



County Executive Office

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NEVADA COUNTY BOARD OF SUPERVISORS

BOARD AGENDA MEMO

MEETING DATE: August 8, 2023

TO: Board of Supervisors

FROM: Alison Lehman, County Executive Officer

SUBJECT: Presentation to Inform the Board on Community Choice Aggregation and Pioneer Community Energy.

RECOMMENDATION: Accept the presentation.

FUNDING: \$15,000 was budgeted in the FY 2023/24 County Executive Office budget to pay for half the cost of the Impact Assessment Study to be released in late early September (see below). The other half of the total cost will be funded by Pioneer Community Energy. No additional General Funds are required, and no budget amendment is needed.

BACKGROUND:

What is Community Choice Aggregation:

Community Choice Aggregation (CCA) was enabled by state law in 2002 through the passage of AB 117. CCA is a program that allows local governments to purchase and/or generate electricity on behalf of their residents, businesses, and municipal accounts.

There is no law regulating how the governing body of a CCA should be structured, so each CCA is a little different. Most CCAs are governed under a Joint Powers Agreement (JPA) by a Board of Directors. The Board of Directors is usually comprised of a representative from each member city or county within the CCA jurisdiction. The Board sets the CCA's policies and electricity rates.

Under the CCA program, the CCA provider manages where and how local electricity is generated while the local Investor-Owned Utility (IOU--PG&E for Nevada County) continues to deliver the power to the community and continues to be responsible for customer billing.

The first CCA program in the state, Marin Clean Energy, launched in 2010, and as of today, there are 25 CCA programs operating throughout the state of California.

Staff Research on CCA Options:

In January 2022, the Nevada County Board of Supervisors directed staff to research how CCA could benefit the residents of Nevada County.

Staff completed extensive research on the components of CCA's across the state, and

specifically, researched each CCA provider to evaluate which might provide the greatest opportunity for benefiting the residents of Nevada County.

Overall, staff research found that CCA's have the potential to provide the following benefits to the local community: (i) customer cost savings; (ii) options for the consumer; (iii) local economic development, including job creation (profits are invested back into the local community instead of paid out to shareholders); (vi) cleaner energy opportunities; and (v) transparency in rate setting.

In addition to the customer savings, CCA's can provide economic benefit opportunities for the local community as excess revenues are re-invested back in the local community instead of being paid out to shareholders.

Examples of community re-investment include: (i) entering into power purchase agreements with local energy providers which creates jobs; (ii) investing in the development of new, local, clean energy providers; and (iii) creating and supporting energy efficiency programs in the community.

The majority of CCA's also offer their customers an option to select an energy plan comprised of a higher percentage of renewable energy than the default plan provided. The green energy plans consist of up to 100% renewable energy, which leads to a reduction in greenhouse gas emissions in the community.

The CCA program offers customers a choice. Should a local government elect to participate in a CCA program, all residents and businesses within the jurisdiction are automatically enrolled in the default CCA plan, and each customer has the choice to opt-up to a greener energy plan or to opt-out and remain with their current IOU as a bundled customer.

Local governments interested in joining the CCA program have the option of selecting an existing CCA or starting their own. The start-up costs and timeline associated with starting a new CCA are extensive, and thus, the opportunity to partner with an existing CCA to lower up-front costs and expedite the benefits to the community is an attractive option.

Due to the community re-investment and local economic development opportunities, it may make sense to partner with an existing CCA which is geographically close Nevada County.

Pioneer Community Energy currently serves several of the communities surrounding Nevada County.

Information on Pioneer Community Energy:

Pioneer Community Energy (Pioneer) is a CCA which was formed in 2017 and launched in 2018. Pioneer currently provides energy to many of our neighboring communities including Auburn, Colfax, Lincoln, Rocklin, Loomis, Placerville, unincorporated Placer County, and unincorporated El Dorado County. Starting in January 2024, Pioneer will also be the energy provider for Grass Valley and Nevada City.

Pioneer is governed by a JPA which is made up of each jurisdiction which it serves. The Board of the JPA is comprised of an elected representative from each of the current member agencies, and each member has equal voting power. As additional members join the JPA, each will receive equal representation and voting rights on the Board of Directors.

The Board of the JPA is responsible for setting rates, strategies, programs, and procurement policies. All meetings are open to the public, providing for complete transparency.

The financial health of Pioneer is strong and continues to improve. Audited financial statements from Fiscal Year 2022 (period ending June 30) show that Pioneer completed the fiscal year with a \$11,889,881 operating income (10.3% operating margin) which reflects a strong improvement over Fiscal Year 2021's operating income of \$2,909,052 (3.5% operating margin).

Additionally, the revised mid-year budget for Fiscal Year 2023 forecasts a year-end operating income of \$24,335,536 which translates into an 11.4% operating margin. Through the end of March (third quarter), Pioneer was tracking ahead of its Fiscal Year 2023 Budget.

Pioneer offers stable and competitive rates. For 2023, the average Pioneer customer is saving \$20 per month when compared with the standard PG&E plan, which equates to a meaningful 9% savings rate. The 9% average savings rate is also much higher than the CCA average savings of 2.59%.

Pioneer offers customers a Green100 plan, which is 100% renewable energy and is also currently more affordable than the default PG&E plan. Pioneer's Green100 plan is, on average, 5.9% cheaper than the default PG&E plan which is also favorable to the CCA average of 100% renewable plans being 1.28% more expensive than the IOU default plan.

Pioneer has contributed to economic development and local job creation through the procurement of renewable energy from local energy providers, including Sierra Pacific Industries, Placer County Water Agency, and El Dorado Irrigation District.

According to Pioneer, once their reserves exceed 160 days of cash on hand, the excess cash will be reinvested in local projects and programs at the discretion of the Pioneer Board.

Solar and NEM customers also realize benefits from being a Pioneer customer including: (i) Pioneer currently pays ½ cent more than PG&E for excess kWh (Net Surplus Compensation); (ii) Pioneer solar customers pay monthly when consumption exceeds generation instead of receiving one annual electric true-up bill; (iii) with Net Energy Metering, solar power generation credits are applied at the retail rate against the total amount of electricity consumed each month; and (iv) unused solar generation credits rollover from month-to-month with Pioneer.

Any customers enrolled in CARE, FERA or Medical Baseline will stay enrolled with Pioneer and will continue to receive their full discount.

CCA programs are only eligible for areas served by an IOU. Within unincorporated Nevada County, there are two existing IOU's, PG&E and Liberty Utilities; however, currently, Pioneer expansion is limited to PG&E territory. Existing infrastructure is insufficient to support the addition of Liberty's service area but could be added in future rollouts.

Process Timeline:

As part of staff due diligence, an expansive community engagement and outreach plan was launched. Staff presented their research at Town Halls for District 1, District 2, and District 4. Additional presentations will be made to unincorporated District 5, the business community, environmental organizations, and homeowner's associations.

Staff created a CCA focused webpage to share information with the public and it is housed on www.nevadacountyca.gov. The website will continue to be updated with outreach events, program information, and opportunities for the public to engage in the process.

\$15,000 of funds has been budgeted in the FY 2023/24 County Executive Office budget to

pay for half of the cost of completing an Impact Assessment Study. Pioneer contributed the other \$15,000. The Impact Assessment Study will identify the overall energy needs of Nevada County constituents and the anticipated fiscal impacts to Pioneer Community Energy to expand service into unincorporated Nevada County. The results of the study will be released in early September.

The Board of Supervisors may consider whether to vote on joining Pioneer Community Energy in October 2023. The item will require two readings.

Should the Board of Supervisors vote to approve, the Board of Pioneer Community Energy would vote to approve the addition of Nevada County to the JPA in November 2023.

After the approval by both Boards, an amended JPA and the implementation plan are required to be submitted to the CPUC no later than December 31, 2023.

Residents of unincorporated Nevada County would go online with Pioneer in January 2025.

Prior to the transition, Pioneer would send out notices of the pending change to all impacted customers starting in November 2024. Another 30-day notice will be sent in December 2024.

After going live in January 2025, Pioneer would send two additional notices to customers: one in February 2025 and one in March 2025. All residents would have the opportunity to opt out of Pioneer at any time; however, after March 2025, if a resident elects to opt out, they would not be able to return to Pioneer for one full year.

No action is required at this time and this report is for informational purposes only.

Item Initiated by: Mandy Stewart, Administrative Analyst II
Approved by: Alison Lehman, County Executive Officer
Submittal Date: 7/24/2023