



CITY OF POMONA COUNCIL REPORT

August 3, 2020

To: Honorable Mayor and Members of the City Council

From: James W. Makshanoff, City Manager

Submitted By: Chris Diggs, Water Resources Director

**SUBJECT: APPROVE CALIFORNIA CHOICE ENERGY AUTHORITY
ENTERING INTO A LONG-TERM RENEWABLE ENERGY
CONTRACT WITH SIERRA PACIFIC INDUSTRIES ON BEHALF OF
POMONA CHOICE ENERGY**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Approve California Choice Energy Authority (“CalChoice”) Entering into a Long-Term Renewable Energy Contract with Sierra Pacific Industries (“SPI”) on behalf of the City’s Pomona Choice Energy; and
- 2) Authorize the City Manager to execute the attached Agreement (Attachment No. 1) pending city attorney approval.

EXECUTIVE SUMMARY:

At its July 6, 2020 Council meeting, the City Council established rates for its Pomona Choice Energy CCA. This was the final step in establishing the City’s CCA. As Pomona Choice Energy will begin serving its residential and municipal customers in October of 2020, the next step in preparation to begin serving customers is to procure energy and related energy products in order to meet Pomona Choice Energy’s customer load, as well as to meet state mandated procurement requirements.

FISCAL IMPACT:

The contract shall not exceed \$606,278 to be paid, in unequal payments, over a ten-year period based on annual customer power usage, beginning in January 2020 from Pomona Choice Energy

Fund 551-8201-52285. It is anticipated there will be sufficient revenues generated from Pomona Choice Energy to cover operating expenses, including power procurement (Fund 551-8201). As a condition of the contract, SPI recognizes and accepts the secured deposit account in the name of Pomona Choice Energy as credit and collateral, and no other security or credit backing by the City is required.

PREVIOUS RELATED ACTION:

At the July 6, 2020, City Council meeting, during a public hearing, Council adopted customer power rates for the Pomona Choice Energy CCA.

DISCUSSION:

In October 2015, the State of California enacted SB 350, also known as The Clean Energy and Pollution Reduction Act of 2015 (the “Act”). The Act established new clean energy, clean air, and greenhouse gas reduction goals for the state. Specifically, the Act requires that all load serving entities, including CCAs enter into long-term renewable energy contracts with energy delivery to begin by the 2021 – 2024 compliance period.

In order to meet this requirement, CalChoice, on behalf of Pomona Choice Energy and its other member agencies, issued a Request for Proposals for renewable energy products in March 2020, including wind, solar, biomass, geothermal, small hydro-electric. After a review of the proposals, CalChoice and its legal and technical team spent several months negotiating and finalizing the terms of the attached agreement. The amount of power within this contract will annually fulfill approximately 10% of Pomona Choice Energy’s long-term renewal energy requirements as mandated by the Act. This being the case, staff will return with additional contract approval requests.

Prepared by:

Julie Carver
Environmental Compliance Supervisor

ATTACHMENT:

Attachment No. 1 – California Choice Energy Authority and Sierra Pacific Industries Agreement