



JOINT CITY COUNCIL, CARLSBAD PUBLIC FINANCING AUTHORITY AND
CARLSBAD MUNICIPAL WATER DISTRICT

Staff Report

Meeting Date: April 13, 2021

To: Mayor/Chair/President and City Council/Board/Board

From: Scott Chadwick, City Manager/Executive Director/Executive Manager

Staff Contact: Jason Haber, Intergovernmental Affairs Director
jason.haber@carlsbadca.gov, 760-434-2958

Subject: Clean Energy Alliance Product Selection for City of Carlsbad, Carlsbad Public Financing Authority and Carlsbad Municipal Water District Electric Service Accounts

Districts: All

Recommended Action

Adopt resolutions selecting the Clean Energy Alliance power supply product for City of Carlsbad, Carlsbad Public Financing Authority and Carlsbad Municipal Water District electric service accounts, selected from the following options:

- 1) Clean Impact - 50% of power supply from renewable energy sources
- 2) Clean Impact Plus - 50% renewable and 75% carbon-free energy sources
- 3) Green Impact - 100% of power supply from renewable energy sources

Executive Summary

At its meeting on March 9, 2021, the City Council reviewed the initial rates and power supply product offerings established by the Clean Energy Alliance and adopted Resolution No. 2021-053 (Exhibit 4), establishing the Clean Impact 75 – now known as “Clean Impact Plus” – as the default power supply product for all customer accounts, municipal, commercial, industrial and residential, within the City of Carlsbad.

As electric service customers within the Clean Energy Alliance service area, the City of Carlsbad, Carlsbad Public Financing Authority and Carlsbad Municipal Water District can choose to power their facilities and services from the alliance’s Clean Impact, Clean Impact Plus or Green Impact power supply products, or may opt out of Clean Energy Alliance service and continue receiving power from SDG&E.

The Clean Energy Alliance's community choice aggregation program launches May 1, 2021. Unless the city, authority and district choose an alternative product option, or choose to opt out of Clean Energy Alliance service, all city, authority and district accounts will be automatically enrolled to receive power from the default Clean Impact Plus product as of that date.

Discussion

Background

The City Council approved the joint powers agreement creating the Clean Energy Alliance on Oct. 8, 2019. The alliance is a new regional community choice aggregation program that enables the city and its partners to purchase power from alternative suppliers while continuing to receive that power through SDG&E's existing distribution network. Community choice aggregation provides for more local control over electricity sources and the potential to choose greener power sources and lower electricity prices. The alliance's member agencies are the cities of Carlsbad, Solana Beach and Del Mar. Clean Energy Alliance service is scheduled to launch in May-June 2021.

The City Council appointed Council Member Bhat-Patel as the primary board representative on the Clean Energy Alliance Board of Directors and Council Member Acosta as the alternate.

Clean Energy Alliance power supply product options

The power supply product options being offered by the Clean Energy Alliance are:

Clean Impact - 50% renewable energy

The Clean Impact product offering, with a minimum 50% of its energy coming from renewable sources, is the option with the minimum amount of renewable energy that an individual Clean Energy Alliance customer may select. This product is offered at a 0.9% discount compared to SDG&E's 2021 rates.

Clean Impact Plus - 50% renewable energy and 75% carbon-free energy

The City Council decided to establish the Clean Impact Plus product as the citywide default power supply mix of 50% renewable and 75% carbon-free energy for all customer accounts within the City of Carlsbad. The higher carbon-free energy content costs \$.001 per kilowatt hour more than the cost of the Clean Impact product, which results in the Clean Impact Plus product being offered at a 0.6% discount compared to SDG&E's rates.

Green Impact - 100% renewable energy product

This 100% renewable energy product is available as an alternative power supply offering for Clean energy Alliance customers. The Green Impact product costs \$.0075 per kWh more than the Clean Impact product and \$.0065 per kWh more than the Clean Impact Plus because of the additional expense of procuring the power supply with more renewable energy. The rate premium for choosing 100% renewable energy is 1.5% above SDG&E's 2021 rates.

City of Carlsbad electric service accounts

Clean Energy Alliance records indicate that 403 electric service accounts are billed to the City of Carlsbad under 15 rate schedules to power various city facilities and services, the Crossings Golf

Course, which is controlled by the Carlsbad Public Financing Authority, and Carlsbad Municipal Water District facilities.

The actual rates paid on each account vary as a result of “Time of Use” pricing, variances between summer and winter pricing, and being subject to peak demand charges. Because of the substantial administrative effort required to fully analyze all 403 city accounts individually, the Clean Energy Alliance provided bill comparisons for the following city, authority and district facilities as examples of the cost impacts of receiving service under the various alliance energy product options:

- Faraday Center
- The Crossings at Carlsbad Golf Course
- Maerkle Reservoir
- Carlsbad Municipal Water District offices

This bill analysis for these city accounts found that the estimated costs for the various product options match the cost projections provided previously.

Options

- 1. Opt out of Clean Energy Alliance service** – The city and district may opt out of receiving Clean Energy Alliance service and continue purchasing electrical power from SDG&E. For 2021, this option would result in city, authority and district facilities being served by an approximately 39% renewable product. By selecting this option, the city and district would forego any potential cost savings or cost increases associated with the alliance’s power supply products.
- 2. Clean Impact Plus default product selection (or take no action)** – Selecting the Clean Impact Plus product is effectively the “Take No Action” option because Clean Impact Plus is the citywide default Clean Energy Alliance product and state law provides that all customers within a jurisdiction served by a community choice aggregation program are automatically enrolled to be served at launch by the program’s default product. Unless the city, authority and district choose an alternative power supply product, or choose to opt-out of Clean Energy Alliance service, all city and district accounts will be automatically enrolled to receive the Clean Impact Plus default product at launch.

For 2021, this option will result in city, authority and district facilities being served by a 50% renewable and 75% carbon-free product (i.e., a 36% total emissions reduction) and an estimated cost savings of \$25,000 as compared to opting out of Clean Energy Alliance service and continuing to purchase electrical power from SDG&E.
- 3. Clean Impact product selection (opt down)** – The city, authority and district may choose to opt down from the alliance’s default product to the Clean Impact 50% renewable product. This would result in estimated 2021 annual cost savings of \$37,500 compared to SDG&E rates and an 11% reduction in emissions from electricity usage.
- 4. Green Impact product selection (opt up)** – The city, authority and district may choose to opt up to the Green Impact 100% renewable product. This would result in an estimated 2021 annual cost increase of \$56,250 and a 61% reduction in emissions from city,

authority and district facilities’ electricity usage, as compared to continuing with SDG&E service.

Unless the city, authority and district choose an alternative Clean Energy Alliance product, or choose to opt-out of Clean Energy Alliance service, all city and district accounts will be automatically enrolled to receive the Clean Impact Plus product at launch. The following chart provides a comparison of the options described above based on 2020 energy usage among city, authority and district accounts:

	Renewable energy power content	Carbon-free power content	2021 estimated annualized cost (savings) or increase compared to SDG&E rates
CEA opt out (SDG&E service)	39%	39%	\$0
Clean Impact Plus (default product)	50%	75%	(\$25,000)
Clean Impact (opt-down product)	50%	50%	(\$37,500)
Green Impact (opt-up product)	100%	100%	\$56,250

Fiscal Analysis

The City Council, authority board and district board may choose from the following Clean Energy Alliance power supply product options, or may choose to opt out of receiving power from the alliance:

- Clean Impact - 50% of power supply from renewable energy sources
- Clean Impact Plus - 50% renewable and 75% carbon-free energy sources (Clean Impact rate + \$.001/kWh)
- Green Impact - 100% renewable (Clean Impact rate + \$.0075/kWh)

Any cost savings or cost increases associated with the selection of a preferred power supply product will accrue to the particular funds that pay the operating costs of the various facilities and services controlled by the city, authority and district. These primarily include the General Fund, Golf Course Fund, Water Operations Fund and Recycled Water Fund. Staff will factor the cost implications of the City Council, Carlsbad Public Financing Authority Board and Carlsbad Municipal Water District Board direction into building the fiscal year 2021-22 budget.

Next Steps

The Clean Energy Alliance is proceeding with the implementation of its community choice aggregation program and is on track to begin serving customers in May and June 2021. Staff will deliver a copy of the adopted resolution to inform the Clean Energy Alliance of the city’s

decisions on the preferred approach to providing electrical service to 403 electrical service accounts billed to the city.

Environmental Evaluation (CEQA)

This action does not constitute a “project” within the meaning of the California Environmental Quality Act under California Public Resources Code Section 21065 in that it has no potential to cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, so it does not require environmental review.

Public Notification

Public notice of this item was posted in keeping with the state’s Ralph M. Brown Act and it was available for public viewing and review at least 72 hours before the scheduled meeting date.

Exhibits

1. City Council resolution
2. Carlsbad Public Financing Authority Board resolution
3. Carlsbad Municipal Water District Board resolution
4. City Council Resolution No. 2021-053

RESOLUTION NO. _____A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD,
CALIFORNIA, SELECTING THE CLEAN ENERGY ALLIANCE POWER SUPPLY
PRODUCT FOR CITY OF CARLSBAD ELECTRIC SERVICE ACCOUNTS

WHEREAS, Community Choice Aggregation is a mechanism that allows local governments to purchase and supply electrical power to customers within their jurisdictions as an alternative to the service provided by an investor-owned utility; and

WHEREAS, on October 8, 2019, the Carlsbad City Council adopted Resolution No. 2019-197 approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority; and

WHEREAS, on October 15, 2019, the Carlsbad City Council approved Ordinance No. CS-362 authorizing the implementation of a Community Choice Aggregation program in Carlsbad; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement states that the Alliance's power supply base product will be greater than or equal to 50% qualified renewable resources; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement also states that the Clean Energy Alliance Board of Directors shall establish product options with higher renewable and/or GHG-free content that each Alliance member may select; and

WHEREAS, on March 4, 2021, the Clean Energy Alliance Board of Directors adopted Clean Energy Alliance Resolution No. 2021-007, establishing initial Clean Energy Alliance rates and power supply product offerings to include:

- Clean Impact – Minimum 50% Renewable Energy Product,
- Clean Impact 75 – 50% Renewable and 75% Carbon-Free Energy Product, and
- Green Impact – 100% Renewable Energy Product; and

WHEREAS, on March 9, 2021, the Carlsbad City Council adopted Resolution No. 2021-053 establishing the Clean Impact 75 (now “Clean Impact Plus”) as the default power supply product for all customer accounts (municipal, commercial, industrial and residential) within the City of Carlsbad.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California, as follows:

1. That the above recitations are true and correct.

2. That the City of Carlsbad, as an electric service customer within the Clean Energy Alliance service area, selects _____ as the power supply product offering to power its electric service accounts within the City of Carlsbad.
3. That the City Manager or a designee shall provide a copy of this Resolution to the Clean Energy Alliance.

PASSED, APPROVED AND ADOPTED at a Joint Special Meeting of the City Council of the City of Carlsbad, the Board of Directors of the Carlsbad Municipal Water District and the Board of Directors of the Carlsbad Public Financing Authority on the ___ day of _____, 2021, by the following vote, to wit:

AYES:

NAYS:

ABSENT:

MATT HALL, Mayor

BARBARA ENGLESON, City Clerk
(SEAL)

RESOLUTION NO. _____**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CARLSBAD PUBLIC FINANCING AUTHORITY SELECTING THE CLEAN ENERGY ALLIANCE POWER SUPPLY PRODUCT FOR CARLSBAD PUBLIC FINANCING AUTHORITY ELECTRIC SERVICE ACCOUNTS**

WHEREAS, Community Choice Aggregation is a mechanism that allows local governments to purchase and supply electrical power to customers within their jurisdictions as an alternative to the service provided by an investor-owned utility; and

WHEREAS, on October 8, 2019, the Carlsbad City Council adopted Resolution No. 2019-197 approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority; and

WHEREAS, on October 15, 2019, the Carlsbad City Council approved Ordinance No. CS-362 authorizing the implementation of a Community Choice Aggregation program in Carlsbad; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement states that the Alliance's power supply base product will be greater than or equal to 50% qualified renewable resources; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement also states that the Clean Energy Alliance Board of Directors shall establish product options with higher renewable and/or GHG-free content that each Alliance member may select; and

WHEREAS, on March 4, 2021, the Clean Energy Alliance Board of Directors adopted Clean Energy Alliance Resolution No. 2021-007, establishing initial Clean Energy Alliance rates and power supply product offerings to include:

- Clean Impact – Minimum 50% Renewable Energy Product,
- Clean Impact 75 – 50% Renewable and 75% Carbon-Free Energy Product, and
- Green Impact – 100% Renewable Energy Product; and

WHEREAS, on March 9, 2021, the Carlsbad City Council adopted Resolution No. 2021-053 establishing the Clean Impact 75 (now “Clean Impact Plus”) as the default power supply product for all customer accounts (municipal, commercial, industrial and residential) within the City of Carlsbad.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carlsbad Public Financing Authority as follows:

1. That the above recitations are true and correct.

2. That the Carlsbad Public Financing Authority, as an electric service customer within the Clean Energy Alliance service area, selects _____ as the power supply product offering to power its electric service accounts within the City of Carlsbad.
3. That the Executive Director or a designee shall provide a copy of this Resolution to the Clean Energy Alliance.

PASSED, APPROVED AND ADOPTED at a Special Joint Meeting of the Board of Directors of the Carlsbad Public Financing Authority, City Council of the City of Carlsbad and the Board of Directors of the Carlsbad Municipal Water District on the ___ day of _____, 2021, by the following vote, to wit:

AYES:

NAYS:

ABSENT:

MATT HALL, Chair

BARBARA ENGLESON, Secretary
(SEAL)

RESOLUTION NO. _____**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CARLSBAD MUNICIPAL WATER DISTRICT SELECTING THE CLEAN ENERGY ALLIANCE POWER SUPPLY PRODUCT FOR CARLSBAD MUNICIPAL WATER DISTRICT ELECTRIC SERVICE ACCOUNTS**

WHEREAS, Community Choice Aggregation is a mechanism that allows local governments to purchase and supply electrical power to customers within their jurisdictions as an alternative to the service provided by an investor-owned utility; and

WHEREAS, on October 8, 2019, the Carlsbad City Council adopted Resolution No. 2019-197 approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority; and

WHEREAS, on October 15, 2019, the Carlsbad City Council approved Ordinance No. CS-362 authorizing the implementation of a Community Choice Aggregation program in Carlsbad; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement states that the Alliance's power supply base product will be greater than or equal to 50% qualified renewable resources; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement also states that the Clean Energy Alliance Board of Directors shall establish product options with higher renewable and/or GHG-free content that each Alliance member may select; and

WHEREAS, on March 4, 2021, the Clean Energy Alliance Board of Directors adopted Clean Energy Alliance Resolution No. 2021-007, establishing initial Clean Energy Alliance rates and power supply product offerings to include:

- Clean Impact – Minimum 50% Renewable Energy Product,
- Clean Impact 75 – 50% Renewable and 75% Carbon-Free Energy Product, and
- Green Impact – 100% Renewable Energy Product; and

WHEREAS, on March 9, 2021, the Carlsbad City Council adopted Resolution No. 2021-053 establishing the Clean Impact 75 (now “Clean Impact Plus”) as the default power supply product for all customer accounts (municipal, commercial, industrial and residential) within the City of Carlsbad.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carlsbad Municipal Water District as follows:

1. That the above recitations are true and correct.

2. That the Carlsbad Municipal Water District, as an electric service customer within the Clean Energy Alliance service area, selects _____ as the power supply product offering to power their electric service accounts within the City of Carlsbad.
3. That the Executive Manager or a designee shall provide a copy of this Resolution to the Clean Energy Alliance.

PASSED, APPROVED AND ADOPTED at a Joint Special Meeting of the Board of Directors of the Carlsbad Municipal Water District, the City Council of the City of Carlsbad and the Board of Directors of the Carlsbad Public Financing Authority on the ___ day of _____, 2021, by the following vote, to wit:

AYES:

NAYS:

ABSENT:

MATT HALL, President

BARBARA ENGLESON, Secretary
(SEAL)

RESOLUTION NO. 2021-053

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD, CALIFORNIA, ESTABLISHING THE CLEAN ENERGY ALLIANCE'S DEFAULT POWER SUPPLY PRODUCT FOR ALL CUSTOMER ACCOUNTS (MUNICIPAL, COMMERCIAL, INDUSTRIAL AND RESIDENTIAL) WITHIN THE CITY OF CARLSBAD

WHEREAS, Community Choice Aggregation is a mechanism that allows local governments to purchase and supply electrical power to customers within their jurisdictions as an alternative to the service provided by an investor-owned utility; and

WHEREAS, on October 8, 2019, the Carlsbad City Council adopted Resolution No. 2019-197 approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority; and

WHEREAS, on October 15, 2019, the Carlsbad City Council approved Ordinance No. CS-362 authorizing the implementation of a Community Choice Aggregation program in Carlsbad; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement states that the Alliance's power supply base product will be greater than or equal to 50% qualified renewable resources; and

WHEREAS, Section 6.5 of the Clean Energy Alliance Joint Exercise of Powers Agreement also states that the Clean Energy Alliance Board of Directors shall establish product options with higher renewable and/or GHG-free content that each Alliance member may select; and

WHEREAS, on March 4, 2021, the Clean Energy Alliance Board of Directors adopted Clean Energy Alliance Resolution No. 2021-007, establishing initial Clean Energy Alliance rates and power supply product offerings to include:

- Clean Impact – Minimum 50% Renewable Energy Product,
- Clean Impact 75 – 50% Renewable and 75% Carbon-Free Energy Product, and
- Green Impact – 100% Renewable Energy Product.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California, as follows:

1. That the above recitations are true and correct.

2. That the City of Carlsbad, as a member of the Clean Energy Alliance Joint Powers Authority, selects Clean Impact 75 as the default power supply product offering for all customer accounts, including municipal, commercial, industrial and residential, within the City of Carlsbad.
3. That the City Manager or his designee shall provide a copy of this Resolution to the Clean Energy Alliance.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 9th day of March, 2021, by the following vote, to wit:

AYES: Blackburn, Acosta, Bhat-Patel, Schumacher.

NAYS: Hall.

ABSENT: None.



MATT HALL, Mayor



BARBARA ENGLESON, City Clerk
(SEAL)

