



CITY OF POMONA

COUNCIL REPORT

February 25, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Darron Poulsen, Water Resources Director

SUBJECT: ESTABLISHING AN ORDINANCE TO CREATE A COMMUNITY CHOICE AGGREGATION (CCA), AND AWARD AN AGREEMENT WITH CALIFORNIA CHOICE ENERGY AUTHORITY IN AN AMOUNT NOT TO EXCEED \$160,000 TO PROVIDE CCA IMPLEMENTATION SERVICES

RECOMMENDATION:

It is recommended that the City Council introduce, waive further and give first reading to the following ordinance:

ORDINANCE NO. 4256- ESTABLISHING AN ORDINANCE TO CREATE A COMMUNITY CHOICE AGGREGATION (“CCA”) PROGRAM

It is further recommended that the City Council:

- 1) Award a sole source professional services agreement with California Choice Energy Authority (CalChoice) to provide community choice aggregation (CCA) implementation services in an amount not to exceed \$160,000 and
- 2) Authorize the City Manager to execute the Agreement and any related documents, subject to review by the City Attorney.

EXECUTIVE SUMMARY:

On November 30, 2018, the approved Pomona CCA Implementation Plan and Statement of Intent was submitted to the California Public Utilities Commission (CPUC) for review and certification. Pursuant to CPUC Resolution E-4907, the CPUC has 90 days to complete their review. Based on this timeline, certification is expected February 28, 2019.

The next step is the consideration of adoption of an ordinance establishing a Pomona CCA and approving a professional services agreement to California Choice Energy Authority (CalChoice) to continue implementation of the program.

FISCAL IMPACT:

Based on the estimated revenues and expenditures it is estimated the City and its residents and business operators will save over \$35 million over a 10 year period. To effectuate this savings and the creation of the CCA, the services of CalChoice are necessary and have a cost of

\$160,000 over the next 10 months. These funds are to be borrowed from the Water Fund (account #571-8122-52285-51331), with expenditures of \$48,000 for FY2018-19, and the remainder of \$112,000 for FY2019-20. The funds will be repaid with interest once the CCA is fully operational.

PUBLIC NOTICING REQUIREMENTS:

Notice was published on February 15, 2019, and February 22, 2019, in the Inland Valley Daily Bulletin for the February 25, 2019, public hearing.

PREVIOUS RELATED ACTION:

On October 15, 2018, the City Council Adopted Resolution 2018-147 approving the CCA Implementation Plan and Statement of Intent as required by Public Utilities Code and directed staff to submit the Implementation Plan to the CPUC for review and certification.

On April 23, 2018, City Council awarded a sole source professional services agreement to CalChoice in the amount of \$63,000 for the preparation of the CCA Feasibility Study and Implementation Plan.

On February 5, 2018, City Council directed staff to execute a professional services agreement with CalChoice to perform an initial pro-forma, and prepare an Implementation Plan, Ordinance, and Statement of Intent to be submitted before December 31, 2018, to CPUC.

On December 18, 2017, City Council voted not to join the Los Angeles Community Choice Energy Authority. On December 4, 2017, City Council directed Staff to bring back more information on the Los Angeles Community Choice Energy Authority.

DISCUSSION:

On October 15, 2018, City Council requested Staff to file with the CPUC its implementation plan to create the Pomona CCA. The Pomona CCA will allow current Southern California Edison Company (SCE) customers the ability to choose where they will purchase their energy from, that being provided by SCE or the City of Pomona. This opportunity allows the City to purchase power on a wholesale basis and provide it at a discounted price to City residents and businesses, via SCE's distribution system.

The CCA program was authorized in California under Assembly Bill 117 (2002) and Senate Bill 790 (2011) which allow local governments the ability to purchase electricity directly, in the wholesale power market, for the purpose of selling it to its residents and businesses. The program provides cities an alternative from purchasing electricity provided by an investor owned utility (IOU) such as SCE. Given this new opportunity, the City and its residents and businesses are projected to save over \$35 million in the next 10 years.

Now that the Implementation Plan is days from being approved by the CPUC, the City now needs to create the Pomona CCA. By approving the attached Ordinance (Attachment No. 1) the City Council is effectively creating the Pomona CCA. To assist the City in completing the necessary steps to establish the Pomona CCA, staff is seeking approval of an agreement with CalChoice.

CalChoice is a Joint Powers Authority consisting of California cities who operate a CCA. CalChoice is unique in that each CCA maintains its autonomy in energy supply rate setting, program branding, use of renewable energy supplies, and control over revenues generated by the inherent savings in the cost of power purchased.

Working with CalChoice provides the opportunity for the City to share administrative, regulatory, and procurement activities with other CCA's utilizing CalChoice's services. Cities/CCAs utilizing CalChoice's services include Lancaster (Lancaster Choice Energy), San Jacinto (San Jacinto Power), Pico Rivera (Pico Rivera Innovative Municipal Energy), Rancho Mirage (Rancho Mirage Energy Authority) and Apple Valley (Apple Valley Choice Energy).

Adoption of the ordinance is the next step in developing the Pomona's CCA. Additionally, awarding of the attached professional services agreement to CalChoice to provide CCA implementation services in an amount not to exceed \$160,000, will assist in ensuring the process is completed as needed and as the law requires.

In accordance with Section 2-977 (a) of the City's purchasing ordinance, sole-source requests for professional services over \$15,000 (except as noted in Item (e)(5)) shall require approval by the City Council). A sole source is necessary for this professional service from CalChoice due to the continuity of the services which are required for the continued formation of the Pomona CCA.

Prepared by:

Julie Carver, Environmental Programs Supervisor

ATTACHMENT:

Attachment No. 1 – Ordinance No. 2019- 4256