



CITY OF
HAYWARD
HEART OF THE BAY

**COUNCIL SUSTAINABILITY
COMMITTEE**

MAY 7, 2014

Table of Contents

Agenda	2
Meeting Minutes from the April 2, 2014 City Council Sustainability Committee Meeting	
Meeting Minutes from April 2, 2014.	4
Community Choice Aggregation	
Staff Report	8
Attachment I Draft Resolution.	15
Attachment II Letter of Opposition.	16



SPECIAL MEETING OF THE CITY COUNCIL SUSTAINABILITY COMMITTEE MEETING
Wednesday, May 07, 2014
Conference Room 2A

5:00 – 7:00 PM – PLEASE NOTE DIFFERENT TIME FOR THIS MEETING!

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS: *(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.)*

1. Approval of Minutes of April 2, 2014

Meeting Minutes from the April 2, 2014 City Council Sustainability Committee Meeting

[Meeting Minutes from April 2, 2014](#)

2. Community Choice Aggregation Report

- a. Presentation by Seth Baruch, Carbonomics
- b. Presentation by Alex DiGiorgio, Marin Clean Energy
- c. Presentation by Greg Hoaglin, PG&E
- d. Discussion

[Staff Report](#)

[Attachment I Draft Resolution](#)

[Attachment II Letter of Opposition](#)

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING – 4:30 – 6:30 PM; JULY 16, 2014

****Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4th Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT. ****

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HAYWARD CITY COUNCIL, 777 B STREET, HAYWARD, CA 94541
[HTTP://WWW.HAYWARD-CA.GOV](http://www.hayward-ca.gov)

AUGUST 2, 2011



CITY COUNCIL SUSTAINABILITY COMMITTEE MEETING
Hayward City Hall – Conference Room 2A
777 B Street, Hayward, CA 94541-5007

April 2, 2014
4:00 p.m.

MEETING MINUTES

CALL TO ORDER: Meeting called to order at 4:02 p.m. by Chair Al Mendall, Council Member.

ROLL CALL:

Members:

- Al Mendall, Council Member/CSC Chair
- Barbara Halliday, Council Member
- Francisco Zermeño, Council Member
- Vishal Trivedi, Planning Commissioner (Arrived at 4:20 p.m.)
- Laura Oliva, Keep Hayward Clean and Green Task Force/CSC Vice Chair

- Dianne McDermott, Planning Commissioner - absent
- Elisa Marquez, Planning Commissioner - absent

Staff:

- Fran David, City Manager
- Kelly McAdoo, Assistant City Manager
- Alex Ameri, Director of Public Works - Utilities & Environmental Services
- Erik Pearson, Environmental Services Manager
- Elisa Wilfong, Water Pollution Source Control Administrator
- Vera Dahle-Lacaze, Solid Waste Manager
- Michael Stotts, Groundskeeper II
- Tori Johnson, Senior Secretary (Recorder)

Others:

- David Stark, Public Affairs Director, Bay East Association of Realtors
- Joel Peña, VP Client Relations, Case Industries
- Stephanie Stern, StopWaste
- Jeffery Liang, StopWaste

PUBLIC COMMENTS:

Joel Peña of Case Industries in Hayward handed out flyers on the “Waste Action Project” and spoke about a partnership Case Industries has formed with a Berkeley based non-profit company along with Hayward Unified School District and Mt. Eden High School that focuses on the environment and sustainability. Mr. Peña stated that the program is about inspiring students to expand their thinking about trash, and landfills. He asked if a member of the Committee could consider attending the school’s presentation, and if the Committee would consider having the

freshmen ninth grade class attend a future CSC meeting and present their findings before the end of the school year. Council Member Halliday said that she will be there. Council Member Mendall expressed support for a group making a 5-10 minute presentation to the Committee.

David Stark, Bay East Association of Realtors, spoke on his objections to mandatory requirements, and also congratulated staff on their event on January 30th. He said staff should proactively reach out to him to partner and promote these types of events in the future. He mentioned that he would like to be a part of the Home Energy Analyzer. [Staff's Note: Staff records indicate that Mr. Stark was contacted by email on January 22 about HEA's workshop. Mr. Stark responded the next day thanking staff "for the heads-up" adding that he'll "start promoting the event via our various communication channels"]

1. Review of Revised Minutes of October 2, 2013 – Minutes approved.

2. Approval of Minutes of January 29, 2014 – minutes approved with correction.

Council Member Barbara Halliday said that she meant to say that the second Wednesday does not work for her.

3. Update on Public Landscaping

Director Ameri introduced Michael Stotts, Groundskeeper II, who represented the Maintenance Services Department and provided an overview on the Landscape Division's practices to follow "Bay-Friendly Landscape Guidelines" such as the purchasing of bay-friendly plants, trees, and landscaping materials that conserve water and energy. Mr. Stotts explained that the Division continues its efforts to remove invasive plants, replacing them with non-invasive plants in City medians and rights-of-way.

Council Member Zermeño stated that his goal was to have 100,000 trees in Hayward, and asked about the number of new trees that can be planted. Mr. Stotts answered that approximately 20% of the new trees that have been planted have been as a result of surveys that are sent out to Hayward residents in their water bills.

Council Sustainability Member Oliva asked about the landscaping on Jackson and how long ago was the planting done.

Council Member Halliday asked about the Arbor Day. Staff responded that it was on April 29 this year. She also mentioned that PG&E is planning to remove a number of trees and asked everyone to pay attention to this and provide comments to PG&E.

4. Home Energy Analyzer Online Tool

Director Ameri introduced Environmental Services Manager, Erik Pearson who presented a summary of the Home Energy Analyzer (HEA) as a tool to encourage people to reduce energy consumption by 10% by 2020. He also encouraged the use of home energy monitors which will allow residents to receive real-time information and to build awareness of the energy and natural gas they are using.

Mr. Pearson introduced Jeffery Liang of StopWaste. Mr. Liang gave a brief background and a tour of the HEA on-line tool. He explained that the Home Energy Analyzer is not just an online tool, but it is also the people behind it which make this a very interactive website. He concluded with asking everyone to sign up and asked for the Committee's partnership in getting the word out. The Committee discussed aspects of the program and ways for outreach such as the City's cable and YouTube channels.

Council Sustainability Committee member Trivedi asked about the process for signing up. Mr. Liang responded that the challenge is that residents are not familiar with StopWaste, and we definitely need help from the local community to get the word out.

Council Member Mendall commented that this was a great program and encouraged the use of the City Cable Access and YouTube channel to advertise the program.

5. Potential New and Enhanced Solid Waste Services

Director Ameri introduced Vera Dahle-Lacaze, Solid Waste Manager, who summarized the different services and several potential new solid waste services and enhancements. Ms. Dahle-Lacaze also summarized economic and fiscal impacts, the public contacts that are scheduled to solicit comments through May 2014, as well as the upcoming report to Council in July 2014.

Council Member Zermeño asked about the possible improvements in organic collection at restaurants. Ms. Dahle-Lacaze described the current contract in regards to organic collection service with businesses including restaurants.

Council Member Halliday asked about the possibility of additional public trash receptacles in other parts of the City. Director Ameri answered there is the possibility of having more cans under our current Franchise Agreement.

The Committee discussed the potential new and enhanced services. Committee Member Oliva asked about the cost of any additional services. Council Member Mendall explained that Staff will come back with costs and benefits for each of these services at a later time.

6. Annual Update Administrative Rule 3.9 – Environmentally Preferred Purchasing Policy

Director Ameri introduced Elisa Wilfong, Water Pollution Source Control Administrator, who presented an overview of the sustainable practices of City departments in compliance with the Environmentally Preferred Purchasing Policy, which was established for the purpose of setting a standard of environmentally preferable procurement, and to demonstrate the City's commitment to environmental, economic, and social stewardship.

The Committee discussed the City's sustainability practices, and suggested the City look more into the vendor's sustainable practices as contracts are obtained. Another comment was the City's practice of buying from Staples which is not located in Hayward, instead of from vendors with local presence.

Council Member Halliday reiterated her concerns regarding flushing of mains as she believed it wastes water.

Council Member Mendall encouraged staff to look into the use of gray water. He also commented on use of his City-issued iPad and that it is time for Planning Commissioners to get iPads.

7. Annual Update on City's Waste Reduction and Recycling Programs

Director Ameri introduced Vera Dahle-Lacaze, Solid Waste Manager who summarized the City's compliance with the mandatory recycling ordinance, the status of the ordinances enacted by the City, the economic and fiscal impacts of those services, and continued assistance to businesses subject to the mandatory recycling ordinance.

The Committee commented that the continued efforts to work with businesses to implement recycling services is key, and suggested the Styrofoam ban be extended to the Farmers Market and food trucks, as well as the plastic bag ban to Home Depot and other large department stores. The Committee suggested that staff work with the regional authorities on this.

8. Update on the Green Hayward Website

Director Ameri introduced Environmental Services Manager, Erik Pearson who provided a synopsis of the report. Mr. Pearson explained that the Green Hayward website is a key component of the outreach strategy, and the intention is to focus more on organizing the topics from the perspective of the user in order to make it easier to find what they are looking for.

CSC Member Trivedi said that he was excited about the Green Hayward website. Council Member Mendall commented that technology does not work as a static thing; it always evolves.

9. Review of Meeting Topics

Director Ameri noted that the next meeting on May 7 from 5:00 to 7:00 pm is a special meeting on Community Choice Aggregation. This will be informational only; no position has been taken on it.

10. Discussion of Meeting Schedule

Director Ameri proposed having the meetings on Thursdays at 4:30. The Committee discussed dates and instructed Staff to look at other City Committee meetings for conflicts. It was agreed that Thursdays tend to work.

Council Member Mendall encouraged brevity in staff presentations and noted that presentations tend to cover much of the same information as is in the respective reports.

COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS:

ADJOURNMENT: 5:53 p.m.

DATE: May 7, 2014

TO: City Council Sustainability Committee

FROM: Director of Public Works – Utilities & Environmental Services

SUBJECT: Community Choice Aggregation

RECOMMENDATION

That the Committee reviews and comments on this report

BACKGROUND

As represented by its supporters, Community Choice Aggregation (CCA) enables a city or county or a group of cities and counties to arrange the purchase and/or generation of electricity on behalf of customers within their jurisdictions. The purpose of a CCA can be to secure electricity at competitive prices and/or secure electricity from cleaner sources to reduce greenhouse gas (GHG) emissions. A CCA also has the potential to create local green jobs. In California, the primary goal for CCAs has been to reduce GHG emissions.

Formation of CCAs was made possible by Assembly Bill 117 in 2002, and the law states that utility customers within the jurisdiction will be included in the CCA unless they choose to opt out. Prior to 2002, there was no legislation requiring the use of renewable energy sources by the investor-owned utilities. The local utility, PG&E, was providing a very small portion of its electricity from renewable sources. The renewable portfolio standard, established in 2002 with SB 1078, set defined goals for renewables for electric service providers. CCAs are completely supported by revenues, not by taxpayer subsidies, which means that customers are responsible for all costs. CCA is currently allowed by law in six states: California, Illinois, Ohio, Massachusetts, New Jersey and Rhode Island.

Hayward’s Climate Action Plan, adopted in 2009, includes Action 5.4, “Increase the renewable portion of utility electricity generation by advocating for increased state-wide renewable portfolio standards; and consider participating in community choice aggregation, or other means.” The draft General Plan includes Policy NR-4.8: “Community Choice Aggregation - The City shall assess and, if appropriate, pursue participation in community choice aggregation, or other similar programs. The City shall seek partnerships with other jurisdictions to minimize start up and administration costs.”

On January 29, 2014, staff presented the Committee an overview of CCA¹. The Committee asked about the possibility of an Alameda County CCA and whether or not other nearby cities have expressed

¹ See Item #5 at <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC012914full.pdf>

interest. The Committee expressed an interest in presentations from CCA advocates and PG&E and directed staff to schedule a special meeting for a more in-depth discussion of CCA.

DISCUSSION

Recent Events – Since the January 29 Committee meeting, there have been several activities that have increased awareness of CCA in the Bay Area.

- In February 2014, a white paper titled *East Bay Community Choice Energy – from concept to implementation*, was released by Carbonomics and the Local Clean Energy Alliance². Carbonomics³ is a consulting firm with expertise in energy and greenhouse gas (GHG) emission accounting. The Local Clean Energy Alliance is a nonprofit advocacy organization based in Oakland whose mission is to promote local energy facilities and green jobs. The paper explains, from a CCA advocacy perspective, how a CCA works, the steps necessary to form a CCA, as well as the potential benefits and costs associated with operation of a CCA in Alameda County.
- On March 14, 2014, Shawn Marshall, Founder & Executive Director of LEAN (Local Energy Aggregation Network) Energy US, an advocacy organization committed to the expansion of CCAs, presented an overview of CCA to the Cities Association of Santa Clara County.
- On March 20, 2014, an overview of CCA was presented to the Alameda County Board of Supervisors' Transportation/Planning Committee. The presentation was provided by Seth Baruch of Carbonomics and Tom Kelly of KyotoUSA. KyotoUSA is a Bay Area-based volunteer organization that encourages reduction of GHG emissions through various activities. According to Mr. Baruch, members of the Committee were interested in learning more and bringing the issue to the full Board of Supervisors. According to StopWaste staff, County staff is expected to present a CCA formation work plan to the Transportation/Planning Committee on May 5, 2014.
- On March 24, 2014, City staff hosted a workshop about CCA for local government elected officials and staff. The workshop was organized and led by Seth Baruch of Carbonomics and the agenda included the following topics:
 - Why Community Choice? What is a CCA and How Does It Work?
 - State and Local Policy Framework
 - Lessons Learned from Marin Clean Energy and Sonoma Clean Power
 - Getting Started-Resources, Finances, Process
 - Options for Moving Forward

² http://ecologycenter.org/wp-content/uploads/2014/02/Concept-Paper_CCE-in-East-Bay.pdf

³ Per their WEB site (<http://www.carbonomicsonline.com/>), part of Carbonomics' business model is to ... "help local governments through the design process of a CCA, including setting renewable energy targets and quantifying both GHG benefits and employment benefits from local renewables development. Carbonomics also helps draft the regulatory documents needed to certify a CCA."

There were five speakers including representatives from Marin Clean Energy and Sonoma Clean Power. Approximately twenty non-speakers attended including representatives from the Hayward Area Park and Recreation District, Supervisor Valle's office, and the cities of Fremont, Union City, Newark, and Piedmont. The workshop wrapped up with a discussion, led by Mr. Baruch, of the possibility of forming a steering committee to explore the idea of forming an East Bay CCA. A similar workshop conducted in Dublin was attended by representatives from Dublin, Pleasanton, and Livermore. The workshops were funded by a grant from the San Francisco Foundation to Green Cities California.

- On April 16, 2014, an overview of CCA was presented to the Alameda County City Managers Association. The presentation was provided by Seth Baruch of Carbonomics and Tom Kelly of KyotoUSA. During the meeting, Mr. Baruch and Mr. Kelly presented a sample resolution titled "Resolution of Participation to Study the Feasibility of Community Choice Aggregation for [name of municipality]" (see Attachment I). Cities are encouraged to adopt the resolution to begin the process of exploring feasibility of a CCA. The resolution would authorize the City Manager to request necessary load data from PG&E. The resolution does not obligate the City to expenditure of funds or participation in a CCA. However, the process of exploring feasibility will take staff resources and likely some funding.

The City is a founding member of the Energy Council (EC). The Energy Council, formed last year pursuant to a joint Exercise of Powers Agreement entered into by most cities in Alameda County and the County itself, has the expressed purpose of providing a means by which member agencies can more effectively develop and advance the use of clean, efficient, and renewable resources. Although the Energy Council's JPA does not give it the power to operate a CCA, nothing in the JPA seems to prohibit the Energy Council from taking steps to explore the formation of a CCA. For the City, the approach of utilizing the Energy Council to explore the formation of a CCA may be more compelling given the aforementioned General Plan Policy (NR-4.8) "The City shall seek partnership with other jurisdictions to minimize start up and administration cost." The mechanism to start such a process would be for CSC to request staff to prepare a similar report to the City Council so that the Council can decide whether, and how, to engage the Energy Council in exploring the advisability and feasibility of forming a CCA.

At a meeting of the Energy Council's Technical Advisory Group (comprised of staff from member agencies) on April 25, 2014, Tom Kelly from the Berkeley Climate Action Coalition suggested that StopWaste could coordinate a request among Alameda County cities to request load data from PG&E. PG&E charges \$920 per request whether it is for one city or multiple jurisdictions. StopWaste is willing to coordinate the request; however, a letter from each City Manager will be necessary to authorize the request. A CCA presentation to the Energy Council Board is tentatively proposed for June 25, 2014.

Recent Actions by Other Jurisdictions

The City of San Francisco has been working to develop a CCA program called CleanPowerSF for approximately ten years. On September 18, 2012⁴, the San Francisco Board of Supervisors adopted

⁴ <http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/bosagendas/agendas/2012/BAG091812.pdf>

an ordinance appropriating \$19,500,000 to support CleanPowerSF. On April 30, 2014, Mayor Ed Lee proposed reallocating the funds to a program that would incentivize property owners to install solar panels.

The City of Albany recently received a \$15,000 grant from the World Wildlife Fund (WWF) to study the feasibility of joining Marin Clean Energy. The cost to have MCE complete a feasibility analysis for Albany is \$18,000. On April 7, 2014, the Albany City Council voted to postpone a decision on moving ahead with MCE so that city staff can research other possible CCA programs in the area. One reason the Council postponed their decision was to further evaluate the possibility of an East Bay CCA. The Albany City Council is expected to discuss the item again on June 2, 2014.

Santa Cruz County also received grant funding from the WWF to fund a feasibility study for a Monterey Bay regional CCA that would include the counties of Santa Cruz, San Benito, and Monterey. According to the timeline on the Monterey Bay Community Power website, a feasibility study will be completed by November 2014. More information about this effort is available at <http://montereybaycca.org/>.

Presentations for the May 7 Meeting – The following speakers will present to the Committee during the special meeting on May 7, 2014:

- Seth Baruch, President of Carbonomics, will provide an overview of CCA, its history, the potential impacts on greenhouse gas emissions, economic impacts, and potential risks. Mr. Baruch will also summarize the white paper titled *East Bay Community Choice Energy – from concept to implementation*.
- Alex DiGiorgio, Community Affairs Coordinator for Marin Clean Energy (MCE), will talk about the process and costs associated with establishing MCE, sources of electricity, and rates. Mr. DiGiorgio will also provide a brief overview of AB 2145 (Bradford), discussed later in this report, was approved by the State Assembly Subcommittee on Utilities and Energy on April 28, 2014.
- Greg Hoaglin, Executive Manager for PG&E, will provide an overview of the utility's efforts to comply with the Renewable Portfolio Standard. Mr. Hoaglin will also provide information about the green option and the Green Tariff Shared Renewables Program (required by SB 43, which was signed into law on September 28, 2013).

Carbon Intensity of Electricity – The Renewable Portfolio Standard requires PG&E to provide at least 33% of its electricity from renewable sources by 2020. The State defines renewable energy sources as biomass, small hydroelectric, geothermal, solar, and wind. Currently, approximately 19% of PG&E's electricity meets the State's definition of renewable. PG&E also provides electricity from the following sources: nuclear (22%), and large hydroelectric (18%), which have little carbon footprint, and natural gas (25%). Due to energy obtained from renewable sources and the large percentages of nuclear and large hydroelectric electricity, the majority of PG&E's electricity is currently carbon-free. Because a CCA will likely not receive electricity from nuclear and large hydroelectric facilities, a CCA needs to have much more renewables than PG&E to maintain the same proportion of carbon-free energy. As PG&E increases its share of state-defined renewables, this could further narrow the gap between PG&E and CCAs related to GHG emissions. It is possible that, in terms of GHG emissions, a CCA could provide only a small savings compared to PG&E's

portfolio. This is an important issue to consider as we evaluate the feasibility of a CCA and the potential impacts on GHG reductions.

AB 2145 – As noted above, AB 117, signed into law in 2002, established CCA as an opt-out program, meaning that when a community establishes a CCA, all customers within the jurisdiction's boundaries are included in the CCA, unless they choose to opt out. Assembly member Steven Bradford, chair of the Assembly Utilities and Commerce Committee, recently introduced a bill that would change CCA from an opt-out program to an opt-in program. Ostensibly, the impetus behind the bill is to make formation of a CCA significantly more challenging for jurisdictions that decide to pursue CCA. The bill would also require that every solicitation of customers by a CCA contain information regarding the electric supply rate for the customer if the customer remains with the electric utility compared to the supply rate if the customer chooses to be served by the CCA. The bill would further require that the annual greenhouse gas emissions rate for electricity actually delivered, or projected to be delivered, to customers be provided to the customers. Clearly, this would make the formation of a CCA much more challenging and potentially less successful.

MCE and LEAN Energy US are encouraging cities to formally oppose AB 2145. Staff drafted, and mayor Sweeney signed, a letter of opposition which is attached as Attachment II. On April 28, 2014, the bill passed out of the Assembly Utilities and Commerce Committee. It will next be considered by the Assembly Appropriations Committee.

Issues/Concerns – While there has been much activity in the last few months, especially by individuals and organizations advocating for an East Bay CCA, staff is in the preliminary stages of the research necessary to make an informed recommendation and has not yet taken a position as to whether or not CCA is right for Hayward at this time. More information and discussion is needed to determine whether or not the potential benefits, relative to the potential risks and costs, of a CCA are sufficient to spend General Fund monies to study the matter further. Staff is currently investigating the following questions and concerns that would need to be addressed prior a decision regarding CCA:

1. *Value Compared to Increased Solar and Other Renewable Alternatives* – Given how much Hayward has invested in solar energy, both as a municipality and within the community, the value of forming and operating a CCA needs to be compared to putting more resources into solar and alternative energy programs such as that implemented at the Waste Water Treatment Plant; and comparisons done on projected gains in GHG reductions of each alternative.
2. *Rate Volatility* – Competitive electricity prices are essential to the success of a CCA. Careful consideration must be given to both near and long term rates for a CCA and must be compared to current and future anticipated rates for PG&E. Sources of electricity, length of contracts, and staff expertise necessary to negotiate contracts are all important considerations. A CCA, if formed, places the participants in the utilities business and subject to the unknowns and fluctuations of market buying.
3. *Financial Liabilities* – A detailed feasibility study would need to identify the potential financial liabilities to the City, customers, participating jurisdictions, and to a JPA if one is formed.

4. *PG&E's Efforts to Increase Renewables* – A potential CCA would need to be evaluated for its electricity supply portfolio compared to PG&E's portfolio – both current and future.
5. *Impact on GHG Emissions* – In addition to the percentage of renewables, the carbon intensity of electricity would need to be evaluated and compared to that of PG&E – both current and future.
6. *Impact to Utility Customers* – In addition to electricity rates, a potential CCA would need to consider its ability to provide high quality service that would be competitive with PG&E. The number of customers who choose to opt out of the CCA and stay with PG&E must be carefully analyzed.
7. *Transmission and Service Priority* – Any CCA is still limited to transmitting electricity over lines/grid provided by PG&E. Jurisdictions participating in a CCA or a JPA that is a CCA need to determine unequivocally that power will still be provided to those municipalities in a priority manner during brown outs, black outs, and disasters.
8. *Customer Billing* – Even in a CCA, a customer is billed through PG&E. Cost and customer service issues would need to be clearly worked out with PG&E.

There are many other concerns, specifically, financial considerations, that cannot be answered at this time. In deciding if Hayward should pursue a feasibility study, staff will develop a comprehensive list of issues and questions that need to be addressed in the study.

ECONOMIC IMPACT

According to the white paper titled *East Bay Community Choice Energy – from concept to implementation*, authored by Carbonomics and the Local Clean Energy Alliance, both CCA advocates, an East Bay CCA could create demand for 1,150 MW of renewable energy facilities by 2025, which could create thousands of local jobs if the facilities are located in and around Hayward. If a feasibility study is completed, more specific impacts to the local economy would be identified. The extent to which jobs could be created in Hayward would depend on the number and size of facilities constructed in Hayward.

FISCAL IMPACT

According to a Preliminary Analysis for a possible East Bay CCA that was presented to the East Bay Municipal Utility District (EBMUD) Board of Directors on December 11, 2012, the estimated start-up costs could range from \$1.6 to \$3.2 million and would also require \$12 to \$22 million in working capital. The report also recognized that, due to the need to maintain rates that are competitive with PG&E, there are significant risks associated with establishing and operating a CCA.

According to the white paper titled *East Bay Community Choice Energy – from concept to implementation*, an East Bay CCA may cost approximately \$1.5 million in start-up costs. The paper also projects an operational surplus of \$8.5 million in the first year and that the annual surplus could grow to \$117 million by the fourth year of operation. Clearly, there is a large, unresolved

discrepancy in what projected costs actually are, depending on the size of the CCA in both energy volume and membership.

As noted in an October 2011 document titled *Report on the Feasibility of Community Choice Aggregation in Sonoma County*, “the primary risks inherent in the CCA operations are that unanticipated events cause the CCA’s costs to increase or PG&E’s rates to decrease.” The report recognizes that if the CCA is not able to offer competitive rates, then customers will opt out of the CCA, leaving the CCA with more electricity than it is able to sell (which can create a financial liability for the jurisdiction’s general fund). The report also states, “If the CCA program were operated by a Joint Powers Authority...the general funds of the cities and counties participating in the CCA program could be immunized from any contractual liabilities resulting from the CCA program. Thus, although the risks above could affect the finances of the CCA program itself (and its rate payers), those risks would not result in liabilities payable from the general funds of participating cities and counties.” If accurate, staff interprets this to mean that the financial burden would have to be borne by the remaining CCA member customers, which can potentially further aggravate the problem.

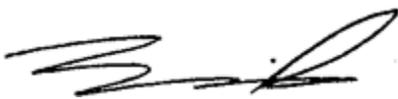
NEXT STEPS

Staff will follow the recommendation of the Committee and either cease investigation of a CCA possibility or prepare a report to gain further direction from the City Council in going forward.

Prepared by: Erik Pearson, AICP, Environmental Services Manager

Recommended by: Alex Ameri, Director of Public Works – Utilities & Environmental Services

Approved by:



Fran David, City Manager

Attachment:

- Attachment I: Sample Resolution
- Attachment II: Letter of Opposition

RESOLUTION OF PARTICIPATION TO STUDY THE FEASIBILITY OF COMMUNITY CHOICE AGGREGATION FOR [NAME OF MUNICIPALITY]

WHEREAS, The City of [Name of Municipality] has demonstrated its commitment to an environmentally sustainable future through its policy goals and actions, including energy reduction, clean energy and sustainability programs, and the adoption of a local Climate Action Plan (if applicable).

WHEREAS, The [City Council of Name of Municipality] has identified Community Choice Aggregation as a promising strategy to meet local clean energy goals and projected greenhouse gas reduction targets; and,

WHEREAS, Community Choice Aggregation is a mechanism by which local governments assume responsibility for providing electrical power for residential and commercial customers in their jurisdiction in partnership with Pacific Gas & Electric Co.; and,

WHEREAS, Community Choice Aggregation, if determined to be technically and financially feasible, could provide substantial environmental and economic benefits to all residents and businesses in [Name of Jurisdiction]; and,

WHEREAS, Community Choice Aggregation also provides the opportunity to fund and implement a wide variety of energy-related programs of interest to the community; and,

WHEREAS, In addition to technical and financial feasibility, it is important to determine whether there is adequate public support for Community Choice Aggregation; and,

WHEREAS, determining technical feasibility and public support requires the analysis of energy load data from PG&E and a focused public education and outreach effort.

NOW THEREFORE BE IT RESOLVED by the City Council of [Name of Municipality] that:

The [Name of Municipality] indicates its commitment to participate in the pre-development and feasibility phase of Community Choice Aggregation for [Name of Municipality] without obligation of the expenditure of General Funds unless authorized by the City Council.

The City Administrative Officer is authorized to execute the appropriate documents to allow the City and/or its technical consultants to request energy usage load data from Pacific Gas & Electric Company so that it may be analyzed as part of a CCA technical feasibility study.

The City may choose to participate on an inter-jurisdictional CCA Steering Committee (if one is formed) and authorizes staff to participate in the preparation of the CCA technical study and explore funding opportunities for early planning and development costs.

Adoption of this resolution in no way binds or otherwise obligates the [Name of Municipality] to participate in Community Choice Aggregation, unless it so chooses by passage of a City ordinance.

PASSED AND ADOPTED by the City Council of [Name of Municipality], State of California, this ___ day of ___, 2014 by the following vote:



CITY OF
HAYWARD
 HEART OF THE BAY

April 29, 2014

The Honorable Steven Bradford
 Chair, Assembly Utilities and Commerce Committee
 State Capitol
 P.O. Box 942849
 Sacramento, CA 94249-0062

Re: AB 2145 (Bradford): Electricity: Community Choice Aggregation - **OPPOSE**

Assembly Member Bradford:

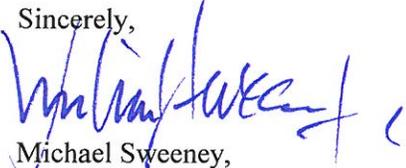
I am writing to express the City of Hayward's opposition to AB 2145, (Electricity: Community Choice Aggregation). AB 2145 is an attack on a local government's statutory right to pursue Community Choice Aggregation (CCA) in a manner that allows it to exist at the local level, respond to community goals, and still compete with large monopoly utilities. AB 2145 is a repeat attempt on CCAs similar to that of AB 976 (2011) or Proposition 16, both of which failed. The issues present in Proposition 16 that supported monopoly protection against local energy choice have already been addressed at the ballot box by California voters.

AB 117, which originally authorized CCA in California, intentionally structured CCAs as an opt-out program in order to level the playing field and provide the best chance for success. Changing the program to a required opt-in provision as AB 2145 does, will severely limit the chances for new, successful CCA implementation.

AB 2145 creates a problem where none exists in order to block CCA expansion in California. The opt-out process for existing CCAs is already well defined. Customers can easily make a choice when a CCA begins offering service in a new community. There is a four-month public noticing process with a state requirement of at least four opt-out notices served upon every customer. In addition, customers can easily opt out during or after the public noticing process. There is no such requirement or opportunity for customers of for-profit utility companies.

The City of Hayward is currently striving to reduce greenhouse gas emissions as part of the state's AB 32 legislation. We believe that AB 2145 unreasonably limits the renewable energy options available to our residents and businesses. The City of Hayward urges you to oppose AB 2145, and support community choice. Thank you for your consideration of our position.

Sincerely,


 Michael Sweeney,
 Mayor

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cc: Honorable Jim Patterson, Member, Assembly Utilities and Commerce Committee
Honorable Susan Bonilla, Member, Assembly Utilities and Commerce Committee
Honorable Joan Buchanan, Member, Assembly Utilities and Commerce Committee
Honorable Rocky Chavez, Member, Assembly Utilities and Commerce Committee
Honorable Brian Dahle, Member, Assembly Utilities and Commerce Committee
Honorable Paul Fong, Member, Assembly Utilities and Commerce Committee
Honorable Beth Gaines, Member, Assembly Utilities and Commerce Committee
Honorable Cristina Garcia, Member, Assembly Utilities and Commerce Committee
Honorable Roger Hernandez, Member, Assembly Utilities and Commerce Committee
Honorable Brian Jones, Member, Assembly Utilities and Commerce Committee
Honorable Kevin Mullin, Member, Assembly Utilities and Commerce Committee
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Honorable Anthony Rendon, Member, Assembly Utilities and Commerce Committee
Honorable Nancy Skinner, Member, Assembly Utilities and Commerce Subcommittee
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