

CITY OF LA MESA
CCA FEASIBILITY STUDY DRAFT REPORT
LA MESA ENVIRONMENTAL SUSTAINABILITY COMMISSION

JULY 15, 2019

Presented by:

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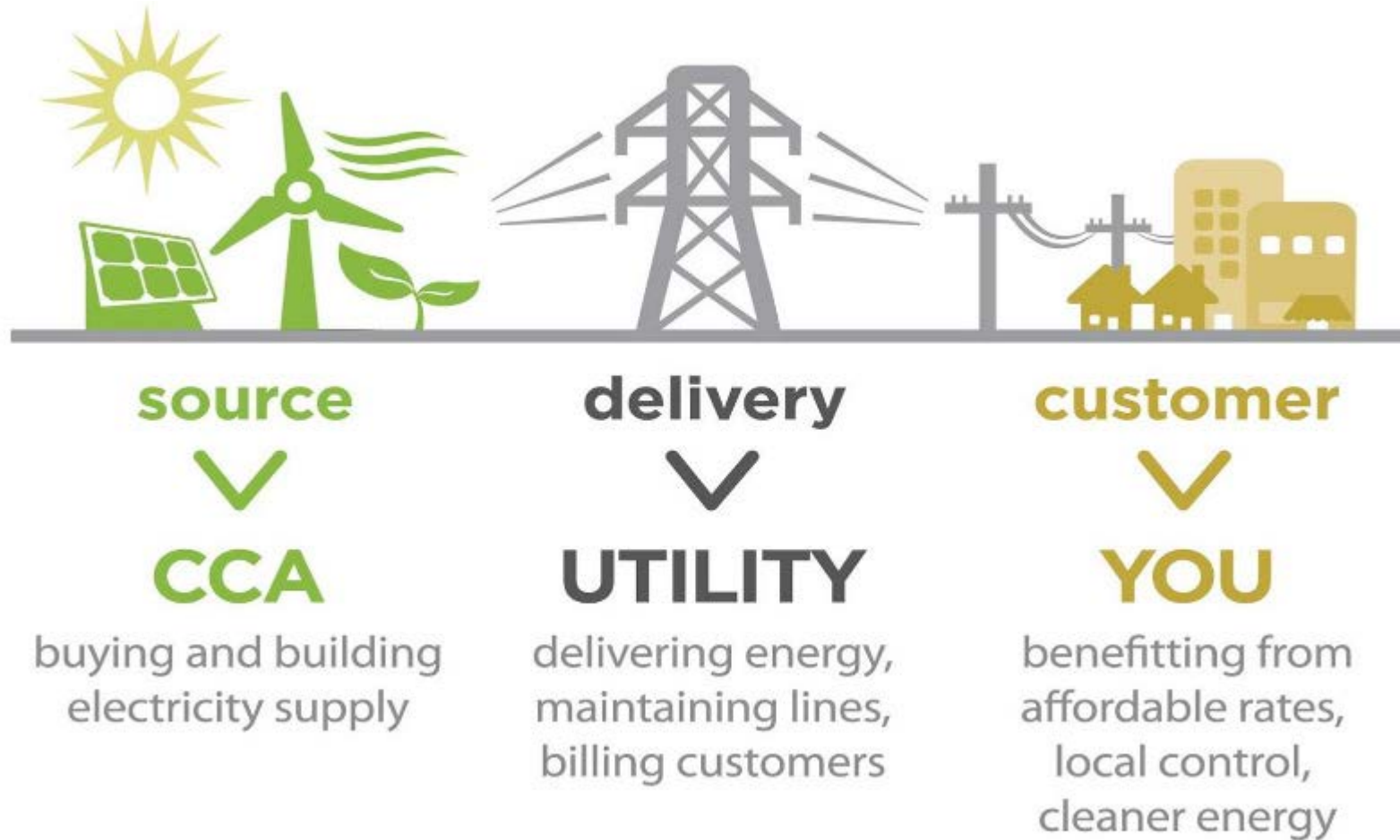
CCA FEASIBILITY STUDY TIMELINE

- ✓ Council Requests CCA Feasibility Study – March 2018
- ✓ Council Approves Cost Share Agreement with Chula Vista – January 2019
- ✓ SDG&E Data Provided – April 2019
- ✓ Draft Report – July 1st
 - **Sustainability Commission – July 15th**
 - **Draft Study to City Council – July 23rd**

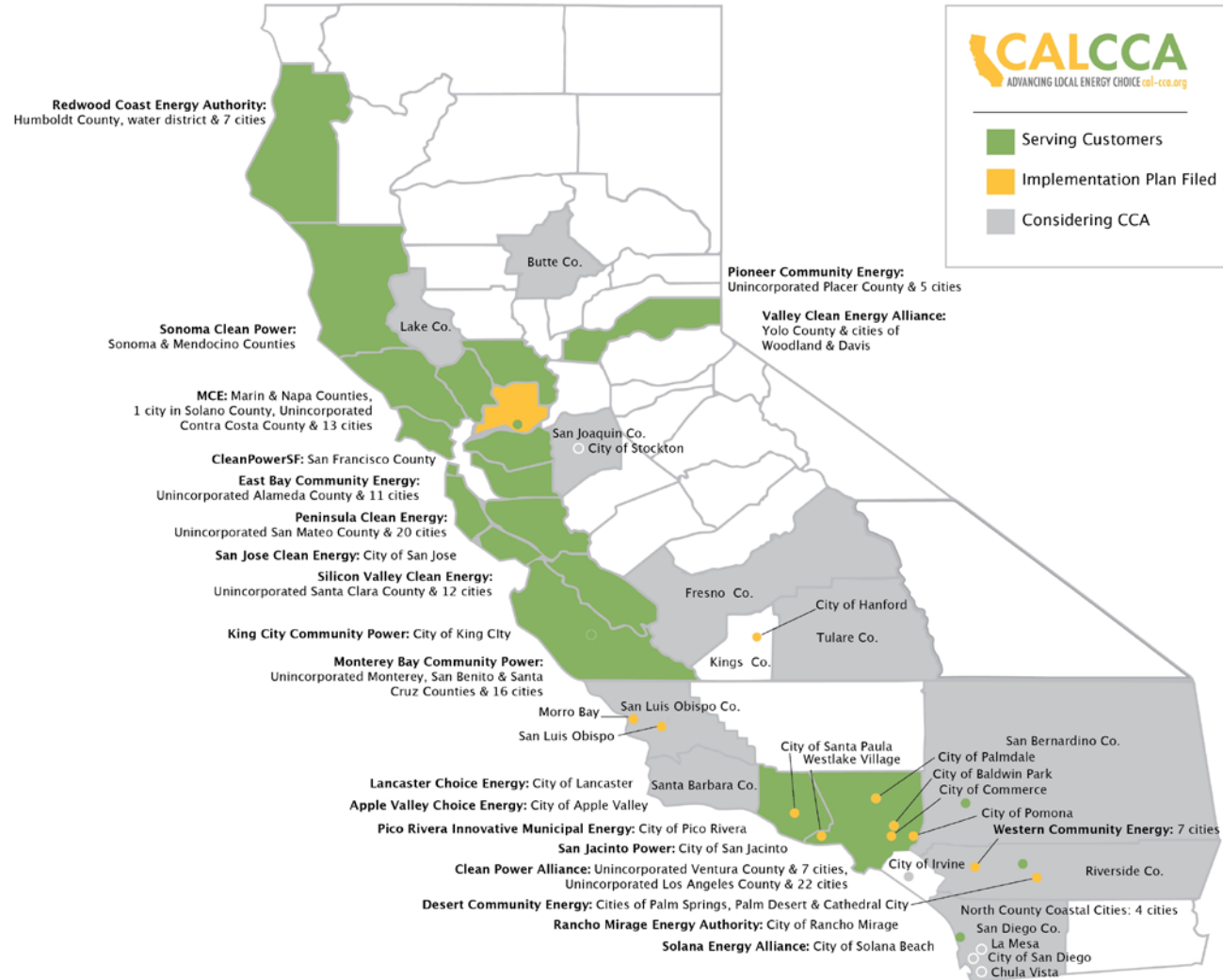
AGENDA

- **CCA Load Study and Size Comparison**
- **Rate Comparison – CCA vs SDG&E**
- **Risks**
- **Governance Options**
- **Next Steps**

WHAT IS COMMUNITY CHOICE AGGREGATION?



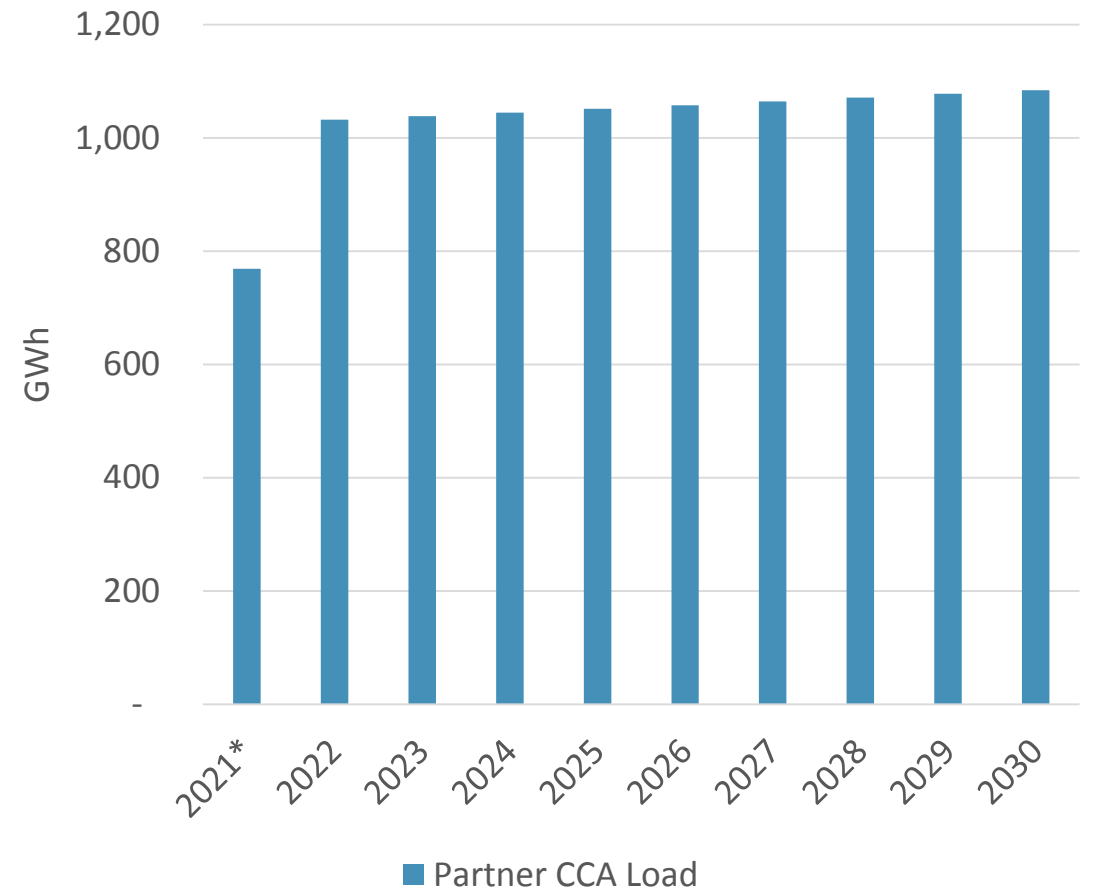
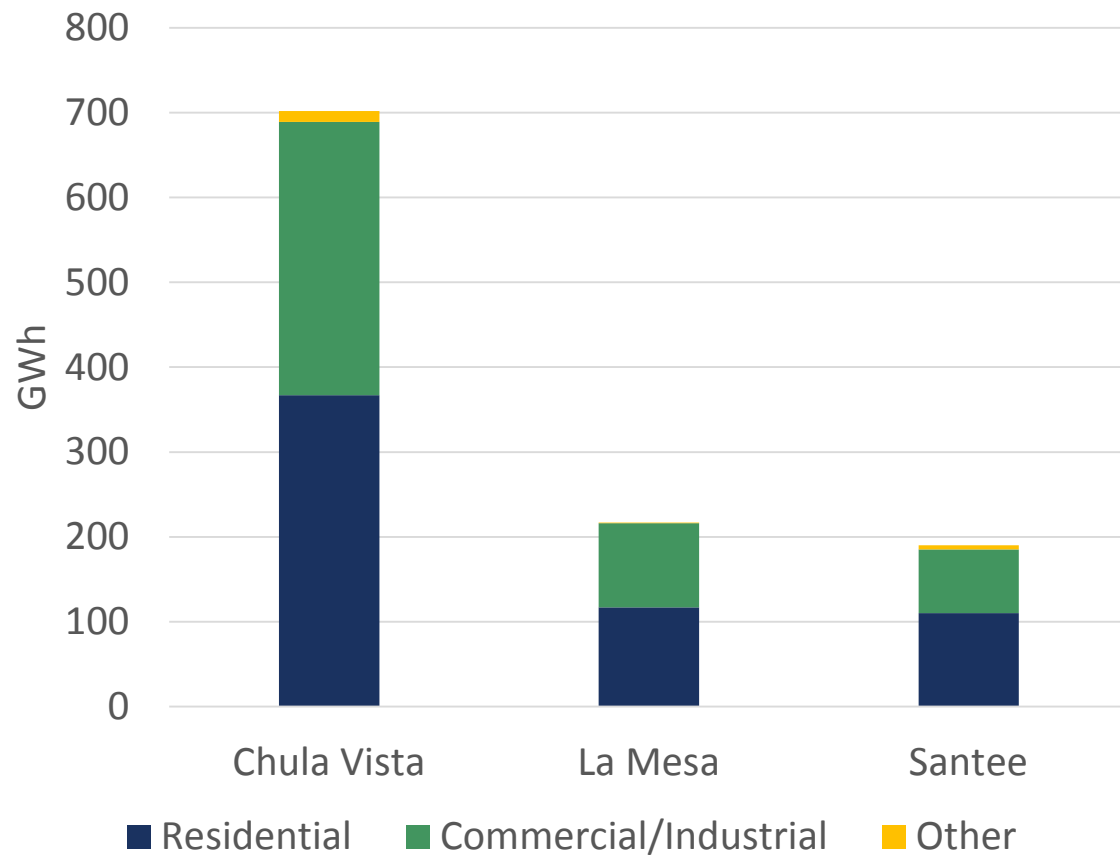
CALIFORNIA CCA ACTIVITY



STUDY GOALS

- Assess whether CCA program can offer electricity rates comparable to or lower than those of SDG&E
- Assess whether CCA program can achieve Climate Action Plan Goals
 - Reduce greenhouse gas emissions by 53% by 2035
 - 100% renewable electricity by 2035
- Provide options for CCA structure and management
- Evaluate risks and benefits

LOAD STUDY & FORECAST FOR 3 PARTNER CITIES



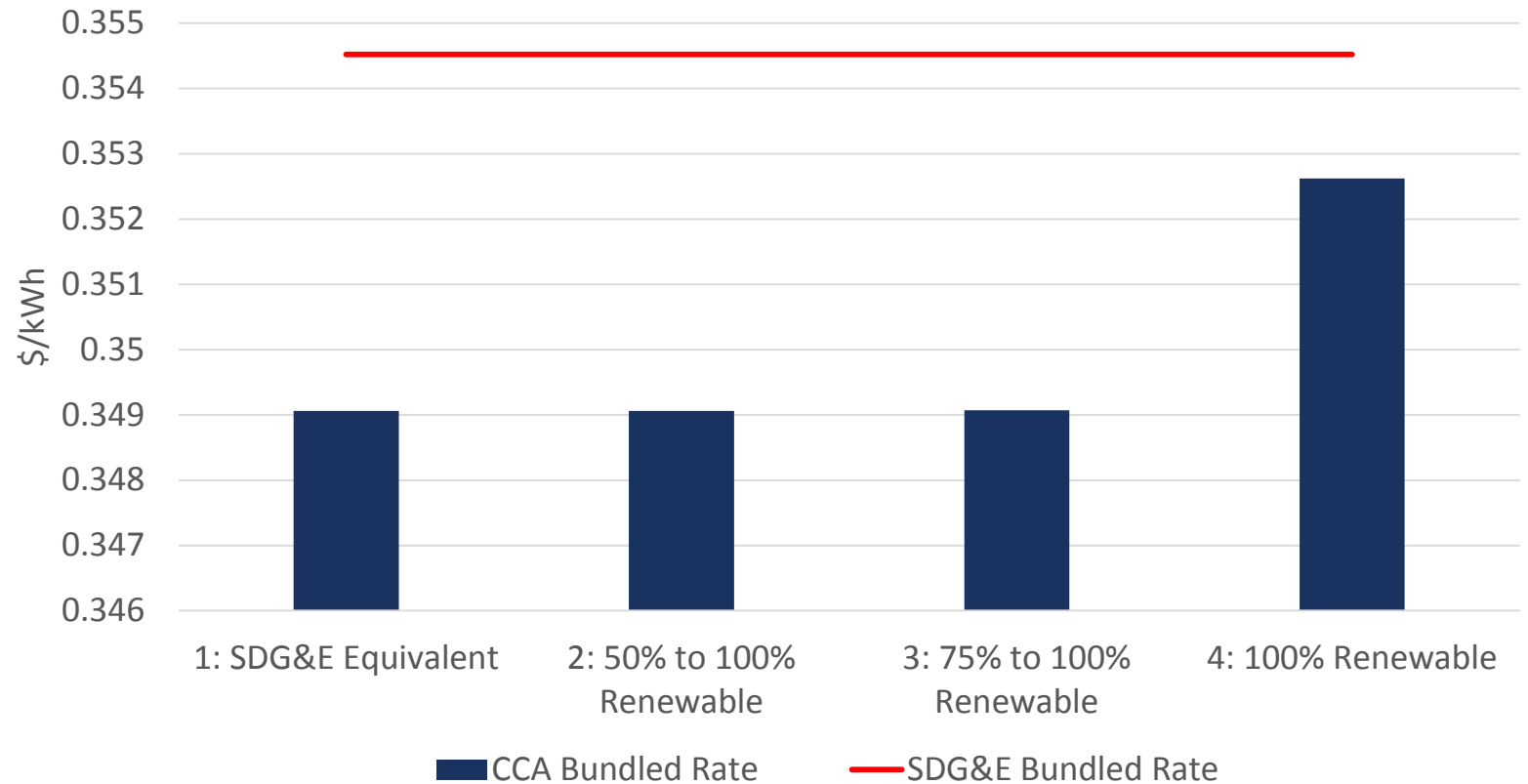
CCA SIZE COMPARISON

CCA	Customer Accounts	Annual Load 2018 (GWh)
Solana Energy Alliance	7,300	65
Lancaster Choice Energy	50,000	600
Redwood Coast Energy Authority	62,000	699
Chula Vista, La Mesa, Santee	140,000	1,057
Encinitas, Oceanside, Carlsbad, Del Mar	147,000	1,561
San Diego County (Unincorporated)	187,700	1,940
CleanPower SF	110,000	2,600
San Jose Clean Energy	332,500	3,286
Marin Clean Energy	470,000	5,275
City Of San Diego	525,000	6,000
Clean Power Alliance of Southern California	972,500	10,295

Note: All metrics are current year estimates

STUDY CONSTRUCT

- 3-City Partner Joint Powers Authority (JPA)
- 4 Power Supply Portfolios Evaluated

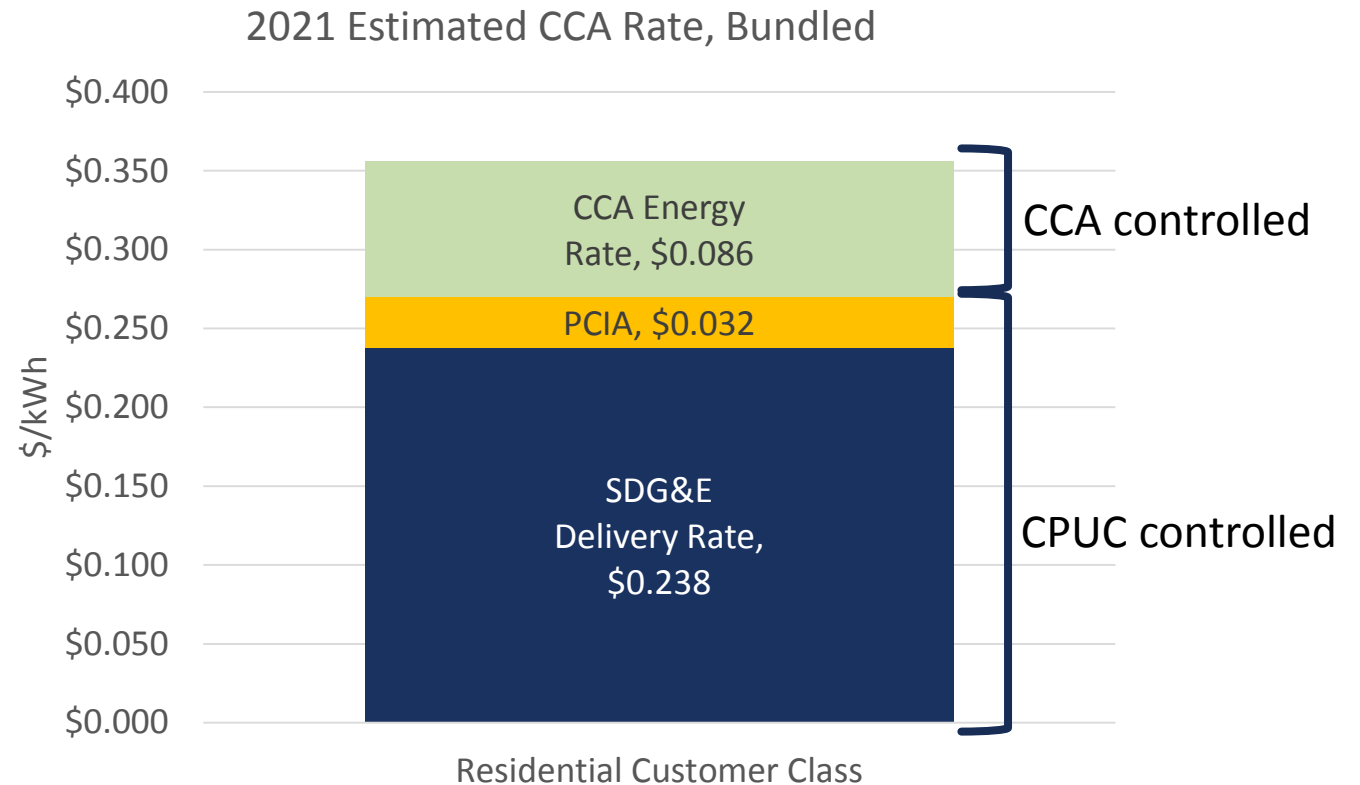


¹Renewable includes only RPS eligible resources. All eligible renewable resources are greenhouse gas free in this study.

WHAT MAKES UP THE ESTIMATED CCA RATE?

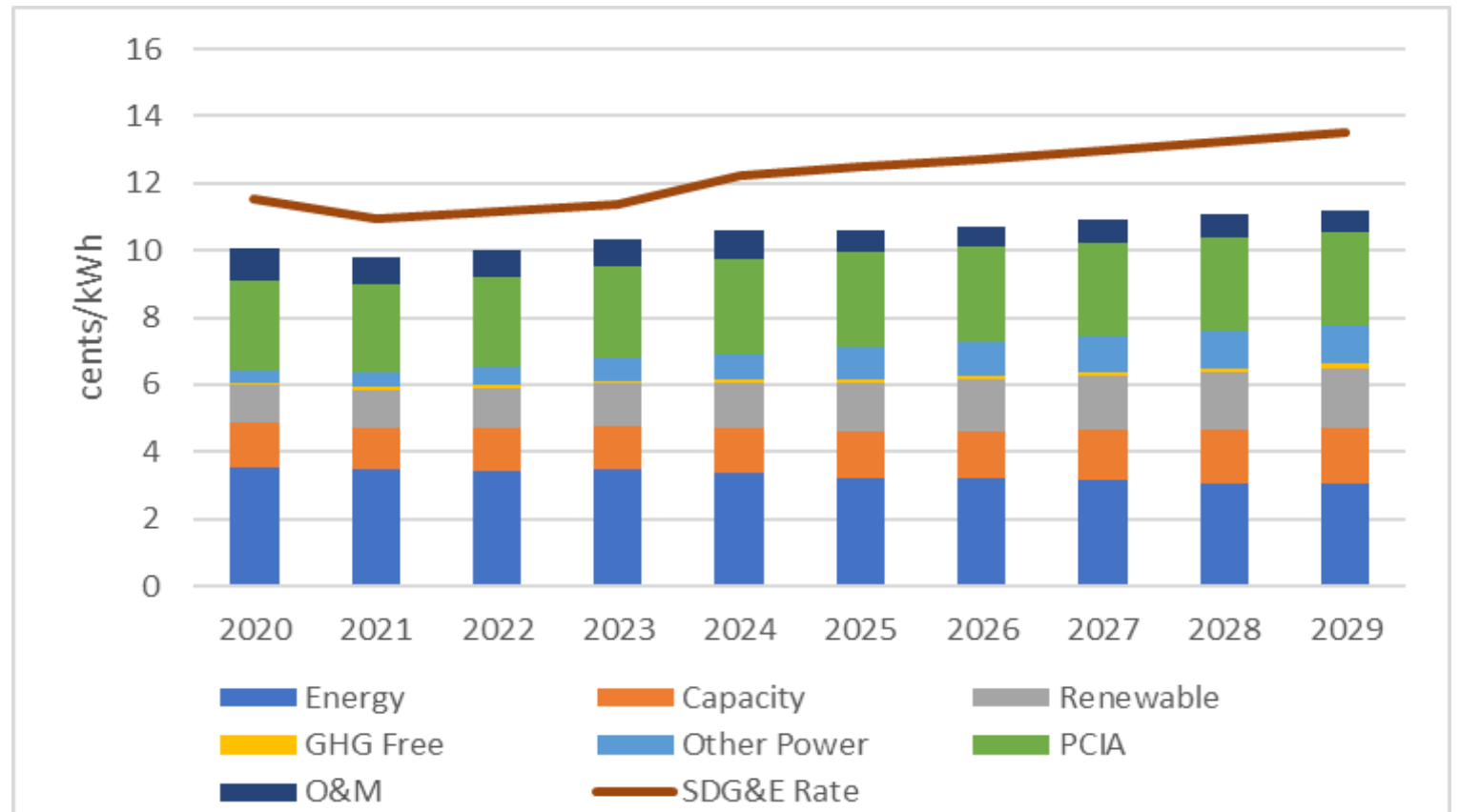
CCA Residential Rate Includes:

- SDG&E Transmission and Delivery (68%)
- PCIA “Exit Fee” (9%)
- CCA Energy Cost (23%)

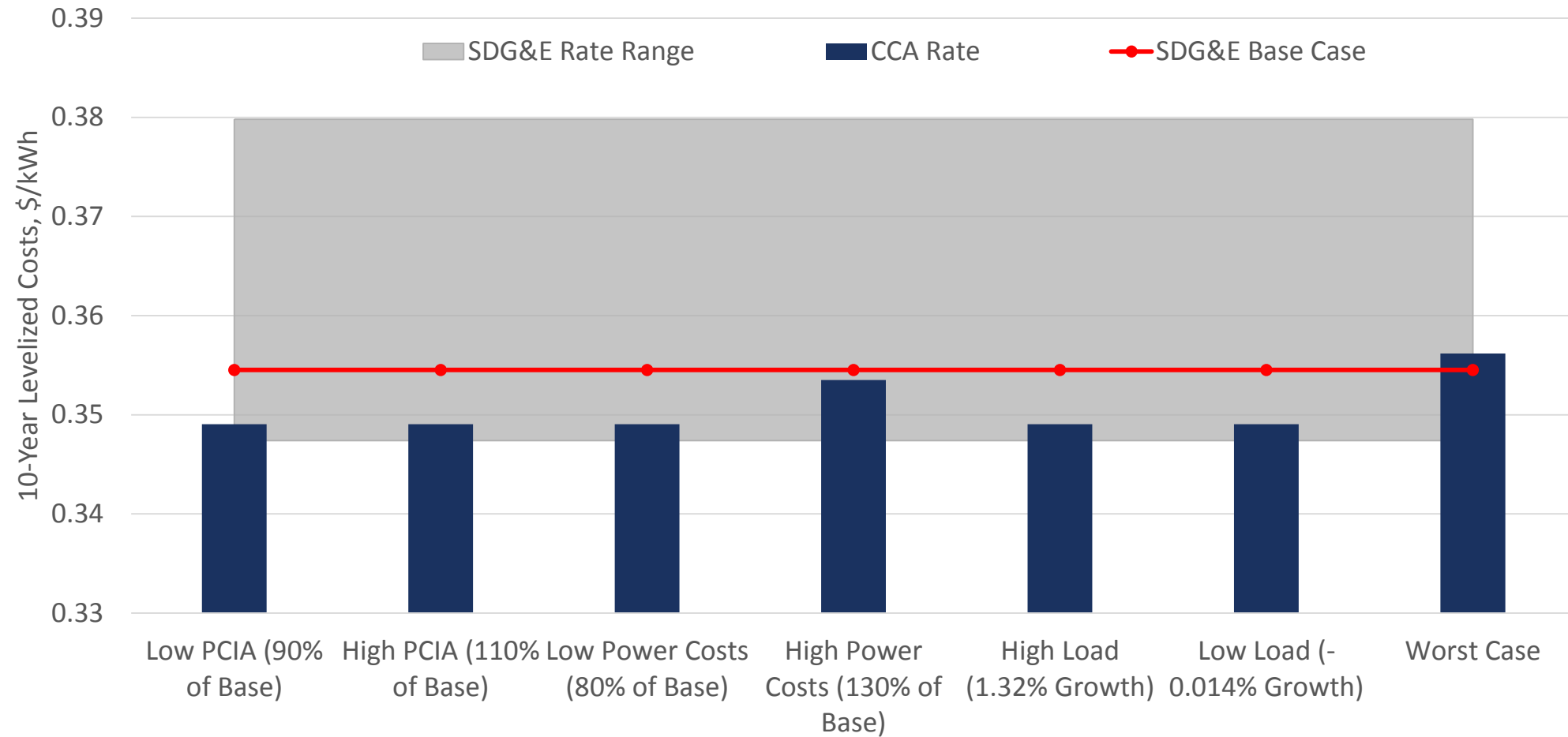


CCA CUSTOMER COSTS VS. SDG&E: ENERGY ONLY

- **Power Supply Scenario 2:**
50% Renewable in 2021 to
100% Renewable by 2035
- **2% Rate Discount**



RISKS: BUNDLED RATE COMPARISON



GOVERNANCE OPTIONS

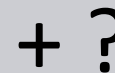
1. Enterprise



2. Partner CCA JPA



3. Regional CCA JPA



4. Enterprise/Hybrid CCA JPA



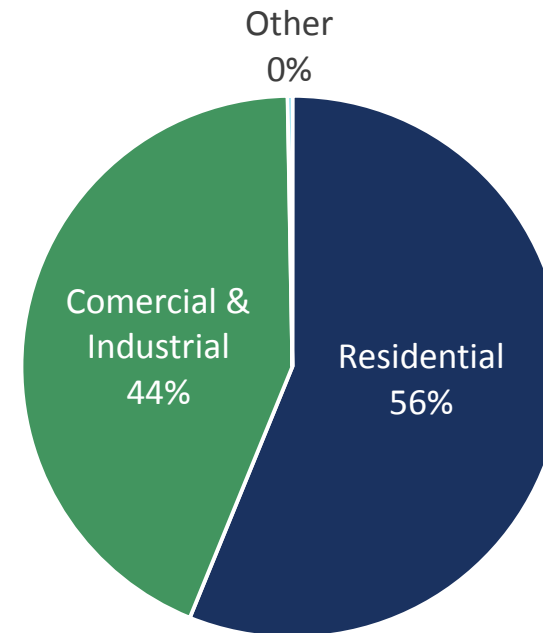
5. Join Solana Energy Alliance



LA MESA— ENTERPRISE CCA RESULTS

- **Power Supply Scenario 2: 50% Renewable in 2021 to 100% Renewable by 2035**
- **1% Rate Discount**
- **\$4 Million in Working Capital**

La Mesa Forecast Annual Load 2022: 206 GWh



GOVERNANCE OPTIONS

1. Enterprise / City Only CCA – Go It Alone

Ultimate control	Need start-up cash (\$1M)
No JPA required	Fewer General Fund Protections than JPA
Local economic development potential	2022 launch – sooner not likely
Can expand later, including CCA+JPA model	City lacks expertise (3-5 FTE plus consultants required)
	Start-up: \$600K-\$800K each city Operating Reserves: \$4M operating cash

GOVERNANCE OPTIONS

2. Partner CCA

(Chula Vista, La Mesa, Santee)

Larger entity, lower overhead	Possible there might be some loss of control, common rates, programs
JPA is separate legal entity; 2022 launch	Need to negotiate JPA now to be part of a 2021 launch Otherwise 2022 launch more likely
Limited City staff (1 FTE)	Start-up: \$600K-\$800K shared costs Operating Reserves: \$12M operating cash
Similar policies and goals across Partners such as CAPs, 100% renewable energy by 2035. Proven ability to work together.	

GOVERNANCE OPTIONS

3. Regional CCA JPA - partner with City of San Diego on JPA, Possibly Others

(San Diego County, Encinitas, Solana Beach, Del Mar, Carlsbad, Oceanside)

Larger entity, lower overhead	Possible loss of control, common rates, programs
JPA is separate legal entity; 2021 launch	Need to negotiate JPA now to be part of a 2021 launch.
Limited City staff (1 FTE)	
No start-up or operating cash needed	

GOVERNANCE OPTIONS

4. Enterprise/Hybrid JPA

(Could include a number of partners: Cal Choice

Local Control retained for each individual CCA in rates, power supply	Need start-up cash
JPA handles administration, less burdensome on City staff	Fewer General Fund Protections than traditional JPA
	2022 launch – sooner not likely
	Need operating cash

GOVERNANCE OPTIONS (CONT'D)

5. Join Existing JPA

- SEA
- Complications with joining JPA outside of SDG&E territory
(Clean Power Authority of Southern California, Others)
- No response to recent RFI

ESC NEXT STEPS

- **Comments / feedback**
- **Questions**
- **Recommendations to Council**