

City of San Diego
Sustainable Energy Advisory Board (SEAB)
October 12, 2017
Meeting No. 136

MINUTES

ATTENDANCE ROSTER

MEMBERS PRESENT:

Jason Anderson – Business Community
Julia Brown (Chair) – At Large Member
Hanna Grene – CSE (Regional Energy)
Sean Karafin – At Large Member
Douglas Kot (Vice Chair) – Building Industry
Andrew McKercher – Labor Organization
Jay Powell – Environmental Advocate
Eddie Price – At Large Member Alternate #1

MEMBERS ABSENT:

Eric Scheidlinger – At Large Member Alt. #2

VACANT SEATS:

Vacant – Solar Power System Manufacturer/Installer
Vacant – San Diego Gas & Electric Representative

I. Call to Order

Quorum met. Julia Brown called the meeting to order at 10:03A.M.

II. Introductions

Public introductions. Kendall Helm of SDG&E introduced herself and explained she has been appointed by the Mayor to fill the SDG&E seat on SEAB and is scheduled for confirmation at a City Council meeting and could be joining the SEAB Board as a regular member at the next meeting. Jay Powell noted that the Mayor's office indicated in response to the Auditors report on unfilled and expired seats on Boards and Commissions that they preferred to consolidate appointments or reappointments to Boards on City Council agendas and that SEAB still had four seats of which the solar industry seat was vacant that expired on March 1, 2017. Chairperson Brown indicated that she has forwarded recommendations on the solar seat to the Mayor's director of appointments.

III. Announcements

Chairperson Brown reported on conferences on climate change that she has attended.

IV. Non-Agenda Public Comment

Julia Brown opened the forum for non-agenda public comment. Only one request from Frank Urtasun representing Sempra Services Corporation was received for non-agenda public comment, therefore she had indicated that he would be allowed a total speaking time of ten minutes. Jay Powell noted that this appeared to be a comment on an agenda related item on the CCA study and should be moved accordingly to match the meeting agenda and that the Board had previously indicated that they would not seek or schedule presentations from the Climate Action Campaign or Sempra Services Corporation but would solicit written comments.

Frank Urtasun of Sempra Services spoke on behalf of Sempra Services' position regarding the exit fees and implementation of a CCA and responded to questions from Board members. It was noted that Willdan consultant had responded to the analysis commissioned by Sempra Services at the City Council September 29 Environment Committee meeting stating that a lot of points in the Willdan Feasibility Study had been misinterpreted or that data in the feasibility study was ignored in the Sempra commissioned analysis.

V. Action Items

Approval of Agenda and Adoption of Minutes

Jay Powell requested to defer action of Adoption of September 14 meeting Minutes to next SEAB meeting. Julia Brown agreed to deferment.

VI. Informational Items

1. Climate Action Plan (CAP) Update

Jack Clark offered one update. The Annual Report on achievement of CAP goals should be out in the next several weeks, possibly by the next SEAB meeting.

2. Legislative, Regulatory, and City Updates

Aaron Lu provided an update of the Power Cost Indifference Adjustment (PCIA) proceedings at the CPUC regarding schedule and timing.

Hanna Grene stated that deadlines and scheduling at the Commission were fluid and to be considered as more of broad plan for review instead.

Jack Clark provided an update to RFI and RFSQ review efforts and indicated that staff may be able to provide a report on other programs to achieve the 100% Renewable Energy goal at the next SEAB meeting.

Hanna Grene provided an update on Assembly Bill 802.

3. Continue Discussion on Pathways to 100% Renewable Energy by 2035: Community Choice Aggregation Feasibility Study

Julia Brown opened the conversation with the topic of study assumptions on operational expenses of the CCA. Board members and Staff discussed.

Hanna Grene explained that the models depicted within the study were based on the possibility of 100% attainment of renewable energy by the year 2035. Financial and economic details are not as easily depicted and that the need for a financial business plan would be necessary.

Julia Brown and Jay Powell agreed that further financial and economic analysis could be included as a key component of the next steps in evaluating a whether or not to implement the CCA.

Eddie Price inquired what the City Council actions would be once the Board made a recommendation. Jack Clark answered that carrying out due diligence on behalf of the City, regardless of the decision would be a part of the process.

Hanna Grene pointed out that the CCA Feasibility Study omitted details of procurement, facility specifics, and other logistical parameters that, much like the financial analysis may only be available when future analysis is conducted, depending on the availability of resources.

Jay Powell raised the concern of the budget that may or may not be available or set aside for moving forward with further studies or analysis that may be necessary or desirable as next steps in evaluation of the CCA-implementation. Jack Clark answered that the City is always working on budgets and making amendments as necessary. He added that other sources of funding are being allocated in the form of grants and loans on a variety of renewable energy initiatives.

There was discussion of the need to integrate the CCA evaluation with the other CAP energy goals such as the Municipal Energy Strategy and the impact of a CCA on rates for municipal facilities and operations and potential for municipal facilities to contribute to renewable energy goals of the City.

Julia Brown stated that the current CCA Feasibility Study discloses that the CCA would be funded with a 30-year bond at 4% interest rate. The structure given within the study was based on a large scale, full implementation model. Aaron Lu added that the CCA Feasibility Study authors emphasized that a financial advisor would be able to structure the implementation more economically according to available funding.

Julia Brown referenced the “*Key Operating Results*” found on page 70 of the CCA Feasibility Study. She asked for comments or thoughts regarding the cost model depicted. Hanna Grene explained that rate basing of critical infrastructure was typically 30 years. However, for the CCA implementation, the 100% clean energy *goal* rather than a useful life or anticipated lifespan was the basis of the cost model. Sean Karafin interjected that the given model analysis did not accurately depict the period of the cost. Hanna Grene returned that the model was designed to provide a projection of possibility, rather than actual cost analysis detail and time period.

Board members revisited the details of the 4% interest rate. Pros and cons of this interest rate were discussed. Hanna Grene expressed that the 4% rate provided by Willdan Financial Services should be considered conservative for a public institution.

The conversation returned to Power Cost Indifference Adjustment (PCIA). The issue of the City’s decision to implement the CCA with a PCIA and/or other alternatives potentially gathered through the Request for Information (RFI) or Request for Statement of Qualifications (RFSQ).

Julia Brown moved the conversation to rates. Hanna Grene discussed rate design and rate planning based on other CCAs with the general thesis that the cost could be subsidized through future revenues. Jack Clark added that the consultant, Willdan Financial Services, had touched on that aspect of the analysis at a presentation they had provided during an earlier SEAB meeting.

Julia Brown reminded everyone that a study produced by UCLA was distributed to the Board in July regarding five existing operational CCAs within the State of California that have delivered a higher percentage of renewable energy equal to or less than the incumbent IOU.

Sean Karafin interjected that the financial analysis scenario does not necessarily guarantee that the investment will prove to be financially successful in the long run and that those CCAs within the study by UCLA were defining renewable content differently.

Jay Powell opined on the SDG&E Eco Choice program advocated by Sempra Services. He stated that the EcoChoice program is just a reassignment of existing resources with an additional cost, which is passed along to the consumer who enrolls in that program and there are very few customers enrolled. Aaron Lu provided more information about Eco Choice rates. The Eco Choice program is a State mandated pilot program. Eco Choice rates are higher than normal rates. Future rates projected in the study are also based on a 20-year forecast by SDG&E, with a disclosure that the forecast is not guaranteed nor is data provided to evaluate the efficacy of the SDG&E forecast.

Julia Brown invited guest Kendall Helm of SDG&E to speak regarding the rates. Kendall Helm stated that SDG&E's rate analysis was based on available historical data. Board members continued discussion of PCIA rates versus Eco Choice rate analysis.

It was agreed to form a working *group* to take comments and input provided to the Board and by the Board and formulate a draft recommendation to the full SEA Board to consider for transmittal to the City Council and Mayor. *Hanna Grene, Douglas Kot, Sean Karafin, and Julia Brown* volunteered serve on the working group. Board members discussed the necessity of whether to have comments pertaining to the CCA Feasibility Study itself or to have comments on actual recommendations on formation or next steps necessary to form a CCA. Comments from SEAB members for consideration by the working group will be due October 26th to Aaron Lu to provide to the working group which will then have two weeks to put together a summarized statement of recommendation to the City Council and Mayor for distribution prior to the November SEAB meeting for action at that meeting. It was noted that the August 31 Memorandum from working group member Hanna Grene to the SEAB members could serve as the core document for the review by the working group.

4. New Business

No new business was discussed.

5. Suggested guests/presentations/tours for future meetings.

Potential report on proposals for other programs evaluated by staff from RFI and RFSQ to achieve 100% Renewable Energy Goal.

VII. Adjourn

Meeting adjourned at 11:57A.M.

Note: An audio recording of this meeting is available upon request.