



Legislation Text

File #: 20-1485, **Version:** 1

Chief Administrative Office recommending the Board:

- 1) Adopt and authorize the Chair to sign Resolution **175-2020**, requesting membership in Pioneer Community Energy and approving the amended and restated joint exercise of powers agreement; and
- 2) Authorize the Chief Administrative Officer, or designee, to execute other documents necessary or desirable to facilitate membership in Pioneer Community Energy, subject to review and approval by County Counsel.

FUNDING: N/A

DISCUSSION / BACKGROUND

Community Choice Aggregation (CCA) is an alternative to an investor-owned utility (IOU) energy supply system. A local CCA purchases electricity, and the IOU transmits the electricity for individual customers within a defined jurisdiction. The CCA chooses the power generation source on behalf of the customers. By aggregating purchasing power, a CCA is able to create large contracts with power generators on behalf of the individual customers within their jurisdiction. The goals of CCAs are to lower costs for consumers and/or allow local entities greater control of their energy mix, including offering “greener” generation portfolios than investor-owned utilities. Currently, CCAs are available in California, Massachusetts, Ohio, Illinois, New Jersey, New York, and Rhode Island, with two Joint Powers Authorities existing in the Sacramento region, one of which is Pioneer Energy, operating primarily in Placer County.

On October 30, 2018, the Board received a presentation from the Community & Economic Development Advisory Council (CEDAC) relative to Community Choice Aggregate energy alternatives and directed staff to contact the cities of Placerville and South Lake Tahoe to determine their level of interest in participating in a Joint Powers CCA, explore the feasibility of forming a CCA in El Dorado County, continue advisory discussions with existing CCAs, and explore the possibility of incorporating the CCA into the Strategic Plan (Legistar Item 18-1631).

Subsequently, during the 2019 update of the Strategic Plan, the Board identified Community Choice Aggregation as a priority to improve and maintain the County's competitiveness in attracting and retaining businesses in El Dorado County.

On July 14, 2020, the Board of Supervisors appointed Supervisor Parlin and Supervisor Hidahl to serve on an ad hoc committee for the purposes of exploring joining an existing Joint Powers Authority and pursuing energy acquisition options in collaboration with the City of Placerville (Legistar Item 20-0853).

On September 1, 2020, the Board of Supervisors authorized the Chief Administrative Officer to sign form 79-1030, which was a declaration by the Chief Administrative Officer regarding investigation, pursuit, or implementation of Community Choice Aggregation that was submitted to PG&E, authorized the Chief Administrative Officer to sign form 79-1031, a Community Choice Aggregator

Non-Disclosure Agreement that was also forwarded to PG&E, and provided conceptual approval to prepare an Ordinance to join the Pioneer Energy Joint Powers Authority (Legistar 20-1148).

On September 29, 2020, the Board of Supervisors approved Ordinance No. 5129 conditionally authorizing the implementation of a Community Choice Aggregation Program within the areas currently served by PG&E in the unincorporated west slope of the County through participation in the Community Choice Aggregation Program of the Pioneer Community Energy Joint Powers Authority (Legistar Item 20-1198).

Voting Shares

Currently, the Pioneer JPA consists of seven voting members, two from Placer County and one each from the cities of Auburn, Colfax, Lincoln, Loomis and Rocklin.

If the Board approves this recommendation, and assuming the City of Placerville approves a similar resolution, the Pioneer JPA will increase to nine voting members, one each from El Dorado County and the City of Placerville. It should also be noted that based on energy usage provided to Pioneer by PG&E, the unincorporated areas of El Dorado County create approximately 60% of the energy load utilized by the member agencies of the Pioneer JPA. As a result, it is important to note that the JPA agreement allows any member of the JPA to request a weighted vote at any time as identified in Section D which states the following:

“Calculation of Voting Shares: If a request for weighted vote is made by any Board Member, each Board Member shall have a voting share determined by Annual Energy Use Divided by Total Annual Energy, multiplied by 100. If a Member has more than one Board Member, then the voting shares allocated to the entity shall be equally divided amongst its Board Members.”

Considering the unincorporated areas of El Dorado County currently has the highest annual energy use, El Dorado County's vote will receive the highest share resulting in a fair representation for El Dorado County.

Withdrawal from the JPA

In the event the County ever chooses to withdraw from the JPA, the agreement includes provisions that allow a Voting Member to withdraw by providing no less than 12 months advance written notice. One risk to withdrawing is that a voting member who withdraws may be subject to certain continuing liabilities. Specifically, any agency that chooses to withdraw remains responsible for any claims, demands, damages, or liabilities arising from participating in JPA through the date of its withdrawal, but not responsible for any liabilities arising after the date of withdrawal. Examples of claims, demands, damages or liabilities for which a withdrawing agency may remain liable include, but are limited to, losses from the resale of power contracted for by the Authority to serve the member agency. With respect to such liability, upon notice by any Member that it wishes to withdraw, the Authority shall notify the Member of the minimum waiting period under which the Member would have no costs for withdrawal if the Member agrees to stay in the CCA program for such period. If the Member elects to withdraw before the end of the minimum waiting period, the charge for existing shall be a set dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. Additional information relative to withdrawal is included in Section 14 and Section 15 of the attached agreement (*Attachment A*).

Summary of Impact Assessment and Benefits

At their November 6, 2020, Board meeting, Pioneer Community Energy will be reviewing the impact assessment analyzing the impact and feasibility of expanding to add both El Dorado County and the City of Placerville. The results of that impact assessment determined the proposed expansion to be beneficial to both the ratepayers in the current Pioneer service area, as well as potential ratepayers in unincorporated El Dorado County and the City of Placerville. The benefits of expansion include:

- Financial Strength - Increased margins from the addition of more customers will result in strengthening Pioneer's balance sheet, achieve target levels of reserves, and help mitigate against rate increases.
- Power Supply Benefits - An increased electricity load to serve also leads to larger power procurement needs. The larger power procurement proposals will attract supplies with better credit profiles and could lead to more favorable pricing and access to more diverse power supply sources.
- Legislative & Regulatory Influence - Through representation of a larger service territory, Pioneer would improve its status with state legislators and the CPUC in representing its customers' interests. It also creates access to a greater pool of elected officials for Pioneer to promote its legislative platform and for support in response to adverse regulation.
- Local Jobs and Power Supply Resources - One of Pioneer's goals is to invest in power supply projects that not only diversify the power supply portfolio but create jobs through locally sourced projects. The strengthening of Pioneer's financial position provides opportunities to pursue this endeavor.

ALTERNATIVES

The Board could choose not to approve this resolution, deciding not to join the Pioneer Community Energy JPA.

PRIOR BOARD ACTION

October 30, 2018 (Legistar 18-1631)

July 14, 2020 (Legistar 20-0853)

September 1, 2020 (Legistar 20-1148)

September 29, 2020 (Legistar 20-1198)

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel

FINANCIAL IMPACT

There is not a financial impact or cost to the County to join the Pioneer Community Energy JPA.

CLERK OF THE BOARD FOLLOW-UP ACTIONS

Email an executed copy of the documents to the CAO, County Counsel and Pioneer Community Energy.

STRATEGIC PLAN COMPONENT

Economic Development - Invest in infrastructure needs to improve and maintain competitiveness

through the exploration of Community Choice Aggregation.

CONTACT

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