



County of Sonoma Agenda Item Summary Report

Agenda Item Number: 30 10:30 A.M.
(This Section for use by Clerk of the Board Only.)

Clerk of the Board
575 Administration Drive
Santa Rosa, CA 95403

To: The Board of Directors of the Sonoma County Water Agency and the Board of Supervisors for the County of Sonoma

Board Agenda Date: December 4, 2012

Vote Requirement: Majority

Department or Agency Name(s): Sonoma County Water Agency

Staff Name and Phone Number:

Cordel Stillman, 547-1953

Supervisorial District(s):

All

Title: Sonoma Clean Power Joint Powers Authority

Recommended Actions:

- a) Authorize the Chair of the Board of Supervisors and the Chair of the Board of Directors of the Sonoma County Water Agency to sign a Joint Powers Agreement creating the Sonoma Clean Power Authority, and authorize County Counsel to file the notice required by Government Code section 6503.5 with the Secretary of State.
- b) Appoint the five members of the Board of Supervisors and Board of Directors of the Water Agency as directors of the Sonoma Clean Power Authority.
- c) Adopt a Resolution Introducing, Reading The Title Of, And Waiving Further Reading Of An Ordinance Entitled "An Ordinance Of The Board Of Supervisors Of The County Of Sonoma, State Of California, and An Ordinance of the Board of Directors of the Sonoma County Water Agency, Authorizing the Implementation of a Community Choice Aggregation Program."
- d) Approve a Funding Agreement (\$50,000, through 12/31/2014) between the Sonoma County Water Agency and Marin Energy Authority for consulting services during the start up phase of Sonoma Clean Power.
- e) Approve a professional services agreement (\$100,000 over 2 fiscal years, through June 30, 2014) between the Sonoma County Water Agency and Geof Syphers for consulting services related to the Sonoma Clean Power and other Water Agency sustainability issues.

Executive Summary:

On March 22, 2011 the Board of Directors of the Sonoma County Water Agency (Board) directed Sonoma County Water Agency (Water Agency) staff to prepare a study of whether a Community Choice Aggregation Program would be feasible in Sonoma County. The Board authorized the Water Agency to hire consultants (Dalessi Management Consultants was selected) to perform this study at a cost not to exceed \$150,000. The Board also instructed staff to form a steering committee consisting of interested parties from local jurisdictions, non-profits, and other community members.

Under a Community Choice Aggregation Program, the electric loads of customers within the Program's jurisdiction are served by electrical power provided by the Program's governing entity (which currently can be a city, county, a joint powers authority or the Water Agency). Existing utilities such as Pacific Gas & Electric (PG&E) are required to deliver the electricity provided by the Program entity to Program customers, and to provide other utility services, such as

transmission, grid upkeep and repair, and billing. Customers continue to receive one bill from the utility and to pay the utility for the services it provides, but the “generation” portion of the bill (that is, the charge for the electrical power itself) is paid by the utility to the Program entity, which uses it to offset the costs of acquiring power for its customers.

A Community Choice Aggregation Program can provide multiple benefits, depending on the goals of the Program and the manner in which it is operated. These include lower power rates, greenhouse gas reductions resulting from a “greener,” less carbon-intensive power portfolio, job creation through the implementation of local efficiency and power projects, and local control.

Consultant Selection

A Request for Qualifications was prepared for the selection of consultants qualified to perform an analysis of the County’s electric load and how it might be served by an Aggregation Program. Statements of qualifications were received from five consulting firms. Dalessi Management Consultants (Consultant) was selected to perform the technical feasibility study and MRW Consultants was selected to perform a peer review of Consultant’s work.

Sonoma Clean Power Steering Committee and Public Outreach

The Water Agency formed a steering committee to work with staff on developing the Sonoma Clean Power program. The steering committee consists of Efren Carrillo (County/Water Agency Board), Ernesto Olivares (Mayor of Santa Rosa), Jake Ours (Santa Rosa City Council), Kathy Millison (City of Santa Rosa), Kevin Thompson (Town of Windsor), Suzanne Smith (Sonoma County Transit Authority/Regional Climate Protection Authority), Bill Keene (Open Space and Agricultural Preservation District), Veronica Ferguson (County Administrators Office), David Sundstrom (Sonoma County Auditor Controller/Tax Collector’s Office), Jose Obregon (Sonoma County General Services), Ann Hancock (Climate Protection Campaign), Dick Dowd (Private Developer), Iver Skavdal (Sonoma County Alliance), Jack Buckhorn (International Brotherhood of Electrical Workers), Suzanne Doyle (Sierra Club), and Bob Williamson (Sonoma County Taxpayers Association). Representatives from the Water Agency, County Counsel and other county and city departments also participate on the committee.

The steering committee meets monthly and has been kept informed of all Program-related developments. The steering committee provided significant input into the power supply scenarios investigated by Consultant and drafted goals for the Program, which is referred to as Sonoma Clean Power.

Water Agency and County Counsel staff have given presentations regarding the results of the feasibility study and workshops on how Sonoma Clean Power would function to the city and town councils of all municipalities in Sonoma County. Updates on the progress of Sonoma Clean Power were a regular item at meetings of the Regional Climate Protection Authority. Presentations were also made to local chambers of commerce and rotary clubs.

Feasibility Study Results

On April 10, 2012, the results of the Feasibility Study, prepared by Consultant, were presented to the Water Agency’s Board. In general, the Feasibility Study determined that formation of a Community Choice Aggregation Program in Sonoma County is feasible. The Feasibility Study is on file with the Clerk. In all scenarios studied, electricity rates would be slightly higher than PG&E’s initially, and then become slightly lower than PG&E’s rates over time. Four scenarios were examined closely, and over the 20-year timeframe evaluated by the Feasibility Study, the estimated future rates under the four scenarios ranged from 1% to 4% more expensive than PG&E. This analysis did not factor in the local economic

benefits that could accrue to the County generally with the development of local energy supplies. The feasibility study concluded that Scenario 1 would produce only nominal greenhouse gas reductions, but that Scenarios 2, 3 and 4 would produce more significant greenhouse gas reductions by providing a less carbon-intensive electricity supply than would be provided by PG&E.

The Feasibility Study also found that significant economic benefits could accrue to Sonoma County as a result of the implementation of local renewable power and efficiency projects contemplated by the Program. The Feasibility Study estimated that the job creation and other economic benefits resulting from local projects would be considerable. In addition, the study found that the Program would accomplish significant greenhouse gas reductions. Once a carbon market is implemented in California, greenhouse gas reductions and other renewable energy credits obtained by the Program above and beyond the minimum required by state law could be valuable and might be used to offset Program costs.

Finally, when evaluating the economics of implementing Sonoma Clean Power, other factors, should be considered:

1. Under all scenarios studied, Program rates are higher initially than PG&E rates, but then fall below PG&E rates. Long term, past the 20-year period used by the Feasibility Study, it is anticipated that Program rates will be below PG&E rates. This is consistent with studies suggesting that Community Choice Aggregation Programs will, in the long term, always be able to beat utility rates, due to a lower cost of capital (arising from the ability to finance projects through tax-exempt bonds) and the lack of need to pay dividends to shareholders.
2. By building its own power generation facilities (or entering into a long-term power purchase agreement with a private developer of such facilities), a Community Choice Aggregation Program can escape power market volatility. The Program's self-generation power costs are determined solely by the costs of power from the generation facilities, not by external factors such as the cost of natural gas. This means that businesses and residents served by the Program will not be as subject to the vagaries of the markets, and will be able to rely on relatively predictable electricity costs.
3. Energy Efficiency/Purchased Gas Charge charges are collected by PG&E within Sonoma County. These charges amount to about \$12,000,000 per year for all of Sonoma County. PG&E is required to collect these monies by the California Public Utilities Commission for use in energy efficiency programs. There is no evidence regarding how much of this money is actually spent in Sonoma County. Sonoma Clean Power will have the right to petition the California Public Utilities Commission for the use of these monies, rather than PG&E. Sonoma Clean Power would develop energy efficiency programs designed specifically for Sonoma County using these funds.
4. Feed in tariffs and net energy metering are ways in which Sonoma Clean Power can incentivize the construction of both large and small solar projects. Feed in tariffs provide a guaranteed price for solar production that allows project developers to plan projects with confidence. Enhanced net energy metering programs can take into account time of use and time of production in determining how homeowners and businesses are credited for their solar production. Both of these types of programs can be designed to be more flexible and beneficial than they are currently.

Survey Results

At the Board's direction, Water Agency staff undertook a survey of Sonoma County residents (4,344 telephone responses) and businesses (990 email responses) regarding their opinions on renewable energy, local control of energy generation, and the cost of power (on file with the Clerk). There was general support from residents surveyed on the topics of providing a choice in energy generation, renewable energy, and green house gas reduction. There was also support in these areas from the commercial sector, but not to the same degree.

Implementation Plan

The results of the survey indicate that there is support in Sonoma County for a program such as Sonoma Clean Power. In April 2012, the Board directed staff to prepare a draft Implementation Plan for Sonoma Clean Power. This Plan is designed to flesh out many of the details including start-up costs, financing, level of participation, etc. An Implementation Plan is required by the California Public Utilities Commission prior to their authorizing the formation of an Aggregation Program. A draft of this plan (on file with the Clerk) has been prepared and has been circulated to the steering committee for comment.

Joint Powers Authority

Sonoma Clean Power would be operated under the auspices of a Joint Powers Authority. Operating Sonoma Clean Power under a Joint Powers Authority would ensure that the general funds of participants would not be at risk to pay the liabilities and debts associated with Sonoma Clean Power. The Joint Powers Authority will have the power to hire consultants, purchase energy, and finance and build renewable energy projects. Although the enabling documentation for a Joint Powers Authority is relatively straightforward, negotiating the details (particularly with respect to governance) with a large number of participants could be difficult. Water Agency staff and counsel have experience with this through the formation of the Power and Water Resources Pooling Authority and the Restructured Agreement for Water Supply. Water Agency staff received direction from the Board to begin the process of negotiating the terms of a Joint Powers Authority with eligible participants in Sonoma County in April 2012.

Due to information gathered during presentations to City and Town Councils and through interviews with power service providers, Water Agency staff are recommending that the County of Sonoma and the Sonoma County Water Agency alone form a Joint Powers Authority rather than wait for the negotiation and approval of a joint powers agreement that includes potential participating municipalities.

There are several reasons for this recommendation:

1. Many City Council members expressed a reluctance to commit to Sonoma Clean Power without knowing the rates that would apply to their residents. More definite rate information can only be obtained through the results of a "Request for Proposals" process with potential power suppliers. It is necessary to form the Authority in order to ensure the success of this process, both because binding proposals can only be made to the specific entity that would be contracting for power or services (i.e., the Authority), and because forming the Authority will signal to potential power and service providers that the program is likely to move forward, thus increasing the likelihood of more favorable responses.
2. Many City Council members expressed concern regarding the liability of their city's general fund to debts and obligations of the Sonoma Clean Power Joint Powers Authority. Cities are not required to join as members under the proposed Joint Powers Authority structure, thus eliminating this concern (although, as discussed below, cities participating in the Program would receive representation on the Joint Powers Authority's Board of Directors, thus ensuring cities have a voice in substantive policy decisions made by the Authority).
3. Many of the energy service providers interviewed urged early action on implementing Sonoma Clean Power due to historic low energy prices. Moving forward promptly with the Request For Proposal process will allow the Program to take advantage of these low prices.
4. In an effort to secure low-cost start up funding from the State, it is important to show progress.

Features of the Joint Powers Agreement

The proposed Joint Powers Agreement was drafted to allow municipalities within Sonoma County that choose to participate in Sonoma Clean Power to be represented on the Authority's Board of Directors and thus have a say in policy decisions relating to the program. The Board of Directors will originally consist of the five members of the Board of Supervisors/Water Agency Board of Directors, but as additional municipalities decide to participate in the program, the number of County/Water Agency-appointed directors will decrease according to the following schedule:

Total Number of Additional Participants	Number of Sonoma County/SCWA Directors
1	4
2	3
3-5	2
6 or more	1

If the City of Santa Rosa is one of the first two additional participants, however, then in recognition of the large electric load within its jurisdiction, during the time that there were two or fewer additional participants, Santa Rosa would appoint two members, and the number of members appointed by the County/Water Agency would be reduced by one.

Each member of the Board of Directors of the Authority will have one vote. However, the Joint Powers Agreement also provides for the calculation of "voting shares" for each member, which are based upon the power consumption from the Authority in each respective jurisdiction, and allows any member of the Board to request that any vote on any item be made based upon "voting shares" rather than on a one member-one vote basis. (This arrangement was suggested by the City/Town Managers and incorporated into the agreement.) The Joint Powers Agreement allows municipalities choosing to participate in the Sonoma Clean Power program to unilaterally decide to withdraw from the program later, although a withdrawing participant would be responsible for any costs to the program caused by the withdrawal.

The agreement also sets up two important standing committees, a "Business Operations Committee" and a "Ratepayer Advisory Committee." The Business Operations Committee will consist of five members having relevant business experience. In addition to reviewing and providing advice generally on business operations, all contracts or capital projects in excess of \$250,000 will be submitted to the Business Operations Committee for review and comment (except in emergency situations). The "Ratepayer Advisory Committee" will consist of seven members, three of whom are commercial or business ratepayers, three of whom are residential ratepayers (one of whom is a tenant), and one of whom is a non-profit or public entity ratepayer. The Ratepayer Advisory Committee will review the Authority's budget and proposed rates, may prepare or caused to be prepared any reports or studies on Authority operations, and can place matters on the agenda of the Authority's Board of Directors. The Authority's Board will appoint members to these committees. The committees are intended to provide the public and ratepayers with a more active and "hands-on" role in the Authority's programs, policies, and operations. It is not anticipated that the committees will be appointed unless a decision is made by the Authority's Board to implement the Sonoma Clean Power Program.

Finally, the Joint Powers Agreement contemplates the appointment of a Chief Executive Officer for the Authority, who may exercise any powers of the Authority except those exclusively within the power of the Board of Directors. This reflects the Authority's need to function more as a business enterprise in order to take advantage of opportunities in the power industry.

The Board is requested to approve and authorize the Chair of the Board of Supervisors and the Chair of the Board of Directors of the Water Agency to execute the Joint Powers Agreement. Government Code section 6503.5 requires that a filing be made with the California Secretary of State whenever a joint powers agreement creates a new public entity. The Board is requested to authorize County Counsel to prepare and file the required notice.

Appointment of Authority Board Members

The Joint Powers Agreement allows the Board of Supervisors/Water Agency Board of Directors to appoint five members to the Authority's Board of Directors. During the interim period when the "Request for Proposals" process is underway, and before a final decision to implement the Sonoma Clean Power Program is made, staff requests that the Board appoint its five members to serve as members of the Authority Board of Directors.

Issue Request for Proposals

By issuing a Request for Proposals, we will garner the last piece of significant information needed in order to make decisions regarding implementation of Sonoma Clean Power: the actual rate for electric generation we will be able to offer our customers. Proposals will be sought from qualified companies with experience in the following areas:

1. Electric supply
2. Generation project development
3. Financing for program startup, operations, energy supply and generation assets
4. Operations and management (resource planning, procurement and portfolio management, scheduling, customer services, data management, marketing, rate setting, regulatory, legal, finance and accounting)
5. Demand-side programs, including energy efficiency, demand response, and net energy metering
6. Feed-in tariffs and similar programs

Once responses to the Request for Proposals are received and analyzed, the information obtained will allow for a more refined and exact estimate of the rates that Sonoma Clean Power would charge if it became operational. At that point, the Water Agency and County Boards and the City and Town Councils of potential municipal participants may make a more informed decision regarding whether to join Sonoma Clean Power and allow residents in their respective jurisdictions to participate. If the decision is made to have Sonoma Clean Power become operational, the Implementation Plan would be finalized based upon information received from the Request For Proposal process and the Authority would enter into the power supply and other agreements necessary to implement the Program.

If the County and the Water Agency approve execution of the Joint Powers Authority, staff will return on December 11 and request authorization from the Authority's Board to prepare and issue the "Request for Proposals."

Ordinance Authorizing Implementation of a Community Choice Aggregation Program

Before a community choice aggregation program can be implemented in a particular jurisdiction, California law requires the entity electing to implement the program to do so by adoption of an ordinance. Staff proposes that the County and the Water Agency adopt the attached ordinance to meet the statutory requirement. Adoption of the ordinance will facilitate the "Request for Proposals" process discussed above, by providing potential respondents with a clear expression of the County's and Water Agency's interest in implementing the program. If, however, after receiving the results of the Request For Proposal process the Sonoma Clean Power Authority board decides not to finalize and submit the Implementation Plan to the California Public Utilities Commission for approval, the ordinance allows the County and the Water Agency to forego further implementation efforts.

Agreement for Interim Services

Until a decision is made to implement the Sonoma Clean Power program, the Joint Powers Authority will have no assets or funding. During the interim period until that decision is made, the Water Agency will provide staffing and services to the Authority, in the same way as the Water Agency has provided staffing and services during the feasibility study period. The proposed Agreement for Interim Services memorializes this arrangement. Under the proposed Agreement, the Water Agency will continue to pay the costs associated with the start-up effort. If the Sonoma Clean Power program becomes operational, the Authority will reimburse the Water Agency for those costs from rates charged to customers. If the program does not become operational, the Water Agency will not obtain reimbursement. If the County and the Water Agency approve execution of the JPA, staff will return on December 11 and request approval of the Water Agency's and the Authority's board of directors of the Agreement for Interim Services.

Funding Agreement with Marin Energy Authority

The Marin Energy Authority is a Community Choice Aggregation Program that has been successfully launched in Marin County. Staff recommends employing a funding agreement between the Water Agency and Marin Energy Authority to provide consulting services during the upcoming Program process. The agreement will be for \$50,000, through 12/21/2014. This funding agreement would allow us to have the benefit of their experience and information during our decision making process in the following areas:

1. Input and advice regarding Sonoma Clean Power's procurement process and related agreements for the purpose of identifying qualified electric service provider(s), data manager(s) and renewable energy developer(s)/marketer(s) that will support Sonoma Clean Power's resource requirements and data management/customer service needs.
2. Advisory support in Sonoma Clean Power's negotiation and management of utility services agreement with PG&E.
3. Input and advice regarding Sonoma Clean Power's administration of customer enrollment/opt out process.
4. Input and advice regarding customer communications and program marketing.
5. Input and advice regarding compliance with applicable regulatory requirements such as resource adequacy requirements, the renewable portfolio standards program, and other applicable regulatory requirements.
6. Input and advice regarding development of local programs such as feed-in-tariffs, energy efficiency, and demand response.
7. Attendance at meetings and other related assistance as needed to accomplish above-described tasks.

Professional Services Agreement with Geof Syphers

The Water Agency currently has an agreement with Geof Syphers to provide energy and energy efficiency consulting services for an amount of \$100,000 through FY 13/14. Water Agency staff requests that the Board of Directors of the Sonoma County Water Agency approve an amendment to the professional services agreement with Geof Syphers in the amount of \$100,000. Mr. Syphers was selected based on his background in promoting energy and energy efficiency at the local and state level. He has proven to be instrumental in negotiations with State government officials and in working with energy service providers to ascertain the most efficient method of contracting. The contract amendment allocates \$50,000 in FY 12/13 and FY 13/14 for his continued services.

Remaining Steps

As noted, while the creation of the Joint Powers Authority and the actions requested today are significant steps toward implementation of the Sonoma Clean Power Program, a number of additional steps would be required before the program could be implemented. These include review and approval of the results of the Request For Proposal process, decisions by municipalities to join or not join the program, review and approval of the Implementation Plan, and review and approval of the arrangements for operating Sonoma Clean Power and financing start-up costs. Staff will return for Board approval of these actions.

Prior Board Actions:

04/17/2012: Accept results of surveys, approve goals of Aggregation Program, directed staff to hold workshops, pursue creation of a Joint Power Authority and pursue start up financing, authorize an amendment to contract with Dalessi Management Consulting for preparation of an Implementation Plan.
10/18/2011: Accept Community Choice Aggregation feasibility study and direct staff to continue with the investigation of Community Choice Aggregation in Sonoma County.
03/22/2011: Approval of the Sonoma County Water Agency Energy Policy Community Choice Aggregation Feasibility Study Report.

Strategic Plan Alignment: Goal 2: Economic and Environmental Stewardship

This program will stimulate economic growth in the areas of energy efficiency and renewable energy development in Sonoma County

Water Agency Energy Goals and Strategies, Goal 2: Pursue funding and development of renewable energy Projects of broad regional benefit to generate revenue, lower county-wide emissions profile, and reduce long term rate exposure risk to consumers

Fiscal Summary - FY 12-13

Expenditures		Funding Source(s)	
Budgeted Amount	\$ 0	Water Agency Gen Fund	\$
Add Appropriations Req'd.	\$ 100,000	State/Federal	\$
	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
	\$	SCWA General Fund/Fund Balance	\$ 100,000
Total Expenditure	\$ 100,000	Total Sources	\$ 100,000

Narrative Explanation of Fiscal Impacts (If Required):
 Additional appropriations are required for the contracts with Marin Energy Authority (\$50,000) and Geof Syphers (\$50,000. In FY 12/13. The additional \$50,000 under the Syphers agreement will be included in the FY 13/14 budget. To date the Sonoma County Water Agency has expended \$537,712.32 in this effort on staff, counsel and Consultants.

Staffing Impacts			
Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):
 None

Attachments:
 Resolution Introducing, Reading the Title Of, And Waiving Further Reading Of An Ordinance (A1); Ordinance (A2).

Related Items "On File" with the Clerk of the Board:
 1) Draft Joint Powers Authority Agreement (3 copies); 2) Agreement with Marin Energy Authority (4 copies); 3) Agreement with Geof Syphers, dba Syphers Consulting (4 copies); 4) Residential and Commercial Public Opinion Survey Summaries by Data Instincts; 5) Feasibility Study; 6) Draft Implementation Plan

Resolution No.

**County of Sonoma
Santa Rosa, CA 95403**

Date: 12/4/2012

Resolution Of The Board Of Supervisors Of The County Of Sonoma, State Of California, And The Board Of Directors Of The Sonoma County Water Agency, Introducing, Reading The Title Of, And Waiving Further Reading Of An Ordinance Entitled “An Ordinance Of The Board Of Supervisors Of The County Of Sonoma, State Of California, And An Ordinance Of The Board Of Directors Of The Sonoma County Water Agency, Authorizing The Implementation Of A Community Choice Aggregation Program.”.

Whereas, an ordinance entitled “An Ordinance Of The Board Of Supervisors Of The County Of Sonoma, State Of California, and An Ordinance of the Board of Directors of the Sonoma County Water Agency, Authorizing the Implementation of a Community Choice Aggregation Program” has been introduced and the title read;

Now, Therefore, Be It Resolved that further reading of the proposed ordinance is waived.

Be It Further Resolved that the Sonoma County Board of Supervisors and the Board of Directors of the Sonoma County Water Agency will consider adoption of the proposed ordinance on December 11, 2012, in the Board of Supervisors Chambers, 575 Administration Drive, Room 102A, Santa Rosa, California.

Supervisors:

Brown:	Rabbitt:	McGuire:	Carrillo:	Zane:
Ayes:	Noes:	Absent:	Abstain:	

So Ordered.

COUNTY OF SONOMA ORDINANCE NO. _____

SONOMA COUNTY WATER AGENCY ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA, AND AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY WATER AGENCY, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM.

The Board of Supervisors of the County of Sonoma, State of California, and the Board of Directors of the Sonoma County Water Agency, hereby ordain as follows:

SECTION I. The County of Sonoma (“County”) and the Sonoma County Water Agency (“Water Agency”) have been investigating options to provide electric services to constituents within its service areas with the intent of achieving greater local involvement over the provisions of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs.

SECTION II. Assembly Bill 117, codified as Public Utilities Code §366.2, authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency, and to this end the County and the Water Agency have been participating since 2010 in the evaluation of a CCA program for the County and Water Agency and the cities and towns within their service areas. Both the County and the Water Agency have the authority to implement and operate a CCA program under California law.

SECTION III. To assist in the evaluation of a CCA program within Sonoma County, the County and Water Agency created a Steering Committee composed of elected representatives of the County, Water Agency, and cities within Sonoma County; County and Water Agency staff; city and town managers from cities within Sonoma County; representatives of interested non-profit organizations; labor representatives; representatives of Sonoma County businesses; and representatives from the Sonoma County Taxpayers Association. The Steering Committee had input into, oversaw, and received reports on the analysis conducted by consultants hired by the Water Agency to evaluate the feasibility of implementing a CCA program. Water Agency staff also made multiple presentations about the potential CCA program to city and town councils and interested community organizations.

SECTION IV. The Water Agency prepared a Feasibility Study and a draft Implementation Plan for the CCA program. The Feasibility Study and draft Implementation Plan show that implementing a CCA program in Sonoma County would provide multiple benefits, including

- Increased local control and involvement in and collaboration on energy rates and other energy-related matters;
- More stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reductions in greenhouse gas emissions arising from electricity use within Sonoma County;
- Increased local renewable generation capacity;
- Increased energy conservation and efficiency projects and programs;
- Increased regional energy self-sufficiency; and
- Improvements to the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects.

SECTION V. Public Utilities Code §366.2 allows a CCA program to be carried out under a joint powers agreement entered into by entities that each have the capacity to implement a CCA program individually. The joint power agreement structure reduces the risks of implementing a CCA program by immunizing the financial assets of participants.

SECTION VI. In order to obtain more specific information about the costs of the CCA program, the County and Water Agency approved executing a Joint Powers Agreement on December 4, 2012, creating the “Sonoma Clean Power Authority.” The Joint Powers Agreement contemplates that cities and towns within Sonoma County may participate in the CCA program by adopting the ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement.

SECTION VII. Based upon all of the above, the Board of Supervisors and the Board of Directors elect to implement a Community Choice Aggregation program within the County’s and Water Agency’s jurisdictions by and through the County’s and Water Agency’s participation in the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the County’s and the Water Agency’s right to forego the actual implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

SECTION VIII. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors and the Board of Directors hereby declare that they would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

Ordinance #

Date:

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SECTION IV. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage and shall be published once before the expiration of fifteen (15) days after said passage, with the names of the Supervisors and Directors voting for or against the same, in the Sonoma County Press Democrat, a newspaper of general circulation published in the County of Sonoma, State of California.

In regular session of the Board of Supervisors of the County of Sonoma and the Board of Directors of the Sonoma County Water Agency introduced on the 4th day of December, 2012, and finally passed and adopted this 11th day of December, 2012, on regular roll call of the members of said Boards by the following vote:

Supervisors/Directors:

Brown: Rabbitt: McGuire: Carrillo: Zane:

Ayes: Noes: Absent: Abstain:

WHEREUPON, the Chair declared the above and foregoing ordinance duly adopted and

SO ORDERED.

Chair, Board of Supervisors, County of Sonoma
Chair, Board of Directors, Sonoma County Water Agency

ATTEST:

Clerk of the Board of Supervisors

Sonoma Clean Power

Grant Davis
General Manager

Cordel Stillman
Deputy Chief Engineer

Steve Shupe
Deputy County Counsel



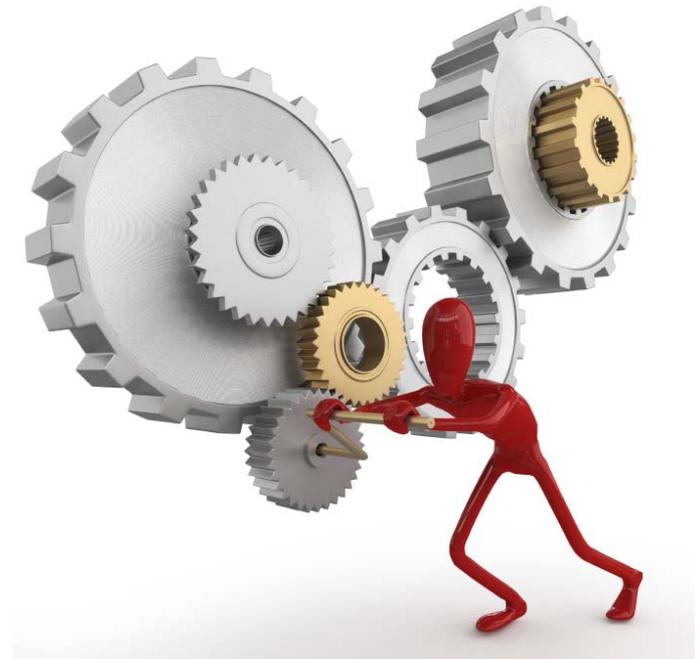
Special Thanks

- CCA Steering Committee
 - Elected officials and staff
 - Kathy Millison and Linda Kelly
 - Dick Dowd
 - Ann Hancock and CPC
- Board ad hoc Committee
- County Administrator



Today's Item

- Form a Joint Powers Authority
- Appoint the Board of the JPA
- Consider an Ordinance
- Approve two agreements



Joint Powers Authority

- Approval forms a separate legal entity
- Insulates General Fund
- Provides for additional participants
- Voting structure
- Allows formation
- of committees



Appoint JPA Board

- Initial JPA Board
 - Board of Supervisors/Board of Directors
 - Replaced by City appointed Board members
- More Board members as cities participate
 - Defined method for substitution
- Final Board Makeup
 - Determined by number of participants



Ordinance

- Ordinance required by Statute
- Pass resolution today
 - Reading title of Ordinance, etc.
 - Ordinance approval on Dec. 11, 2012



Agreements

- Agreement with MEA
 - RFP process
 - Interaction with PG&E
 - Marketing
 - Regulatory issues
- Agreement with Geof Syphers
 - Assistance with start up financing
 - Energy efficiency



Why now?

- More information
 - RFP to determine rates, etc.
- Perceived risk
 - Cities are not required to join JPA
- Power rates are low
 - Natural gas
- Start up financing
 - Need an entity to negotiate



Next Steps and Off-Ramps...

- Implementation Plan (Draft October 2012)
- RFP for power supply (rates known)*
- Customer notification of opt-out ability (Fall 2013)
- Begin service 2014?*

*Decision points on moving forward



Thank you

Cordel Stillman
Deputy Chief Engineer



www.sonomacountywater.org