



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

H-1

For the meeting of: May 24, 2016

Date: May 10, 2016

To: Board of Supervisors

From: Amy S. Nilsen, County Administrative Officer *AN*

Subject: Introduction of an Ordinance Amending the Humboldt County Code to Authorize Participation in the Community Choice Aggregation Program Implemented and Operated by the Redwood Coast Energy Authority

RECOMMENDATION(S):

That the Board of Supervisors:

1. Introduce the attached Ordinance by title and waive the first reading;
2. Set the Ordinance for adoption on May 31, 2016, or at least one week from May 24, 2016;
3. Direct the Clerk of the Board publish the required pre-adoption summary of the ordinance and to post a certified copy of the full text of the proposed Ordinance in the office of the Clerk of the Board, both the publication and posting to be done at least five (5) days prior to the Board meeting at which the Ordinance will be adopted [Government Code Section 25124 (b)(1)];
4. Direct the Clerk of the Board, within 15 days after the adoption of the Ordinance, to publish a post-adoption summary of the Ordinance with the names of the Supervisors voting for and against the Ordinance, and to post in the office of the Clerk of the Board a certified copy of the full text of the adopted Ordinance and amendments along with the names of those Supervisors voting for and against the Ordinance [Government Code Section 25124 (b)(1)].

Prepared by Cheryl Dillingham

CAO Approval

Karen Clower

REVIEW:

Auditor _____ County Counsel *AD* Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:

____ Consent
 Departmental
____ Public Hearing
____ Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Bass*
Seconded by Supervisor *Fennell*
And unanimously carried by those members present,
The Board hereby adopts the recommended action contained in this report.

PREVIOUS ACTION/REFERRAL:

Board Order No. G-2, H-4, C-7

Meeting of: 5/26/15, 6/23/15, 10/27/15

Dated: May 24, 2016
Kathy Hayes, Clerk of the Board

By: *[Signature]*

SOURCE OF FUNDING:

General Fund

DISCUSSION:

In 2002, the state provided local communities with the opportunity to procure electric power for their residents through establishment of community choice aggregation programs under Assembly Bill (AB) 117. Unlike a traditional municipal utility in which the city or county owns all of the infrastructure to generate and distribute power and service customer needs, community choice aggregation programs utilize the existing wires and equipment of incumbent investor-owned utilities. (In Humboldt County's case, this would be Pacific Gas and Electric Company (PG&E).) The community choice aggregation program purchases power, which is then delivered, metered and billed by PG&E.

Redwood Coast Energy Authority was established to provide regional development and implementation of energy programs that reduce demand, increase efficiency and advance the use of renewable resources for the benefit of local residents, businesses and institutions. On October 27, 2015 your Board supported an Amended and Restated Joint Powers Agreement of the Redwood Coast Energy Authority (RCEA) to expand its scope to operate a regional Community Choice Aggregation (CCA) program which was ratified by the RCEA Board in February 2016.

RCEA issued a Request for Proposals (RFP) to select a qualified entity to provide comprehensive services to support RCEA with the development, financing, launch, and operations of a CCA program for Humboldt County. The RFP solicited proposals for a comprehensive service that addresses the complete range of requirements for CCA development, launch, and ongoing operations for a 5-year contract term. Under this model, RCEA will incur no upfront costs; the development and launch phases of the scope of work would be undertaken by the proposer at their risk and the proposer would receive on-going operations fees after and contingent on the successful launch of the program.

At its March 21 meeting, the RCEA Board selected a team led by a company called The Energy Authority (TEA). TEA is a non-profit that provides power procurement and operational services to about 50 public utilities across the country. All the proposals and review information are available on the RCEA website at: <http://www.redwoodenergy.org/index.php/renewableenergy/community-choice-aggregation>. Under a CCA program, customers will have the choice to buy electricity from PG&E or the CCA. The California Public Utilities Commission does not control CCA program rates but does require that they adhere to the State's Renewable Portfolio Standard.

Adoption of the ordinance will implement a CCA program within the unincorporated areas of the county through RCEA. It will allow operational decisions for the CCA to be made by the RCEA Board with input from member agencies.

FINANCIAL IMPACT:

There should be no significant costs to the County for startup or implementation of the CCA.

Revenues in excess of estimated expenses of the five-year support contract from the CCA will depend on the final customer base and the actual paid cost for procured electricity. Working estimates range from \$5.00/MWh-\$18.00/MWh (megawatt hours). The CCA is estimated to purchase 695,165 MWh per year regionally. This would generate between \$3.5 and \$12.5 million in net CCA revenue that would build a local CCA credit reserve, offset RCEA's operational expenses for the CCA and ultimately be used to fund

local energy projects and programs such as the development local renewable power sources and energy efficiency programs. These funds will remain local and be allocated by the RCEA Board.

OTHER AGENCY INVOLVEMENT:

Redwood Coast Energy Authority

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to amend or reject the recommended ordinance. This is not recommended; the county cannot participate in the CCA without the recommended ordinance.

ATTACHMENTS:

Attachment I- Ordinance No. _____, adding Division 6 of Title VIII of the Humboldt County Code Authorizing Participation in the Community Choice Aggregation Program Implemented and Operated by the Redwood Coast Energy Authority

Attachment II- Summary for Publication before Adoption of the Ordinance

Attachment III- Summary for Publication after Adoption of the Ordinance

ORDINANCE NO. _____

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF HUMBOLDT ADDING SECTIONS 861-1 AND 861-2 RELATING TO
AUTHORIZING PARTICIPATION IN THE COMMUNITY CHOICE
AGGREGATION PROGRAM IMPLEMENTED AND OPERATED BY THE REDWOOD
COAST ENERGY AUTHORITY TO TITLE VIII OF THE
HUMBOLDT COUNTY CODE**

The Board of Supervisors of the County of Humboldt ordains as follows:

SECTION 1. Sections 861-1 and 861-2 of Chapter 1 of Division 6 of Title VIII of the Humboldt County Code are added as shown on the attached pages.

SECTION 2. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors of the County of Humboldt hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION 3. This ordinance shall take effect and be in force thirty (30) days from the date of its passage. A summary shall be published at least five (5) days before the date set for adoption and again fifteen (15) days after passage of this ordinance. It shall be published once with the names of the Board of Supervisors voting for and against the ordinance in a newspaper of general circulation published in the County of Humboldt, State of California.

PASSED, APPROVED AND ADOPTED this _____ day of _____,

2016.

AYES: Supervisors--
NOES: Supervisors--
ABSENT: Supervisors—

Chair of the Board of Supervisors of the
County of Humboldt, State of California

(SEAL)

ATTEST:

Kathy Hayes, Clerk of the Board of Supervisors
County of Humboldt

TITLE VIII - BUSINESS LICENSES, FRANCHISES
AND MUNICIPAL SOLAR UTILITY PROGRAMS
DIVISION 6
COMMUNITY CHOICE AGGREGATION PROGRAM

Chapter 1 - General Provisions

- § 861-1. Findings and Purpose.
- § 861-2. Participation in Community Choice Aggregation.

TITLE VIII - BUSINESS LICENSES, FRANCHISES

AND MUNICIPAL SOLAR UTILITY PROGRAMS

DIVISION 6

COMMUNITY CHOICE AGGREGATION PROGRAM

CHAPTER 1

GENERAL PROVISIONS

861-1. FINDINGS AND PURPOSE.

1. The California Public Utilities Code under Chapter 2.3 of Division 1, Part 1 allows electric utility customers to aggregate their electric loads as members of their local community with community choice aggregators, where a community choice aggregator may be any city, county or group of cities or counties who have elected to combine the loads of their programs through the formation of a joint powers agency established under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the California Government Code. (Ord. __, § __, __/__/2016)

2. The County of Humboldt has been investigating options to provide electric services to constituents within its service areas with the intent of achieving greater local involvement over the provisions of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs through a Community Choice Aggregation (CCA) program. (Ord. __, § __, __/__/2016)

3. The County of Humboldt is a member of the Redwood Coast Energy Authority (RCEA), a joint powers authority formed by the County of Humboldt, Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna and Rio Dell, Trinidad and the Humboldt Bay Municipal Water District, to act as a regional agency to promote sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region. (Ord. __, § __, __/__/2016)

4. The RCEA is authorized by ordinance to act as a community choice aggregator to implement and operate a CCA program under California Law. (Ord. __, § __, __/__/2016)

5. RCEA has established key CCA program goals of maximizing the use of local renewable resources while also providing competitive rates to customers. These goals are aimed at supporting local economic development as well as reducing the environmental impacts resulting from the use of electricity in a technically and economically feasible manner. (Ord. __, § __, __/__/2016)

6. To analyze the feasibility of operating a CCA program that achieves these goals, RCEA has retained independent technical support services to conduct the appropriate development and operational studies, including technical, financial and risk analyses. These studies will assist RCEA, its member agencies, and the community in evaluating a potential rate structure and energy portfolio, and, ultimately, potential CCA program viability prior to formal launch of a CCA program through the filing of an Implementation Plan with the CPUC. (Ord. __, § __, __/__/2016)

7. Participation in a CCA program implemented and operated by the RCEA, rather than independently electing to become a community choice aggregator, will reduce the County's financial exposure from community choice aggregation, if any, because RCEA's joint power authority structure immunizes its member agencies from its debts, liabilities and obligations of a CCA program. (Ord. ____, § __, __/__/2016)

8. Electric customers have the right to opt out of the CCA program and continue to receive service from the existing utility under Public Utilities Code § 366.2. (Ord. ____, § __, __/__/2016)

9. Under the RCEA CCA program structure, the County will have CCA program voting privileges on the RCEA Board of Directors as set out in the RCEA Amended and Restated Joint Powers Agreement effective December 15, 2015. (Ord. ____, § __, __/__/2016)

861-2. PARTICIPATION IN COMMUNITY CHOICE AGGREGATION.

Based on all of the above, the Board of Supervisors of the County of Humboldt elects to implement a Community Choice Aggregation program within the County's jurisdiction by and through the RCEA, subject to the determination of the RCEA, based on its CCA program developmental and operational analyses and member agency input, that a CCA program based on the key goals set out above is not technically or economically feasible and consequently decides not to launch the CCA program. (Ord. ____, § __, __/__/2016)

Attachment 2

SUMMARY FOR PUBLICATION PRIOR TO ADOPTION OF ORDINANCE

(The summary shall be published and a certified copy of the full text of the proposed ordinance shall be posted in the office of the Clerk of the Board of Supervisors at least five (5) days prior to the Board of Supervisors meeting at which the proposed ordinance is to be adopted.)

SUMMARY

On May 31, 2016, at its regularly scheduled Board meeting, the Humboldt County Board of Supervisors will consider for adoption a proposed ordinance adding Sections 861-1 and 861-2 relating to Authorizing Participation in the Community Choice Aggregation Program Implemented and Operated by the Redwood Coast Energy Authority to Title VIII of the Humboldt County Code.

The text of the proposed ordinance is available from the Clerk of the Board, Room 111, 825 Fifth Street, Eureka, CA.

Attachment 3

SUMMARY FOR PUBLICATION AFTER ADOPTION OF ORDINANCE

(The summary shall be published within fifteen (15) days after the adoption of the ordinance.)

SUMMARY

On May 31, 2016, the Humboldt County Board of Supervisors adopted Ordinance No. _____, adding Sections 861-1 and 861-2 relating to Authorizing Participation in the Community Choice Aggregation Program Implemented and Operated by the Redwood Coast Energy Authority to Title VIII of the Humboldt County Code.

A copy of the ordinance is posted in the office of the Clerk of the Board of Supervisors.

The votes were:

AYES:

NOES:

ABSENT: