



Berkeley Energy Commission

## **Summary of Public Workshop on Community Choice Aggregation April 26, 2006**

The Berkeley Energy Commission hosted a public workshop on Community Choice Aggregation (CCA).

Power Point Presentation by Neal De Snoo, Energy Officer, City of Berkeley

- Viewable at [www.CityofBerkeley.info/Sustainable](http://www.CityofBerkeley.info/Sustainable) under Community Choice Aggregation, located top right on main page.

Tom Kelly (Kyoto USA):

- Climate Change is a serious issue that must be addressed right now – the situation is desperate
- We need to invest in renewable energy to turn this around and we need to do it now.

Mary Clegg (Citizen – Berkeley)

- Monopoly structure, does not excite her.
- Doesn't like back-out fees (exit fees).
- Concerned about poor customers in Oakland, will CARE rates be subsidized?
- The City of Oakland is not fiscally sound/well-run, does not think entering into an agreement with them is good.
- Doesn't like corporate structures.
- Wants a consumer bill of rights.
- Ohio offers a 2-year contract for customers.
- Thinks City will take the profits for the general fund.
- Nothing to protect the ratepayers.
- Doesn't like the Joint Powers Authority (JPA) structure, will be paid managerial fees

Neal De Snoo (staff):

- Stakeholder group and policy advisory group will advise the development of the Navigant Business Plan
- There will be opportunities to modify the business plan – we are the client.
- We want a rigorous legal review of City's liability.
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Gene Coyle (Cape Cod Aggregation)

- Works in electric power field, worked on Cape Cod aggregation.
- “Delighted” that we're looking into a CCA.
- Yolo County is now considering an annex by SMUD (municipal utility).
- Notes that PG&E doesn't want to loose customers
- Echoes Tom Kelly's desperate need for renewables, and reports that Governor Schwarzenegger is trying to conceal plans to import coal power from Wyoming.

- Can the slideshow be emailed? (Posted at [www.cityofberkeley.info/sustainable](http://www.cityofberkeley.info/sustainable)) [Available now]
- R. W. Beck conducted study for EBMUD to take over for PG&E
- CCA in Ohio was contracted with Green Mountain, who walked away → contracting power is a considerable issue, need to contract to protect against suppliers.

Bernard Marszaleck (Inkworks /Press)

- Stakeholder group is vital, needs to have expertise.
- Can excess power generated from residential PV be sold back?

De Snoo:

- Not by PG&E currently, wouldn't change automatically under CCA
- Net metering tariff is a problem

Question:

- Not a single point of generation, how is that any different than a public-private agreement? Why couldn't we look into a public-private partnership for residents to produce power for the CCA?

De Snoo:

- Are anticipating that that can and should happen. In the Phase II study.

Question:

- How do we know what's in the study?

De Snoo: It will be completed in the fall with interim reports available for public workshops.

Victor Herbert (East Bay Community Mediation):

- We don't want this to be wildly successful because everyone will leave PG&E.
- Might be 2% more expensive than PG&E? Insignificant amt of money, but don't want to entail a multi-million dollar risk.

Zelda Bronstein:

- Agree w/Tom Kelly about climate change and renewable energy.
- Process & accountability – who will choose the stakeholder group? How much control will they have over the process? Workshops are good, but there are too many issues to address in this forum, and need public debate. This format doesn't lend itself to that, needs to be something better.
- Concerned about the JPA. Wrote in the Berkeley Daily Planet about it. JPA is not accountable to its citizens the way our publicly elected officials are. What oversight and monitoring and accountability will the public have.
- Navigant is an ambiguous entity – they are consultant and an energy provider?
  - Neal: They could not be our provider because they would have a conflict of interest.
- Process and democratic process - Berkeley is too small to do its own CCA, need to get together w/Oakland. They are a lot bigger than we are, how do they run their city government? Need to vet (not just vent)

Question:

- Will wind come from Altamont?
  - De Snoo: probably not, that is poorly located, perhaps along Oregon border, SMUD is interested in a wind farm in Solano County. We could also re-power facilities such as Tehachape.

- Wind power might require new transmission. With this extra costs, wouldn't CPUC subsidized solar be cheaper?
  - De Snoo: Wind would still be cheaper than solar.

Question:

- Is the idea that only some of this is renewable, the rest is conventional? Why do this when I can just pressure PG&E to clean up supply? More renewable energy is the only reason I would take on this risk.
  - **De Snoo:** Sun and wind is not reliable enough, need to supplement with fossil fuel. 100% renewable would also be very expensive.

Question:

- Can we partner with areas with more sun? PG&E should do this. Have people maintain PV on their roofs, power goes to grid.
  - De Snoo: Probably possible, but CCA start up needs to be conservative to demonstrate that it can actually work.

Commissioner Gerry Abrams:

- CCA opens up the options to decide how to handle energy, based on price, or renewables, but that will be a public decision. The goal of CCA is to allow us to get there. Renewables cost more than the dirty energy sources.
- The longer we wait, the more the renewable sources will be bought up by the IOUs
- PG&E does care, because they have to sell to cover their average cost, and don't want their costs to go up and will not rush rapidly into renewables. PG&E stock depends on the rate of growth, don't want industry to leave CA.
- PG&E also owns own generation and wants to make money off of their generating capacity.

Tim Perry:

- Agree w/Zelda re: JPA point, which may be obscured to many of the people here. Have worked in government for many years. People form JPAs to escape responsibility. Don't need local approval for bonds, why they were created in the first place. We won't have any say in bonds except for by referendum. No direct control over bonds.
- CCAs are an opt-out system by the state. That means, those who don't hear about its formation, will be in it unless they opt-out. This is problematic if people don't opt-out w/in 60 days.
- Profit motive and large industrial clients – maybe PG&E should be the enemy. We also want large customers because it is good for the state. These are HPs, not PG&Es.
- Tax-exempt plan money is providing financing for energy, but operator will probably be a for-profit company.
  - De Snoo: A private company will be the operator.

Question:

- So we're giving a private power generator a tax-free operation.
  - De Snoo: No, we will be the owner and the beneficiary.

Question:

- Why can't we have 100% renewable if there will be other sources on the grid?
  - De Snoo: There are limits technically, would only work for a limited group. Traditional sources are still needed to fill times when renewable power is not available. We will need to maintain reasonable rate parity with PG&E

Wozniak:

- If the purpose of CCA is to generate capital for renewables, then electrons go onto the grid, couldn't the city just do this through bonds, but not take on the CCA risk?
  - De Snoo: We would like that to be the case, but can't use tax-exempt financing unless it's for a public benefit. We can use taxable bonds to promote self-generation but not tax exempt bonds.
  - The net metering tariff also limits capacity. People are lobbying for revisions of the net metering tariff, but utilities are resistant.

Cynthia Wooten:

- Have been involved w/CCA since it was introduced into law. JPAs offer regional problem solving add risk sharing benefits. Not just to avoid responsibility. A year ago, Mayor Bates thought about the potential of moving with Oakland and Emeryville in a collaborative work group/committee to discuss the cost-benefits and what it will look like. Oakland and Emeryville have already committed. Have it staffed neutrally, with an advisory vote.
- 100% renewables probably isn't possible.
- Commissioner Jane Bergen: Apparently, Emeryville and Oakland haven't been moving forward with this.

Tom Kelly

- Can we learn from Palo Alto and Alameda?
  - Commissioner Jane Bergen: those are municipal utilities, run entirely by elected board of directors, not regulated by the state in any way.
- Why can't we form our own municipal utility?
  - Those were formed when costs were different and federal funding was available.
  - Those are based on hydro power, which does not have much more potential. SMUD is not on renewables.

Question:

- Why can't we think globally about our power generation?
- Years ago the UC and City might have had access from the low-cost Central Valley Project
  - Commissioner Bergen: UC is on Direct Access.
- Commissioner Brooke Owyang: UC-Berkeley is back with PG&E as of last month, but contract is still negotiated system-wide. UC Berkeley cannot participate in CCA.

Question:

- PG&E – going to be 30% green, but someone said that their hydro is not green?
  - De Snoo: Large hydro is not considered green by the State because of habitat destruction. If you look at CO2, PG&E is not bad due to big hydro and Diable Canyon but these have other environmental impacts.
  - De Snoo: If we create a CCA, PG&E will drop its high cost contracts, i.e., fossil fuel powered.
- How will this be viable in terms of rate? What about consumers need?

Question:

- Has this commission received any of the material presented at last month's council meeting? March 7<sup>th</sup> handout. If a resident can opt out of program, can they also opt-

out of the risks and taxes? Lawyers and Navigant will make money in long term, Berkeley will pay money in short-term. Waste of our municipal money. Council should ask Navigant to demonstrate assets. Business plan is based on assumptions, need more clarity.

Marilee

- Read that there are other cities that are making investments in solar. Are there places that might be good for solar? There is a lot of money in the city, can't the city help put solar on rooftops?

Bronstein

- Accountability – how are the questions raised here going to be addressed? Very complicated questions, Mayor Bates appointing a Task Force is not enough, there are many of them and they're stacked. My own thought is to have a series of panel discussions where the questions that are raised are organized, JPA, energy sources, etc. Real opportunity to debate among panelists. Range of positions and opinions represented. Don't want to repeat this workshop again. This has been pushed from staff and professionals from the top-down, and resident concerns are not at the forefront.

Commissioner Bergen

- Would like to get some feedback from the group about how we might approach reporting this back in various topical areas. Having a panel discussion is fine, but that doesn't tell us how we're going to get that info into the final plan. The Commission needs to address this among ourselves and a process. The problem is that this is kind of late, but we haven't paid all of the bills yet. Would like to see the Commission provide a more certain conduit to the planning stage. The other cities are looking to us. We can provide a model.

Clegg:

- Citizens in Oakland know nothing about this.

Bill Roberts

- Where is the city going to get the power to get from here to there with out higher rates? 31% of PG&E power is about 2 cents/kwh; the market is at 7cents/kWh. Who will be the supplier to get us there?
  - De Snoo: short answer – in the short-term, PGE has high-cost DWR contracts. When we go into the initial term, the CCA will have indirect access to low-cost PG&E power through the CPUC approved customer indifference model .

Question:

- Could the City start using solar panels to start powering public buildings?
  - De Snoo: we have on some buildings, 21.6 kW solar at the Corporation Yard and are building a small 1.6 kw wind turbine at the Nature Center. Problem with solar is a payback of 24 years with the subsidy. On the other hand, ourefficiency projects have 4 year payback. CCA has better return on investment than solar, i.e., we can accomplish more with less expense.

Question:

- How long do we expect the City to be in business, longer than 24 yrs? Why not make long-term investments.

Aaron Rethan (Oakland resident)

- What does CCA allow the JPA in terms of efficiency if PG&E is gone?

- De Snoo: AB 117 has an ambiguity in the law. We could include efficiency as part of our resource plan.
- Doesn't the JPA allow for design? Can't more accountability be designed into the agreement?
  - De Snoo: Yes.

Bronstein:

- Had a Citizen's Advisory Group w/UC-Berkeley on Downtown Hotel, Chaired by Rob. Came forth with presentations on the subject. Have faith in the capacity to ordinary Berkeleyans. That is one possibility – to form a subcommittee of citizens group that will explore the ins and outs of CCA. The commission could convene this.
  - If the 3 cities are able to sit down together, to get to the bottom of these questions
  - I don't think the subcommittee is a good idea, that's what the commission is here to do.
  - Commissioner Bergen: We don't know everything though. And we can't make it take hold
  - I like the idea of the workshops, but how do we get the output of the workshops into Navigant's plan if it takes 3 months to have the workshops. The Commission needs to figure that out.
  - There has to be some public process to get the public to support it, it will fail if everyone opts-out.
    - What is the break-even point, in terms of opt out rates?
      - De Snoo: depends on who leaves – businesses are more critical than residents.
      - Wooten: In some places, opt-out rate is 3-5%
      - Clegg: For 2006 figures, 2 brothers live in Ohio, their rates have gone up for past 2 years. More than 5% have opted out. Cape Cod is having problems, it's not all of Massachusetts, only small areas have w/CCA.

Fran Packard:

- Before the Council moves forward, will there be an advisory vote?
  - De Snoo: That will be the council's decision. There is a timing problem, can't afford \$450,000 for a special election. What we have now is too vague too support, but if we wait until 2008 ballot, we will accrue liabilities for PG&E's renewable energy contracts. The economics fall apart as time passes – 2008 ballot is too far away.
    - Commissioner Bergen: Would only be an advisory ballot measure

Clegg:

- How can the city share revenue and not be financially responsible for the CCA?
  - De Snoo:: My reference to revenue sharing is not sharing profits among cities but sharing benefits among ratepayers among participating cities.