



AGENDA NO: C-1

MEETING DATE: September 11, 2018

**THE FOLLOWING PUBLIC CORRESPONDENCE
WAS RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA**

Regular Morro Bay City Council Meeting – September 11, 2018
Agenda Item C-1

I have reviewed the entirety of agenda item C-1, and on the basis of the bullet points offered below, am extremely hopeful that the City Council will vote for Alternative 3. as described in the agenda item Staff report. Not enough (by far) is known at this time to opt for Morro Bay to participate in a Community Choice Energy program, especially when such a theoretical program has not yet received the participatory needed critical mass for potential success, much less operation. There is ample time in the future of the City to contemplate involvement in a formed CCE, especially in light of the reliability of supply offered by PG&E given its established infrastructure and economies of scale.

Thank you, Ron Reisner

The Energy Authority (TEA)

September 6, 2018 Draft “Technical Study” for Community Choice Energy (CCE)

- The document’s Executive Summary states in part, “TEA concludes that under base-case market and regulatory conditions, all nine scenarios would be feasible while offering customers a rate-discount relative to PG&E.”
Well of course it does - the document is a sales proposal, not an independent “Study”.
- Per the document’s Executive Summary, a Community Choice Energy (CCE) program through The Energy Authority (TEA – and a clever name at that) offers a, “. . . 3% rate discount relative to PG&E, which is the average discount currently being offered by operating CCE program”.
It would appear therefore, that TEA proposes that the City of Morro Bay, and more importantly its citizens, embrace an alternative energy program that has up-front costs that may not be recoverable, and carries a potentially higher degree of risk than obtaining electrical energy from PG&E. Did I miss something?
- Per the document’s Executive Summary, “Generating cumulative net revenues at the levels shown is an indication that adequate funds should be available for the CCE to meet critical financial needs such as:
 - Self-funding working capital requirements
 - Establishing a rate stabilization fund

- Demonstrating the credit worthiness needed to enter into long-term contracts
- Investing in local programs to meet the long-term goals of the CCE”

The key words here are “should be available”. The City of Morro Bay owes its citizens a thorough and vigorous risk assessment relative to both a CCE itself, and a CCE administered by TEA – as compared to obtaining electrical energy from PG&E.

- The Executive Summary makes clear that, “Of the three city-grouping scenarios, the 4-city CCE scenario was the most resilient to the adverse market conditions, which is consistent with the greater economies of scale provided by a program with more customers”.

Given that TEA represents itself as expert relative to CCE’s, and states that a 4-city scenario provides the least risk to the City and its citizens relative to a CCE, would the City consider moving forward with a CCE if three other cities had not formally agreed to forming a joint power authority with a governance structure and provisions appropriate to the interests of Morro Bay citizens?

- A footnote in the Executive Summary states, “The PCIA is an exit fee charged by investor-owned utilities (IOUs) to customers that switch to another provider of electricity generation service through direct access or community choice energy programs. The fee is designed to cover above-market costs from contracts that the utilities entered into but no longer need and cannot sell in the market for the price they paid.”

A brief internet review of established CCE’s seems to indicate a variety of PCIA’s, and a variety of scenarios under which a member city can exit a CCE. How will the citizens of Morro Bay know exactly how much it would cost them to exit a CCE, and under what proscribed circumstances, if they agreed to one?

- The “Study” in section 3.1 states that it relies upon “. . . load data provided by PG&E . “

To state the obvious, the City of Morro Bay must independently confirm with PG&E that the load data used in the Study is accurate. More importantly, and again stating the obvious, the City of Morro Bay must provide PG&E the opportunity to address the assumptions and conclusions in the Study, and to present PG&E’s own projections and plans relative to reliably providing electrical energy in the future, how “green” will that energy be in terms of its production, and what will be the cost of PG&E electrical energy.

- According to the draft Joint Power Agreement, the CCE would be managed by a formal entity that includes some unknown number of paid staff and a Board of

Directors. The cost of operating the CCE does not appear to have been included in the Study's financial projections.

Apparently, if the City of Morro Bay became involved in a CCE, the City (and by extension its citizens) would become involved in operating a substantial electrical energy business. Energy costs through a CCE would have to be substantially less than those paid to PG&E in order for Morro Bay to consider taking on the responsibility and cost of operating an electrical energy business. What would those costs be, and when added to some projection of energy costs via a CCE, what is the comparative cost to the consumer between a theoretical CCE and PG&E?

- According to section 3.8.1 of the draft Joint Power Agreement, voting shares on the Board of the proposed CCE would be determined by electrical energy consumed. Per one of the document attachments, Morro Bay consumed 16% of the combined total with San Luis Obispo.

This means that according to the draft Agreement, SLO (or whichever city consumed 51% of the electrical energy) would have total control of the Board's decision-making process. This is reminiscent of the WRF situation between Morro Bay and Cayucos.

Dana Swanson

From: Barry Rands [REDACTED]
Sent: Monday, September 10, 2018 7:39 PM
To: Council
Subject: Agenda Item C-1, Community Choice Energy

Dear Morro Bay City Council

As a retired employee of the City of Morro Bay and ten-year resident of San Luis Obispo, I urge you to work together to form a Joint Powers Authority to develop a regional Community Choice Energy (CCE) program. By the end of 2018, there will be 20 CCE's successfully serving their communities with cleaner energy at competitive rates. Moreover, these programs have allowed the CCE's to invest revenues in local projects that enhance clean energy goals. Sonoma Clean Power, for example, has been using revenues to promote electric vehicle adoption, a cause that is near and dear to me! In their program, their energy customers are given financial incentives and free home chargers if they purchase an electric vehicle.

San Luis Obispo already has some great ideas on what local programs to promote and I am sure Morro Bay has theirs. But they can only be realized through a functioning CCE. I urge the City of Morro Bay and San Luis Obispo to work together to develop a Community Choice Energy program.

Thank you for your consideration.

Barry Rands, Retired Civil Engineer

Former Associate Engineer, City of Morro Bay

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Barry Rands, PE, LEED AP
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San Luis Obispo, CA 93401
[REDACTED]

Dana Swanson

From: Lisa Shinn [REDACTED]
Sent: Monday, September 10, 2018 8:08 PM
To: Council
Subject: Energy

Hello,

I am a retired science teacher committed to renewable non climate gas energy. Please support the ban on fracking, developing new renewable energy and our coastal environment. It's good for the fisherman, good for future generations and tourism too. Time for a paradigm shift.

Thank. You, Lisa Shinn

Dana Swanson

From: Vicki Leon [REDACTED]
Sent: Monday, September 10, 2018 9:12 PM
To: Council
Subject: Longtime Morro Bay citizen input on the CCE

To the esteemed members of the Morro Bay City Council:

As a decades-long citizen and homeowner in Morro Bay, I am eager to lend my support for your positive actions on the pending CCE. In my opinion, CCE would give Morro Bay residents like me more choice and local control. In addition, this program would keep the revenues we ratepayers pay within our local communities—a real plus.

Thank you for your consideration of this important matter for our two communities.

Sincerely,

Vicki Leon, retiree and former journalist and nonfiction author of 37 books;
and a Morro Bay homeowner since 2000

September 10, 2018

Dear Mayor Irons and City Council Members

Community Choice Energy has the potential to benefit the citizens of Morro Bay in the future. However, before you direct staff to prepare the final Joint Powers Agreement (JPA) to create the Central Coast Community Energy (CCCE) for your approval at your next meeting, I suggest you consider the following:

As discussed in section 2.4 of JPA, the CCCE will be a very powerful **independent** public agency governed by a Board of Directors. The Directors of this new agency will have broad powers, as outline in 3.3 of the JPA, such as the authority to make financial commitments, hire and fire the Executive Director and to **set rates**.

Section 3.8 of the JPA explains the procedure for how the Directors votes are counted. There is a discussion in this section on voting shares. Since technical study estimated that the City of San Luis Obispo will be consuming 84% of the energy, it is not clear to me how their votes will be weighted.

Since the initial Board is only going to have four representatives how will disagreements be settled?

The new agency will have a staff. How large? Where is the money going to come from to pay their salary and benefits and other general agency expenses?

How much will TEA (who prepared the technical study) be paid and by whom?

Why have the other five Cities along with the County decided to not join the CCCE at this time?

What will PG&E's power load be after Diablo Canyon is closed? How will that affect the CCCE?

Unlike the City' water/sewer utility where most apartment buildings and mobile home parks have only one meter, almost all dwelling units have an electric meter. The CCCE will affect everyone.

There has been no public discussion on establishing a Community Choice Energy program. At your April 24th meeting after Mr. Collins presented the concept of establishing one, there was no public comment. The minutes also indicated that the "Council members expressed some concern about the need for community outreach on this topic;"

I suggest that you chose either alternative #2 or #3 to allow time for the citizens of Morro Bay to voice their opinions. Also, by deferring, you will allow time for the elected officials in the other five Cities and the County to determine if the program makes sense for their citizens.

Homer Alexander
Morro Bay