

June 16, 2014

Honorable Kevin L. Faulconer,
Mayor, City of San Diego
City Administration Building
202 C Street, M 11A
San Diego, California 92101

RE: Priority Guiding Principles for City of San Diego Community Choice Aggregation (CCA) Feasibility Study

Dear Mayor Faulconer:

I am writing as Chairman of the City of San Diego Sustainable Energy Advisory Board (SEAB) to provide you with recommendations on priority principles to guide the feasibility study on Community Choice Aggregation (CCA) which you included in the recently adopted FY 2015 City budget.

SEAB has been reviewing the current proposals and models of other CCAs in the State of California at the request of the City Council Environment Committee to provide stakeholder input and community feedback. The SEAB is constituted by the City to advise the Mayor and City Council on energy policy. There are 11 appointed members representing a variety of stakeholders and community representatives.

On June 10, 2014 the SEAB members present voted unanimously to provide the following principles to guide additional studies of formation and implementation of a City of San Diego CCA.

1. **Model CCA as an opt-out program.** In order to optimize the purchasing power of the CCA program, it is important that it remains an "opt-out" system. Presently, Assembly Bill 2145 is being proposed to among other things, make it an "opt-in" system. An opt-in CCA is against the intent of the original establishing legislation.
2. **Confirm findings of the third party sponsored CCA feasibility study.** To the extent deemed necessary, confirm findings of the current CCA feasibility study funded by a third party non profit regarding the cost-benefit relative to business as usual (BAU) and other relevant consumer cost competitive factors such as effect of utility stranded costs on ratepayers.
3. **Evaluate economic development potential of CCA.** The following economic development potential factors should be evaluated in the CCA feasibility study:
 - a) Use of local labor with an emphasis on investment in under-resourced communities;
 - b) Consideration for livable wage and benefits, and training and certification requirements;
 - c) Any impacts on current job market, and establishment of a jobs transition program for anyone negatively impacted by CCA establishment; and
 - d) Sourcing from local businesses and supplier contracting policy.

There should be priority points assigned in evaluative criteria for power purchasing and investment that benefit these factors.

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4. Evaluate ability of CCA to achieve greenhouse gas emission reduction targets. City of San Diego is setting forth goals to achieve state and federal requirements for greenhouse gas reductions. Achieving these goals is a critical benefit to citizens of San Diego.

5. Evaluate a resource plan that follows the state loading order with an emphasis on local implementation. The CCA program should encourage local energy efficiency programs and distributed generation renewable energy sources. The CCA program should promote and enhance consumers' ability to meet their own energy needs through investment in building- and site-based renewable energy and energy storage on homes, businesses and integrated into the utility distribution system.

6. Evaluate ability to achieve 100 percent local renewables by 2035. The CCA program should develop a strategy to make San Diego a net energy producer. The ideal is that distributed generation (rooftop and parking lot solar), energy efficiency, and compatible storage are heavily promoted to push electric energy up out of the neighborhoods into the rest of the local grid, storage, and eventually out of the City. Local energy use and generation goals will be set and data will be monitored by official community planning area and customer class to measure progress in achievement of goals and to ensure incentives and resources are provided equitably to all communities throughout the city.

7. Evaluate a business and implementation phase-in plan with enforceable targets. Evaluate plans similar to "Sonoma Clean Power" CCA that phase in geographic areas, customers use groups and locally generated renewable energy resources to achieve the goal of producing all CCA energy from renewables generated within and on developed land or land designated for urban development within the City of San Diego CCA boundary.

Progress in achieving these goals should be reported to the Mayor and City Council through an annual report from staff and review and recommendations from the City SEA Board. SEA Board will post information about CCA program discussions and studies on its website and conduct outreach to educate and engage various communities and constituencies regarding the benefits of a CCA program and could be employed as a community sounding board to ensure accountability in implementing the CCA business plan.

If you or any members of your staff have questions on this, please do not hesitate to contact me at jbumgarner@me.com or (619) 209-1964.

Sincerely,



John Bumgarner, Chairman

Cc: Council President Todd Gloria and City Councilmembers