and Consider:

1. Proposed Resolution 2018-12 of the Board of Directors of MCE approving the County of Solano as member of MCE.
2. Proposed Amendment 13 to the MCE JPA Agreement.
3. Directing Staff to Create and Submit to the CPUC Amendment No. 6 to the MCE Implementation Plan and Statement of Intent.

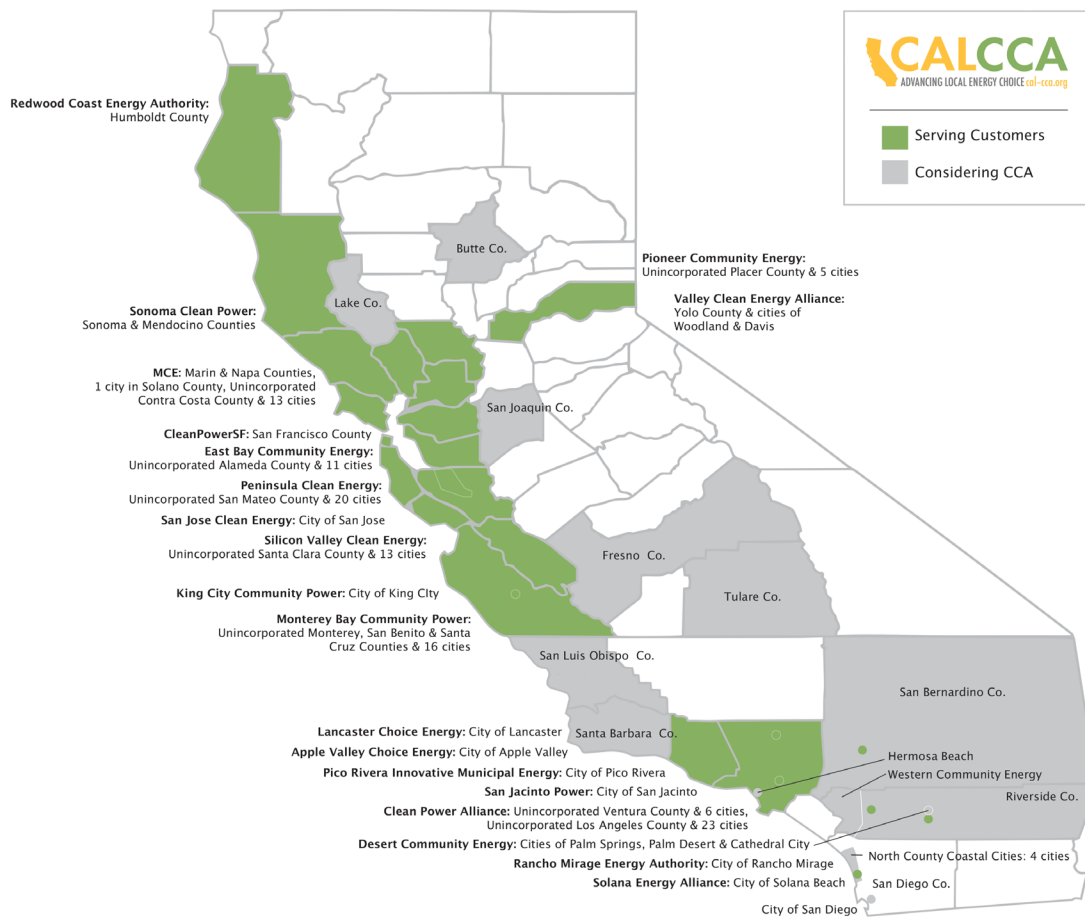
ATTACHMENTS:

- A. MCE Applicant Analysis for 2020
- B. Proposed Resolution No. 2018-12 of the Board of Directors of MCE approving the County of Solano as a member of MCE
- C. Proposed Amendment 13 to the MCE JPA Agreement
- D. Addendum No. 5 to MCE Implementation Plan and Statement of Intent
- E. Policy 007 – New Customer Communities
- F. MCE Membership Application Checklist

Background on CCA in California

Community choice aggregation (CCA) programs have continued to emerge throughout California, including well over 80 different jurisdictions. In 2016 CCA service was launched by San Francisco's CleanPowerSF and San Mateo County's Peninsula Clean Energy. In Q2 2017 three new CCA programs launched including Apple Valley Choice Energy, Santa Clara County's Silicon Valley Clean Energy Authority, and Humboldt County's Redwood Coast Energy Authority. This year, Valley Clean Energy (Yolo County), East Bay Community Energy (Alameda County), Monterey Bay Community Power (Monterey, Santa Cruz and San Benito Counties), San Jose Community Energy, and Southern California's Clean Power Alliance (Los Angeles and Ventura Counties) have launched initial service.

CALIFORNIA CCAs



Background on MCE Inclusion Process

On September 29, 2016, your Board authorized an “inclusion period” for interested Contra Costa communities to complete the steps required to join MCE as a member. The inclusion period was established to create efficiencies in workflow, achieve economies of scale, and streamline procurement procedures.

Following the successful inclusion of nine new Contra Costa jurisdictions in 2017, and their successful enrollment in 2018, MCE opened an inclusion period from May 2018 to September 2018. As before, eligibility for inclusion was limited to jurisdictions within counties where MCE service was already available to some communities.

Solano County (unincorporated) completed all membership steps to join MCE on September 25, 2018, subject to MCE Board approval. The County Board of Supervisors voted unanimously to join MCE, and the decision was supported by the County’s Farm Bureau and considered by other key agricultural groups in the area (e.g., the Solano Agricultural Advisory Committee and the Solano Resource Conservation District Board of Directors).

New MCE Member Community Overview: Solano County (unincorporated)

Solano County was one of California’s original 27 counties and is bordered by Napa, Contra Costa, Yolo, and Sacramento counties. It covers more than 900 square miles, of which more than 675 is rural land area. The County has a population of approximately

19,350 in the unincorporated areas, which is smaller than the population of all but two of its seven cities. These cities include the following: Benicia, Dixon, Fairfield (County seat), Vacaville, Vallejo, Rio Vista and Suisun City. Nevertheless, unincorporated Solano County has more electric accounts than is typical for a population of its size, possibly due to the high number of water pumps in the area.

The City of Benicia joined MCE in 2014 and was the first in the County to do so. Since that time, several other Solano cities have expressed an interest in exploring MCE membership. These include Vallejo, Fairfield, Vacaville and Suisun City. At this time, only the County Board of Supervisors has voted to join MCE, which is why only service to the County's unincorporated areas may be considered at this time.



The next step required to complete membership is MCE Board approval subject to positive results from the quantitative applicant analysis. The quantitative analysis is completed for the purpose of determining projected environmental benefits (e.g. incremental increases in renewable energy deliveries and expected reductions in greenhouse gases (GHGs) related to electric energy consumption) as well as potential financial impacts related to the addition of customers located within the aforementioned jurisdictions. This analysis has been completed, and is attached hereto.

Quantitative Analysis of Potential MCE Member Communities

The impacts of this prospective membership expansion are entirely positive, demonstrating increases in renewable energy sales, expected reductions in GHG emissions, and positive fiscal impacts for MCE and its customers.¹ The quantitative applicant analysis indicates that the additional customer base is expected to yield annual net revenues of \$1.5 million resulting in a positive fiscal impact on MCE and the existing customer base. These benefits could supplement MCE reserves, expand funding for clean energy or local energy programs, or help reduce MCE rates. The analysis also indicates that service to the new customers would increase the amount of renewable energy being used in California's energy market by approximately 48,533 MWh per year while reducing GHG emissions by an estimated 14 million pounds of carbon dioxide equivalent per year.

The positive result of the applicant analysis is the final step required for the unincorporated County of Solano to be added to MCE's service territory, and Board action to finalize membership is recommended at this time. The attached Resolution and updated JPA Agreement will comply with the statutory requirements of AB 117, the legislation enabling CCA service in California.

Addendum to MCE Implementation Plan

On February 8th of 2017, the California Public Utilities Commission (CPUC) passed Resolution E-4907, which delays the timeline by which a city or county may begin service with a community choice aggregator. As a result, unincorporated Solano County accounts would not be permitted to begin service until 2020, and service would only be permitted at that time if MCE submits an Addendum adding unincorporated Solano County to its service area in the MCE Implementation Plan and Statement of Intent, and files this Addendum with the CPUC by the end of calendar year 2018. This Addendum would be similar in structure to Addendum No. 5 which was submitted in 2017, prior to MCE's most recent expansion, and which is included here for reference as Attachment D. Staff is prepared to create and submit Addendum No. 6 following Board direction.

Fiscal Impact

General budgetary impacts of the recommended actions will be positive as increases in revenues will more than compensate for increased expenses after enrollment occurs. Specific budgetary impacts will be reflected in the FY 2019/20 budget.

Recommendations

1. Approve the following:
 - a) Resolution No. 2018-12 of the Board of Directors of MCE approving the County of Solano as member of MCE.
 - b) Amendment 13 to the MCE JPA Agreement.
2. Direct staff to create and file Amendment No. 6 to the MCE Implementation Plan and Statement of Intent with the California Public Utilities Commission reflecting the addition of the County of Solano to MCE's service area.

¹ Note that any rate/financial impacts were based on wholesale electricity pricing at the time the quantitative analysis was completed. Such pricing is subject to change. Actual rate/financial impacts will be based on wholesale electricity pricing that is offered to MCE at the time of power supply contract execution.