



Staff Report Item 4

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency (CDA)

SUBJECT: Informational Item – County Staff Updates

DATE: April 12, 2017

Recommendation

Accept Staff reports on update items below.

Contra Costa County Update

As directed by the JPA board, staff has increased its outreach efforts to Contra Costa County (CCC) and its cities to provide them information regarding East Bay Community Energy (EBCE), and the terms of enrollment that would apply to them should they decide to join. Since CCC and its cities appear to be more interested in joining an existing program than starting one on their own, CCC jurisdictions continue to deliberate the possibility of joining either Marin Clean Energy (MCE) or EBCE. On March 28th, CCA staff and Vice-Chair Dan Kalb attended the CCC Board of Supervisors meeting to promote EBCE and the benefits of joining our program. As of this writing, their Board is poised to make a decision at their May 2nd meeting.

In many respects the CCA presentations have been similar in that both MCE and EBCE promise a similar governance structure, better rates over PG&E, reduced GHG, more local renewable energy, and local economic development. MCE has had a significant “head-start” with their program, and has actively been pursuing CCC and its cities to join their program. Although it can be challenging to compete with an existing program that is essentially offering a no-cost/turn-key CCA solution, the major selling point for EBCE has been the commitment to local economic development, evidenced by our early preparation of a Local Development Business Plan. In addition, a significant difference between choosing MCE or EBCE is the issue of timing: we expect to have a robust program that can improve on the MCE model, but are still in start-up mode; however, that also provides an advantage in that CCC jurisdictions would have the opportunity to get in on the ground floor of program development.

MCE has been criticized by some in that their local renewable resources account for a small percentage of their overall load, the expectation being that it should be higher given their time in operation. To avoid this scenario, EBCE has committed to completing a Local Development Business Plan prior to launch, so that it can inform future energy purchases and produce local renewable resources more quickly than others have been able to do. The availability of land for projects (both in the urban core as well as rural areas) can certainly benefit EBCE to realize a fast build-out, and there are already significant projects in the works. Conversely, the lack of available land is likely a factor that has limited MCE's ability to construct local projects, and may partially explain their desire to expand their service territory into jurisdictions with a large land base suitable for local energy resources/projects.

Promoting EBCE's commitment to local resources, developing a solar siting survey and completing our Business Plan can all work together to attract Contra Costa jurisdictions to our program, and staff will continue to attend hearings in CCC to provide information, field questions and provide the County with a solid option to both the existing provider (PG&E) and MCE. A critical meeting is scheduled for May 2nd, at which the Contra Costa County Board of Supervisors will likely take action and decide which program to join, either MCE or EBCE. Staff believes that many of the cities in Contra Costa County are waiting to see what the County will do before deciding on their own how to proceed. It is likely that whatever choice Contra Costa County makes, many cities will follow suit.

Community Advisory Committee (CAC)

At the direction of your board, on March 8, 2017, the application period was closed for receipt of applications for positions on the CAC. Thirty-seven (37) individual applications were received, many with multiple supporting documents such as resumes, letters of recommendation and writing samples. These have been compiled by staff and by the time of this meeting, have been sent to the members of the ad hoc CAC Selection Committee (Chair Haggerty, Vice Chair Kalb, and Directors Arreguin, Bacon, and Ellis) appointed by your Board at the January meeting.

Staff has asked the Committee members to review these application forms, and by using an online Poll to indicate their availability for a non-Brown Act meeting to discuss and if possible select a slate of nine (9) CAC candidates to recommend to the full Board. Staff reminds the CAC Selection Committee of the general requirements for choosing the CAC representatives and their terms of office:

- Community Advisory Committee...The Board...shall appoint members of the Community Advisory Committee from those individuals expressing interest in serving, and who represent a diverse cross-section of interests, skill sets and geographic regions. Members of the Community Advisory Committee shall serve staggered four-year terms (the first term of three of the members shall be two years, and four years thereafter), which may be renewed (JPA Agreement, Section 4.9)

We are attempting to schedule a selection meeting for the period April 13 – April 21. After this process, Staff hopes to bring this recommendation to the full Board at its May 17 meeting, and thereafter seat the new CAC as quickly as possible.

CEO Search

The application deadline for EBCE's CEO is Monday, April 10th. As of this writing, 30 applications have been received, but have not yet been reviewed for qualifications or adherence to submission requirements. The goal is to identify 7-9 highly qualified CEO candidates for first-round interviews which are scheduled to occur in late April/early May. If the minimum threshold isn't met, there is the option to extend the posting for an additional two weeks and use additional recruitment channels as necessary. Staff will provide a verbal update regarding the applicant pool at the Board meeting next week.

In addition, we have confirmed that the CEOs of Sonoma Clean Power and Silicon Valley Clean Energy CCAs are available to participate in the first and second round interviews. We have also reached out to the General Manager from the City of Alameda's municipal utility to enlist his expertise and support. Chair Haggerty, Vice Chair Kalb and Board member Mindel have agreed to participate in the second round/finalist interviews. If there are two or three board members who would like to participate in the first-round interviews, please let staff know as soon as possible.

At the appropriate time (likely to be late May), the Board will meet in closed session to discuss recommended candidate(s) and finalize contract terms and conditions. It is our intention to have a CEO in place and serving EBCE by June or early July of this year. S/he will be housed in a temporary office at County CDA until permanent office space is secured.

County MOU with Salka Energy and Other Vendor Inquiries

In January 2016, the County issued a conditional use permit to Salka Energy LLC for a wind energy project in Alameda County (Summit Repower Wind Project – 54.5 MW) and may begin producing power in summer 2018. The County Board of Supervisors subsequently entered into a non-binding MOU with Salka on December 20, 2016 (see attached) outlining a “mutual expression of interest” regarding the possibility of a long-term power purchase agreement (PPA) between Salka and EBCE if mutually beneficial terms can be met.

Since that time, County staff has received multiple other inquiries and expressions of interest from local power producers and other vendors interested in selling power to and working with EBCE. Now that the Agency has been formed, staff recommends that all such inquiries be referred to the future CEO, who will also have responsibility for developing EBCE risk management and procurement policies for Board approval. Such policies could establish a preference for local power and other EBCE goals, but would also require that power generators compete for EBCE's business through a public RFP/procurement process. This protects the County from any conflicts and ensures that EBCE has full discretion to solicit contracts through a public, competitive process and negotiate terms that are in the best interests of the Agency and its ratepayers.

As per the updated timeline showing a Spring 2018 launch, the plan is for power supply and power service RFP(s) to be issued sometime in early Fall.

Attachment 4A - Contra Costa County meeting schedule (as of March 10, 2017)

Attachment 4B - MOU between County of Alameda and Salka Energy LLC

Contra Costa County Outreach

Event or Task	Time	Date	CDA Staff Member/EBCE Board Member	Location	Notes
BOS/City Council Meetings					
Concord Subcommitte Meeting		Feb. 22	Albert Lopez, Planning Director		
Concord Public Workshop		Feb. 23	Albert Lopez, Planning Director		
Oakley City Council Meeting	6:30PM	14-Mar	Shawn Wilson, District 1 and Albert Lopez, Planning Director	Council Chambers 3231 Main Street	Give brief PPT if possible; MCE will be presenting
Board of Supervisors Meeting	9:00 AM	28-Mar	Chair and Vice Chair: Sup. Haggerty, Dan Kalb, Bruce Jensen	County Admin Bldg 651 Pine Street, Rm 107	Chair confirmed. Give brief PPT if possible
Brentwood City Council Meeting	7:00pm	28-Mar		City Council Chambers 150 City Park Way	
Pittsburg City Council Workshop	evening - TBD	3-Apr	Albert Lopez, Planning Director		<i>Prelim agenda - Peter Guadagni Power Company Manager</i> <ol style="list-style-type: none"> 1. CCE Overview - 5 minutes 2. Summary of Contra Costa County Evaluation - 5 minutes 3. Marin Clean Energy Presentation – 15 to 20 minutes 4. East Bay Community Energy Presentation – 15 to 20 minutes 5. Council questions 6. Public comment
Oakley Community Meeting		5-Apr	N/A		
Danville Town Council (Study Session)	9:00AM	11-Apr	Albert Lopez, Planning Director	Town Offices 510 La Gonda Way	Full presentation of Technical Study; Danville encourages attendance to answer questions; MCE will attend
Concord City Council Meeting	6:30PM	11-Apr		Council Chambers Concord Civic Center 1950 Parkside Drive	Give brief PPT if possible
Moraga Town Council Meeting	7:00PM	12-Apr		Council Chambers 335 Rheem Blvd	
Pleasant Hill City Council Meeting	7:30PM	17-Apr		Council Chambers 100 Gregory Lane	
Martinez City Council Meeting	7:00PM	19-Apr		Council Chambers 525 Henrietta St	
San Ramon City Council Meeting	7:00PM	25-Apr		Council Chamber 7000 Bollinger Canyon Rd	
Town of Moraga	7:00PM	26-Apr			
Danville Town Council Meeting	7:30PM	2-May		Town Meeting Hall 201 Front Street	Council decision anticipated
Mayors' Conference		TBD - 4-May or 1 June	Dan Kalb June 1st (or May 4th if day time.)	May 4th - Walnut Creek June 1st - Richmond	Coordinating with Jason Crapo to get on agenda of next meeting
Board of Supervisor (Burgis) 2 mtgs		TBD			

MEMORANDUM OF UNDERSTANDING
December 20, 2016

This MEMORANDUM OF UNDERSTANDING ("**MOU**") between Salka LLC, a California limited liability company ("**Salka**"), and the County of Alameda (the "**County**"; Salka and the County, each a "**Party**" and collectively the "**Parties**") evidences the non-binding mutual expressions of interest and intent of the Parties that Salka and the East Bay Community Energy Joint Powers Authority seek to enter into one or more renewable power purchase agreements as described below:

WHEREAS, California Assembly Bill 117, passed in 2002, established Community Choice Aggregation ("**CCA**") in California, for the purpose of providing the opportunity for local governments or special jurisdictions to procure or provide electric power for their residents and businesses;

WHEREAS, the Board voted unanimously in June 2014 to allocate funding to explore the creation of a CCA Program for Alameda County (the "**County**") and directed County staff to undertake the steps necessary to evaluate the feasibility of a CCA;

WHEREAS, the County staff issued a request for proposals for the conduct of a feasibility study;

WHEREAS, a feasibility study was conducted by MRW & Associates, LLC ("**MRW**"), which was assisted by Tierra Resource Consultants and the Economic Development Research Group;

WHEREAS, the County provided input into the feasibility study;

WHEREAS, in 2015, the County established a steering committee (the "**Steering Committee**") consisting of local governments within the County, as well as concerned citizen groups, individuals, and entities to assist the County in studying whether to initiate a CCA program in Alameda County;

WHEREAS, MRW released its CCA Feasibility Study report to the Steering Committee at its June 1, 2016 meeting;

WHEREAS, a number of Steering Committee members provided written comments and questions on the report to which MRW provided responses via a written memorandum;

WHEREAS, the final Technical Study for Community Choice Aggregation Program in Alameda County was issued on July 1, 2016 (the "**Study**");

WHEREAS, the Study concluded that a CCA in Alameda County appears favorable and that it should be able to offer its residents and businesses electric rates less than those available from Pacific Gas and Electric ("**PG&E**");

WHEREAS, the Study also concluded that a CCA in Alameda County would be well positioned to facilitate greater amounts of renewable generation to be installed in the County;

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WHEREAS, the Study also concluded that the proposed CCA could possibly reduce the amount of greenhouse gases emitted in the County;

WHEREAS, the Study also concluded that a CCA could also offer positive economic development and employment benefits to the County;

WHEREAS, the Board of Supervisors and the Steering Committee have met on a number of occasions since the issuance of the Study and discussed the Study results and the process of moving forward to create a CCA in Alameda County;

WHEREAS, based on the Study and discussions with the Steering Committee, on October 4, 2016, the County approved entering into a joint powers agreement with Alameda County cities to form the East Bay Community Energy Joint Powers Authority (EBCE JPA) to deliver a CCA program to the residents of Alameda County;

WHEREAS, the County presently anticipates that the EBCE JPA will exist on December 1, 2016, or shortly thereafter, and the Board of the EBCE JPA will hold its initial meeting in January 2016;

WHEREAS, Salka is in the process, through subsidiaries thereof, of developing two renewable wind energy facilities, the 54.5 MW (202 GWh/year) Summit Repower Wind Project in the County ("*Summit*"), and 145 MW (385 GWh/year) Walker Ridge Wind Project in Lake and Colusa Counties, California ("*Walker Ridge*"); and

WHEREAS, the County has issued a conditional use permit ("*CUP*") for Summit and Salka has been working with the County on the project since such CUP was issued;

NOW, THEREFORE, the Parties agree and acknowledge as follows:

1. The County supports having the EBCE JPA, when formed, seek to negotiate a power purchase agreements with Salka for the Summit and/or Walker Ridge projects.
2. Salka is extremely interested in seeking to negotiate a power purchase agreement with the EBCE JPA, when formed, with respect to each of the Summit and Walker Ridge projects.
3. Salka has advised the County that it has other opportunities which it could pursue for offtake arrangements for the Summit and Walker Ridge projects. In addition, as the Study pointed out on page 27, the value of the federal production tax credits is scheduled to decrease over time. Thus, the Parties believe that an expeditious negotiation of one or more power purchase agreements between the EBCE JPA and Salka could create the possibility of additional renewable energy price savings for the County's residents.
4. The Parties reasonably expect the prices under the power purchase agreement(s) to be a minimum of \$55/MWh, which page 9 of the Study cited as the average price for windpower for purchases solely by municipal utilities and CCAs from January 2015 – January 2016 because investor owned utility contract prices were not available. These reported prices excluded local builds, which the Study at page 10 concluded generally attract a premium price. Salka expects that the price would escalate year over year and

the power purchase agreement(s) would have a term of twenty (20) to twenty-five (25) years.

5. Any power purchase agreements that the EBCE JPA negotiations with Salka must be approved by the EBCE JPA, pursuant to its contracting authority as set forth in the EBCE JPA Agreement.
6. Salka currently anticipates that the Summit project will begin delivering energy no earlier than December 2017 and that the Walker Ridge project will begin delivering energy no earlier than December 2018.
7. The County acknowledges that if Salka and the EBCE JPA can successfully reach a power purchase agreement, the Summit project as an in-County resource can have economic value for Alameda County beyond just a reduction in electric rates and will reduce County greenhouse gas emissions.
8. The Parties shall work cooperatively until and after the County CCA is formed.
9. This MOU evidences the non-binding mutual expressions of intent of the Parties and shall not obligate either Party to any specific action.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF ALAMEDA

SALKA LLC

By: Scott Haggerty
Signature

By: [Signature]
Signature

Name: SCOTT Haggerty
(Printed)

Name: Jiddy Tapia
(Printed)

Title: President, Board of Supervisors

Title: CEO

Date: 12/20/16

Date: December, 2016

Approved as to Form
Donna R. Ziegler, County Counsel

By: [Signature]
Signature

Name: _____
(Printed)