



WESTERN COMMUNITY ENERGY

YOUR NEIGHBORHOOD POWER AUTHORITY

Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

AGENDA

**Wednesday, October 10, 2018
1:00 p.m.**

**Western Riverside Council of Governments
3390 University Avenue, Suite 450
Citrus Room
Riverside, CA 92501**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Board of Directors meeting, please contact WRCOG at (951) 405-6703. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

The Board of Directors may take any action on any item listed on the agenda, regardless of the Requested Action.

- 1. CALL TO ORDER / ROLL CALL**
- 2. PLEDGE OF ALLEGIANCE**
- 3. PUBLIC COMMENTS**

At this time members of the public can address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Board of Directors in writing and only pertinent points presented orally.

4. MINUTES

- A. Summary Minutes from the September 26, 2018, Board of Directors Meeting are Available for Consideration. P. 1

Requested Action: 1. Approve the Summary Minutes from the September 26, 2018, Board of Directors meeting.

5. REPORTS / DISCUSSION

- A. Amendment of Bylaws Related to the Creation of a Technical Advisory Committee Steve DeBaun, BB&K P. 5

Requested Action: 1. Adopt Resolution Number 2018-10: A Resolution of the Board of Directors of Western Community Energy Amending the WCE Bylaws.

- B. Review of Environmental and Rate Savings Analysis Report Gary Saleba, EES Consulting P. 15

Requested Action: 1. Provide direction regarding moving forward with development and submittal of an Implementation Plan to the California Public Utilities Commission for certification.

- C. Discussion of Potential New Members Barbara Spoonhour P. 17

Requested Action: 1. Provide direction regarding whether to 1) allow jurisdictions outside the subregion to join Western Community Energy, and 2) allow jurisdictions – in and/or outside of the subregion – to join Western Community Energy prior to December 31, 2018, so that such jurisdictions could be serviced in 2020.

- D. Program Schedule Update Barbara Spoonhour P. 25

Requested Action: 1. Receive and file.

- E. Regulatory and Legislative Update Barbara Spoonhour P. 27

Requested Action: 1. Receive and file.

6. REPORT FROM THE EXECUTIVE DIRECTOR Rick Bishop

7. ITEMS FOR FUTURE AGENDAS Members

Members are invited to suggest additional items to be brought forward for discussion at future Board of Directors meetings.

8. GENERAL ANNOUNCEMENTS Members

Members are invited to announce items / activities which may be of general interest to the Board of Directors.

9. NEXT MEETING: The next Board of Directors meeting is scheduled for Wednesday, October 24, 2018, at 1:00 p.m., at the Western Riverside Council of Governments, Citrus Conference Room, 3390 University Avenue, Suite 450, Riverside.

10. ADJOURNMENT

1. CALL TO ORDER / ROLL CALL

The meeting of the Western Community Energy Board of Directors was called to order at 1:07 p.m. by Vice-Chair Laura Roughton at WRCOG's Office, Citrus Conference Room.

Members present:

Jordan Ehrenkranz, City of Canyon Lake
Todd Rigby, City of Eastvale
Bonnie Wright, City of Hemet
Laura Roughton, City of Jurupa Valley
Ted Hoffman, City of Norco
Rita Rogers, City of Perris (2:20 p.m. departure)
Ben Benoit, City of Wildomar (1:08 p.m. arrival)

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Western Riverside Council of Governments (WRCOG) Executive Director
Barbara Spoonhour, WRCOG Director of Community Choice Aggregation Development
Andrew Ruiz, WRCOG Interim Chief Financial Officer
Tyler Masters, WRCOG Program Manager
Janis Leonard, WRCOG Administrative Services Manager
Suzy Nelson, WRCOG Administrative Assistant

Guests present:

Gary Saleba, EES Consulting
Jeff Fuller, The Energy Authority
Ryan Baron, Best Best & Krieger
Diana Mahmud, Clean Power Alliance (CPA), via phone
Jennifer Ward, CPA, via phone

2. PLEDGE OF ALLEGIANCE

Board member Rita Rogers led the Board and guests in the Pledge of Allegiance.

3. SPECIAL PRESENTATION

Diana Mahmud, Councilmember, City of South Pasadena and Chair of Clean Power Alliance (CPA), provided an overview presentation of CPA, including the Agency's goals, objectives and membership.

CPA offers a greener energy (100%, 50%, and 35%) supply than SCE. For CPA, each city determines its default choice in which those residents will automatically be enrolled in. CPA offers more flexible terms with regard to renewable energy. This is particularly important in the context of net metering for residential customers. CPA is still in the process of establishing its net metering program, and is anticipated to offer more flexible terms than that of SCE. These could be programs for community solar, for example. This has also been the case with northern California CCAs and PG&E.

Host IOUs PG&E and SCE continue to collect the fees associated for energy efficiency. One CCA, Marin Clean Energy (MCE) in northern California has obtained authorization from the CPUC to administer its own energy efficiency programs. Lancaster Choice Energy in southern California also recently obtained the same authorization. Councilmember Mahmud shared the variety of customer programs offered through several CCAs, such as low income

solar initiatives, community energy grants, and demand response, to name a few. Sonoma Clean Power also works with selected dealers for electric vehicle (EV) incentives. Lancaster Choice Energy is installing EV charging stations at its city-owned streetlights, and offers EV charging at no cost. CPA allows multiple tenants to receive a share of energy produced on multi-unit homes.

Pros of a CCA are local control, competitive rates, greener energy, and local programs and economic development. Cons include a CCA being partially subject to CPUC jurisdiction, still being dependent upon a host IOU to bill customers and deliver energy, and volatility in wholesale energy markets. Once the cost of energy storage is brought down, volatility should be a thing of the past.

A CCA helps to reduce cities' carbon footprint, bring energy decisions to the local level, and help to promote local economic development.

CPA is planning to roll out service to all of its residential customers in February 2019, and in May 2019 to the balance of its commercial customers. By the end of May 2019 CPA will have approximately 1M customers, providing energy to approximately 15% - 20% of SCE's total load, and be the state's largest CCA, and likely the country's largest CCA.

Chair Benoit thanked Councilmember Mahmud for her presentation and opened the discussion for questions.

Board member Laura Roughton asked if / how SB 100 will affect CPA.

Councilmember Mahmud responded that it will not significantly increase the amount of Direct Access, but does not anticipate any significant impact on operations.

Chair Benoit indicated that SCE's website refers to customers being able to pay extra towards funding installing solar panels; however, it is unclear if customers are even buying green energy from SCE.

Councilmember Mahmud responded that she is unsure how that program works, and is strange that it is limited to solar and that customers have the option between 50% and 100% renewable energy coming from solar. It appears that that cost included the Power Cost Indifference Adjustment (PCIA) that CCA customers are paying.

4. PUBLIC COMMENTS

There were no public comments.

5. MINUTES – (Perris / Norco) 7 yes; 0 no; 0 abstention. Item 4 was approved.

A. *Summary Minutes from the September 19, 2018, Board of Directors Meeting are Available for Consideration.*

Action: I. *Approved, as corrected, the Summary Minutes from the September 19, 2018, Board of Directors meeting.*

6. REPORTS / DISCUSSION

A. Discussion of Inputs for Financial Modeling

Barbara Spoonhour introduced consultants Gary Saleba of EES Consulting and Jeff Fuller of The Energy Authority. EES is the technical consultant running the modeling, and The Energy Authority (TEA) is managing the portfolio and adding into the financial model.

Mr. Saleba reported that EES Consulting has committed to completing an Implementation Plan by the end of 2018. The key to that is obtaining on all the financial proformas, forecast revenues, and current rates. EES needs policy direction from the Board on how to use the remaining cash balance once revenues, rates, power supply costs, and admin costs are accounted for. It needs to be determined how much is allocated to rate discounts, building reserves, new programs, and green power.

Most portfolios have three percentage supply resources options to choose from. Most rate discounts are between 1% to 3% off residents' total bill. There is no science to building reserves; the plan for that is

completely up to this Board.

Chair Benoit indicated that Southern California Edison (SCE) has tier rates and asked how that ties into WCE's rates.

Mr. Saleba responded that most CCAs take SCE's standard rates and applies a discount to those.

Chair Benoit indicated that SCE will be changing over to time of use rates for everyone next year.

Board member Rita Rogers indicated that the foremost objective should be to provide the residents a rate change with bill savings.

Chair Benoit asked, if WCE offered 100% renewable energy supply, would that align with the new Governor's goal to include 100% large renewable energy.

Ms. Spoonhour responded that it is large hydro for the last 40%.

Jeff Fuller responded that by statute the cutoff on hydro being treated as renewable is 30 Mega Watts (MW). So if it is less than 30MW it counts as renewable, and if it is more than 30MW it does not count as renewable, but is still carbon-free.

Another choice that CCAs have been making includes a carbon-free component in their portfolio with the key option of including large hydro. That is one benefit of local control – a CCA can define programs that make sense for their communities.

Chair Benoit indicated that if WCE will have a green energy mix, it should include hydro and nuclear energy.

Ms. Spoonhour clarified that it would be more along the lines of being carbon-free. Within the staff report for this item, it is noted what other CCAs are offering in terms of products and renewables. Most offer two; their default and a 50% type. Some are carbon-free and some are renewable.

Ms. Spoonhour indicated that the rate tiers the consultants have chosen are Community Standard (base rate), Community Choice (a higher standard), and Community Choice Plus (for an even higher renewable type).

Board member Laura Roughton did not like the Community Choice designation because it is too confusing with Community Choice Aggregation.

Ms. Spoonhour responded that staff will go back to the consultants to develop different energy mix designation terms.

Chair Benoit suggesting choosing the 33% renewable rate to keep costs low, recognizing state minimums. Chair Benoit also recommended "green" be included in the designated names. Whatever SB 100 designates should be within WCE's portfolio.

Mr. Saleba indicated that WCE can wait to see what the demand for 100% renewable is, and then adjust accordingly.

- Actions**
1. *Directed staff to develop a financial report assessing a 35% Renewable Portfolio Standard (RPS) default rate and a 100% RPS opt-up option.*
 2. *Directed staff to develop a financial report assessing 2 and 3% rate discount.*
 3. *Directed staff to develop a timeline for reaching 180-day reserve.*

(Wildomar / Jurupa Valley) 7 yes; 0 no; 0 abstention. Item 6.A was approved.

B. Program Schedule Update

Barbara Spoonhour reported that the discussion of new member jurisdictions which wish to join will occur at

the October 10th meeting. Also at the October 10th meeting, this Board will be asked to determine a GO or NO GO for the Program. A draft Implementation Plan will be presented to this Board at its October 24th meeting, and on November 7th a public hearing will be set for December 12, 2018. The California Public Utilities Commission requires an Implementation Agreement to be submitted by December 31, 2018. At the November 14th meeting staff will present a 2019 Market and Outreach campaign Strategy.

Action: I. *Received and filed.*

C. Regulatory and Legislative Update

Barbara Spoonhour reported that the California Public Utilities Commission will now hear the PCIA proceeding on October 11, 2018. The CPUC may have one more opportunity to delay if they chose to. Staff will send a recap to the Board members after the proceeding.

Ryan Barron with BB&K discussed SCE's Advice letter to the CPUC stating they will have under collected over 671 million dollars by the end of the year, 2018. What is unique was that 3 months earlier, SCE had reported an 89 million dollar over collection. SCE is looking to have the under collection collected in the PCIA charge. If approved this could increase the PCIA by .01¢, which is a large impact to the CCA's in the SCE's territories. Staff will update the Board regularly on any changes. We may be asked to join Lancaster's CCA and Clean Power Alliance in fighting it.

Action: I. *Received and filed.*

7. REPORT FROM THE EXECUTIVE DIRECTOR

There was no report from the Executive Director.

8. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

9. GENERAL ANNOUNCEMENTS

There were no general announcements.

10. NEXT MEETING: The next Board of Directors meeting is scheduled for Wednesday, October 10, 2018, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

11. ADJOURNMENT: The meeting of the Board of Directors adjourned at 2:34 p.m.



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

STAFF REPORT

Subject: **Amendment of Bylaws Related to the Creation of a Technical Advisory Committee**

Contact: **Steve DeBaun, Partner, BB&K, steven.debaun@bbklaw.com, (951) 826-8201**

Date: **October 10, 2018**

The purpose of this item is to formally establish the Western Community Energy Technical Advisory Committee as a Standing Committee that will review materials and make recommendations to the full Board of Directors.

REQUESTED ACTION:

- I. Adopt Resolution 2018-10: A Resolution of the Board of Directors of Western Community Energy Amending the WCE Bylaws.

Background: On September 19, 2018, the Board of Directors established a City Manager’s Technical Advisory Committee (TAC) that would meet to review materials and make recommendations to the full Board of Directors on key topics. The City Managers will be able to designate an alternate to attend in their absence.

To make the TAC a formal standing Committee, the WCE Bylaws need to be amended and adopted by the Board of Directors. Article IX of the WCE Bylaws (Attachment 1) have been amended to add language regarding the TAC as a Standing Committee and lists out its creation, duties, meetings, membership, and quorum and voting.

Section I. Technical Advisory Committee.

- A. Creation and Duties. The Technical Advisory Committee (TAC) is hereby created to interface with WCE staff, review staff reports, consider staff recommendations, provide recommendations to the Board and perform such other duties as may be delegated to it.
- B. Meetings. The TAC may meet once a month or as it is deemed necessary in accordance with a schedule designated by the TAC or as convened by the TAC Chairperson.
- C. Membership. The TAC is comprised of the City Manager from each Member Agency. Each City Manager may appoint an alternate who is a department head of the Member Agency.
- D. Quorum and Voting. The TAC shall act only upon a majority of a quorum. A quorum shall consist of a majority of the members of the TAC. Each Member Agency shall have one vote on matters presented to the TAC for approval or recommendation.

PRIOR ACTION:

September 19, 2018: The WCE Board of Directors authorized the creation of a Technical Advisory Committee.

FISCAL IMPACT:

This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:

- I. Resolution 2018-10: A Resolution of the Board of Directors of Western Community Energy Amending the WCE Bylaws.

Item 5.A

Amendment of Bylaws Related to Creation of Technical Advisory Committee

Attachment 1

Amended Bylaws

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RESOLUTION NO. 2018-10

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF WESTERN COMMUNITY ENERGY
AMENDING THE WCE BYLAWS**

WHEREAS, Western Community Energy (“WCE”) was formed on August 23, 2018 pursuant to the Western Community Energy Joint Powers Agreement (“JPA”); and

WHEREAS, WCE is formed to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose, which includes, but is not limited to, the establishment of a Community Choice Aggregation Program in accordance with the terms of the JPA; and

WHEREAS, the Board of Directors seeks to adopt the amended Bylaws attached hereto as Attachment A and approve all actions to date concerning the formation of WCE.

NOW, THEREFORE, THE WESTERN COMMUNITY ENERGY BOARD OF DIRECTORS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. That the Board of Directors has determined that the recitals herein are true and correct.
2. That the Board of Directors hereby adopts the Bylaws attached hereto as Attachment A.
3. That all actions taken to date to establish WCE are hereby ratified and approved by the Board of Directors.

PASSED AND ADOPTED by the Board of Directors on October 10, 2018.

Ben Benoit, Chairperson
Western Community Energy

Rick Bishop, Secretary
Western Community Energy

Approved as to form:

Steven DeBaun
Western Community Energy Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

Attachment A

Updated Through _____.

BYLAWS FOR WESTERN COMMUNITY ENERGY

ARTICLE I FORMATION

These Bylaws are provided for the organization and administration of Western Community Energy (“WCE”) which has been established pursuant to that certain document entitled the *Western Community Energy Joint Powers Agreement* (“**Agreement**”). These Bylaws supplement the Agreement.

ARTICLE II PURPOSES

WCE is formed to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. These programs include, but are not limited to, the establishment of a Community Choice Aggregation Program known as the CCA Energy Program in accordance with the terms of the Agreement.

ARTICLE III BOARD OF DIRECTORS

Section 1. Board of Directors.

As the WCE shall be governed by a Board of Directors composed of one representative of each of the Member Agencies. The Board shall have all the powers and functions as set forth in Section 1.5 of the Agreement. The governing body of each Member Agency shall appoint and designate in writing to WCE one regular Director who shall be authorized to act for and on behalf of the Member on all matters within the power of WCE. The governing body of each Member Agency shall also appoint and designate in writing to WCE one alternate Director who may vote on all matters when the regular Director is absent for a Board meeting. Both the Director and the Alternate Director shall be members of the governing body of the Member Agency.

Section 2. Appointment

Each Director and Alternate Director shall serve at the pleasure of the governing body of the Member Agency that the Director represents and may be removed as Director or Alternate Director by such governing body at any time.

Attachment A

Section 3. Vacancy

If at any time a vacancy occurs on the Board, for whatever reason, a replacement shall be appointed by the governing body of the subject member to fill the position of the previous Director within ninety days of the date that such position becomes vacant.

ARTICLE IV OFFICERS AND TERMS OF OFFICE

Section 1. Officers

There shall be a Chairperson, a Vice-Chairperson, a Secretary and a Treasurer.

- A. Chairperson. The Chairperson of WCE shall be a Director. Duties of the Chairperson are to supervise the preparation of the business agenda, preside over WCE meetings, and sign all ordinances, resolutions, contracts and correspondence adopted or authorized by the Board. The term of office of the Chairperson shall be for one year.
- B. Vice-Chairperson. The Vice-Chairperson shall be a Director. The Vice-Chairperson shall perform the duties of Chairperson in the absence of such officer. The term of office of the Vice-Chairperson shall be for one year.
- C. Secretary. The Secretary will supervise the preparation of the meeting minutes and the maintenance of the records of WCE. The Secretary does not need to be a Director.
- D. Treasurer and Auditor. The Treasurer shall have custody of all the money of WCE and shall have all of the duties and responsibilities specified in Government Code § 6505.5. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The positions of Treasurer and Auditor may be combined into one position known as the Treasurer/Auditor of WCE. Neither the Treasurer nor the Auditor needs to be a Director. The Board may transfer the responsibilities of the Treasurer and Auditor to any person or entity permitted by law.
- E. Election of Officers. Except for Calendar Year 2019, an annual meeting of the Board shall be held in January of each year or as soon thereafter as possible to elect the officers of WCE.
- F. Terms of Office. The elected Chairperson and Vice-Chairperson shall assume office at the close of the meeting of their election, except for the first meeting of WCE at which the Chairperson and Vice-Chairperson shall assume office immediately. The Chairperson and Vice-Chairperson shall hold office for one year, or until his or her successor shall be elected.
- G. No Term Limits. There are no limits on the numbers of terms that an officer of WCE may serve.
- H. Committees. The Board or the Chairperson may delegate specified functions or actions to a committee that may be established by the Board or Chairperson. Each duly

Attachment A

established committee may establish any standing or ad hoc committees determined to be appropriate or necessary. The duties and authority of all committees shall be subject to the approval and direction of the Board.

ARTICLE V MEETINGS

Section 1. Regular Meetings

The Board by resolution shall establish the date, time and meeting location of all regular meetings of the Board. Special meetings may be called upon the request of a majority of the members of the Board or by the Chairperson.

Section 2. Open Meetings

The meetings of the Board and all standing committees established by the Board shall be governed by the provisions of the Ralph M. Brown Act (California Government Code § 54950 *et seq.*).

ARTICLE VI VOTING

Each member of the Board shall have one vote on all matters unless otherwise provided by the Agreement or these Bylaws. Unless the Agreement or these Bylaws require a two-thirds vote, action on all items shall be determined by a majority vote of the quorum present and voting on the item.

ARTICLE VII POLICY REGARDING CONFIDENTIAL INFORMATION DISCLOSED DURING CLOSED SESSIONS

It is vital that members of the Board divulge certain privileged information obtained in closed sessions at WCE to their own governing bodies meeting in closed sessions. Thus, these Bylaws adopt the policy set forth in California Government Code § 54956.96, which authorizes the disclosure of closed session information that has direct financial or liability implications for that Member Agency to the following individuals.

- A. All information received by the governing body of the Member Agency in a closed session related to the information presented to WCE in closed session shall be confidential. However, a member of the governing body of a Member Agency, or his/her duly appointed alternate to WCE, may disclose information obtained in a closed session that has direct financial or liability implications for that Member Agency to the following individuals:
 - 1. Legal counsel of that Member Agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Member Agency.

Attachment A

2. Other members of the governing body of the Member Agency present in a closed session of that Member Agency, as well as other persons that may be invited to attend the closed session by the Member Agency's governing body.
- B. The governing body of the Member Agency, upon the advice of its legal counsel, may conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of WCE pursuant to this policy.

ARTICLE VIII EXECUTIVE DIRECTOR

Section 1. Duties.

In addition to those duties set forth in the Agreement, the duties of the Executive Director are:

- A. To administer all contracts.
- B. To have full charge of the administration of the business affairs of WCE.
- C. To exercise general supervision over all property of WCE.
- D. To accept, on behalf of WCE, easements and other property rights and interests.
- E. To be responsible for the purchase of all supplies and equipment of WCE.

Section 2. Contracts.

The Executive Director is authorized to contract and execute on behalf of WCE, contracts for supplies, equipment and materials, and consultants not to exceed \$50,000.00, provided the contract relates to purposes previously approved and budgeted by the Board.

ARTICLE IX STANDING COMMITTEE(S)

Section 1. Technical Advisory Committee.

- A. **Creation and Duties.** The Technical Advisory Committee (TAC) is hereby created to interface with WCE staff, review staff reports, consider staff recommendations, provide recommendations to the Board and perform such other duties as may be delegated to it.
- B. **Meetings.** The TAC may meet once a month or as it is deemed necessary in accordance with a schedule designated by the TAC or as convened by the TAC Chairperson.
- C. **Membership.** The TAC is comprised of the City Manager from each Member Agency. Each City Manager may appoint an alternate who is a department head of the Member Agency.

Attachment A

- D. **Quorum and Voting.** The TAC shall act only upon a majority of a quorum. A quorum shall consist of a majority of the members of the TAC. Each Member Agency shall have one vote on matters presented to the TAC for approval or recommendation.

ARTICLE X DEBTS, LIABILITIES AND OBLIGATIONS

As provided by Section 6.2 of the Agreement, the debts, liabilities and obligations of WCE shall not be debts, liabilities or obligations of the individual Member Agencies unless the governing board of a Member Agency agrees in writing to assume any of the debts, liabilities, or obligations of WCE. Notwithstanding Government Code section 895.2, if WCE is found to be liable for injury caused by a negligent or wrongful act or omission occurring in the performance of an agreement, no Member Agency is jointly or severally liable for such injury.

ARTICLE XI AMENDMENTS

These Bylaws may be amended by the Board.



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

STAFF REPORT

Subject: Review of Environmental and Rate Savings Analysis Report

Contact: Gary Saleba, President/CEO, EES Consulting, saleba@eesconsulting.com, (425) 889-2700

Date: October 10, 2018

The purpose of this item is to provide a presentation regarding the Environmental and Rate Savings Analysis Report (Report) to the Board of Directors.

Note: The Environmental and Rate Savings Analysis Report will be sent out to the Board of Directors under separate cover.

REQUESTED ACTION:

- I. Provide direction regarding moving forward with development and submittal of an Implementation Plan to the California Public Utilities Commission for certification.

Background: One of the fundamental milestones with deciding on whether or not Western Community Energy should move forward at this time with developing and submitting an Implementation Plan to the California Public Utilities Commission (CPUC) for certification is the preparation of the Environmental and Rate Savings Analysis Report (Report). The main purpose of the Report is to demonstrate to the Board Members the financial viability of having WCE become operational in 2020. The Report is predicated on rate savings and reserve objectives that the Board of Directors set at its September 26, 2018, Board meeting.

The Report will be provided under separate cover prior to the meeting so that the Directors and their City Manager’s will be able to review the information and be prepared to have a discussion related to the development of the Implementation Plan.

The Report will outline two scenarios regarding the methodology for calculating the Power Charge Indifference Adjustment (PCIA), or Exit Fees, each based on proposed PCIA’s that are before the CPUC at this time. The CPUC is to decide on October 11, 2018, on any changes to how the PCIA is calculated. Currently, there is a Proposed Decision and the Alternate Proposed Decision in front of the CPUC.

As a reminder, the submittal of the Implementation Plan is needed to the CPUC prior to January 1, 2019, to provide the opportunity for WCE to begin to service load in 2020.

PRIOR ACTION:

None.

FISCAL IMPACT:

If the Board of Directors directs staff to move forward with development of the Implementation Plan, costs will be incurred in developing the Plan. These costs have been addressed in the Budget, which the Board of Directors will be considering for adoption at the October 24, 2018, meeting.

ATTACHMENT:

None.



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

STAFF REPORT

Subject: Discussion of Potential New Members

Contact: Barbara Spoonhour, Deputy Executive Director - Operations,
bspoonhour@wrcog.us, (951) 405-6760

Date: October 10, 2018

The purpose of this item is to discuss whether or not the Board of Directors would like to allow new members to join Western Community Energy to participate in a 2020 launch and whether or not the Board would like to keep Western Community Energy limited to jurisdictions in the subregion or allow jurisdictions outside the subregion to join.

REQUESTED ACTION:

- I. Provide direction regarding whether to 1) allow jurisdictions outside the subregion to join Western Community Energy, and 2) allow jurisdictions – in and/or outside of the subregion – to join Western Community Energy prior to December 31, 2018, so that such jurisdictions could be serviced in 2020.

Background: In order to get Western Community Energy (WCE) off the ground so that it could begin developing Agency policies, objectives, and an Environmental and Rate Savings Analysis Report for review by the Board and the public prior to a potential December 2018 submission of an Implementation Plan to the California Public Utilities Commission (CPUC), the Western Riverside Council of Governments (WRCOG) set a cutoff of August 15, 2018, for jurisdictions to adopt the Joint Powers Agreement (JPA). Seven cities, including Canyon Lake, Eastvale, Hemet, Jurupa Valley, Norco, Perris, and Wildomar joined WCE by adopting the JPA, and have been working together since August 2018. Prior to the August 15 date, there were a number of other cities in the subregion, as well as in San Bernardino County, that had expressed interest in possibly joining WCE, but for one reason or another decided to wait.

With the release of the Environmental and Rate Savings Report, staff is requesting that the Board discuss whether or not it would like to accept new member jurisdictions prior to the end of 2018, so that they could participate the 2020 launch, or wait and have potential new members wait until 2021. Any jurisdiction that is not included in an Implementation Plan submitted at that time, whether as part of WCE, individually, or as part of another CCA, would not be able to launch until 2021.

Staff is also requesting that the Board discuss and provide direction on the issue of allowing jurisdictions outside of the Western Riverside County subregion to be part of WCE. It should be noted that the WRCOG CCA Ad Hoc Committee, which provided recommendations to the WRCOG Executive Committee, was in favor of allowing jurisdictions outside the subregion to join the JPA; however, this is a decision for the WCE Board of Directors as to how it would like to address the issue.

The following outlines the pros and cons for adding new members.

Pros:

- More members = stronger voice in Sacramento and San Francisco on issues regarding CCA development and implementation.

- Potential of additional savings to the residents and businesses.
 - Spreads administrative costs amongst a larger number of accounts.
 - Potential for receiving better energy contracts.
- Provides good will to those jurisdictions that were unable to act prior to the August 15, 2018, deadline.

Cons:

- Dilutes voting strength of existing members.

Process for adding new members for a 2020 launch: As it stands now, the current WCE members have joined the JPA and are waiting to see the Environmental and Rate Savings Analysis Report to determine whether or not it is prudent to move forward at this time with adoption of the CCA Ordinance. The CCA Ordinance (Attachment 1) is a necessary part of the Implementation Plan and will need to be adopted by all members by the end of December 2018.

If the Board desires to allow new jurisdictions to become part of Western Community Energy prior to the submittal of an Implementation Plan to the CPUC so that its community can be serviced in 2020, that jurisdiction must adopt the WCE JPA and CCA Ordinance at the same time prior to the end of December 2018.

If a potential new member is unable to complete this process, then its community would be held back from launching until 2021.

PRIOR ACTION:

None.

FISCAL IMPACT:

This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:

- I. Model CCA Ordinance.

Item 5.C

Discussion of Potential New Members

Attachment 1

Model CCA Ordinance

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MODEL COMMUNITY CHOICE AGGREGATION ORDINANCE

AN ORDINANCE OF THE CITY OF [INSERT NAME] AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

The City Council of the City of [INSERT NAME] does ordain as follows:

SECTION 1. FINDINGS.

1. The City of [INSERT NAME] has been actively investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provisions of electric services and promoting competitive retail choice.
2. Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2 *et seq.*; hereinafter referred to as the “Act”) authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (“CCA”).
3. The Act expressly authorizes participation in a CCA program through a joint powers agency, and to this end, the Western Riverside Council of Governments has been evaluating a CCA program for certain portions of the County and the cities and towns within it.
4. Through Docket No. R.03-10-003, the California Public Utilities Commission (“Commission”) has issued various decisions and rulings addressing the implementation of CCA programs, including establishing a procedure by which the Commission will review implementation plans, which are required to be submitted under the Act as the means of describing the CCA program and ensuring compliance with the Act.
5. The City along with representatives of the Western Riverside Council of Governments have elected to form a joint powers agency known as Western Community Energy (“Authority”) that would specify the terms and conditions by which participants may participate as a group in energy programs, including, but not limited to, the implementation of a CCA program with the following benefits:
 - a. Providing customers a choice of power providers;
 - b. Increasing local control over energy rates and other energy-related matters;
 - c. Providing electric rates that are competitive with those provided by the incumbent utility;
 - d. Improving the local economy by increasing local and regional renewable generation capacity and energy conservation and efficiency projects and programs;
 - e. Increasing regional energy self-sufficiency; and

- f. Reducing greenhouse gas emissions arising from electricity use in the City.
6. The Joint Powers Agreement creating the Authority will govern and operate the CCA program on behalf of its member jurisdictions. The City may participate in the Authority by adoption of a resolution approving the execution of the Joint Powers Agreement and adoption of a CCA ordinance required by Public Utilities Code section 366.2(c)(12). The City's participation in the Authority will include membership on the Board of Directors of the Authority as provided in the Joint Powers Agreement.
 7. The Authority will enter into agreements with electric power suppliers and other services providers and, based on these agreements, the Authority plans to provide power to residents and businesses at rates that are competitive with those of the incumbent utility. Once the Commission approves the implementation plan prepared by the Authority, the Authority may provide service to customers within the City and those cities that choose to participate in the Authority.
 8. 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 desire to continue to receive service from the incumbent utility will be able to do so at any time.
 9. On [INSERT DATE], the City Council held a public hearing at which time interested persons had an opportunity to testify either in support or in opposition to implementation of the CCA program within the City.
 10. This ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment because it is merely the formation of an organization. 14 Cal. Code Regs. § 15378(a). The ordinance is also exempt from CEQA because it is an organizational or administrative activity of governments that will not result in direct or indirect physical change in the environment. 14 Cal. Code Regs. § 15378(b)(5). The ordinance is also exempt from CEQA because it is merely a change in organization of local agencies. 14 Cal. Code Regs. § 15320. Further, the ordinance is exempt from CEQA because there is no possibility that the ordinance or its implementation, which would only result in the formation of a governmental organization, would have a significant negative effect on the environment. 14 Cal. Code Regs. § 15061(b)(3). The [INSERT TITLE OF CITY OFFICIAL] shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

SECTION 2. AUTHORIZATION TO IMPLEMENT A COMMUNITY CHOICE AGGREGATION PROGRAM. Based upon the foregoing, and in order to provide businesses and residents within the City with a choice of power providers, the City hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating in the CCA program of the Authority, as described in the Joint Powers Agreement.

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this ordinance is held for any reason to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

SECTION 4. EFFECTIVE DATE. This ordinance shall take effect 30 days after its passage.

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Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

STAFF REPORT

Subject: Program Schedule Update
Contact: Barbara Spoonhour, Deputy Executive Director - Operations,
bspoonhour@wrcog.us, (951) 405-6760
Date: October 10, 2018

The purpose of this item is to provide an update on the Program Schedule and major milestones for WCE during the next several weeks.

REQUESTED ACTION:

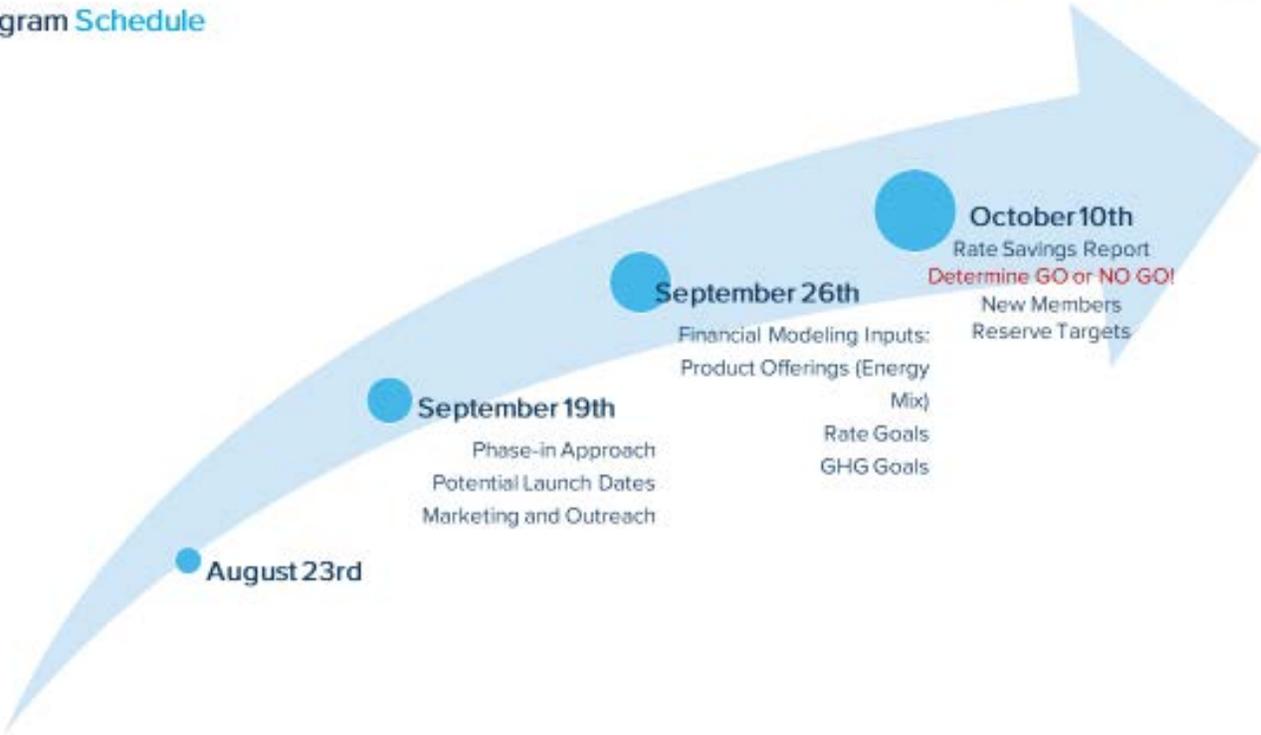
- I. Receive and file.

Background: On September 26, 2018, staff provided a presentation regarding the Program Schedule. The following schedule highlights the topics to be addressed during the next few meetings and what needs to occur if the Board of Directors authorizes submittal of the Implementation Plan, which would occur at the October 10, 2018, meeting.

COMMUNITY CHOICE ACQUISITION PROGRAM



Program Schedule



"Go" Program Schedule



PRIOR ACTION:

September 26, 2018: The Board of Directors received and filed.

FISCAL IMPACT:

This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:

None.



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

STAFF REPORT

Subject: Regulatory and Legislative Update

Contact: Barbara Spoonhour, Deputy Executive Director - Operations,
bspoonhour@wrcog.us, (951) 405-6760

Date: October 10, 2018

The purpose of this item is to provide an update on recent regulatory and legislative activities that have occurred that may affect WCE and other CCAs.

REQUESTED ACTION:

- I. Receive and file.

This is a placeholder in the event staff needs to provide or needs an action from members regarding any recent regulatory and/or legislative activities that have occurred since the last Board of Directors meeting.

PRIOR ACTION:

None.

FISCAL IMPACT:

This item is for informational purposes only; therefore, there is no fiscal impact.

ATTACHMENT:

None.