



Monterey County

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Board Report

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- a. Receive a status update on finance and governance on the formation of a Community Choice Energy (CCE) program.
- b. Provide direction to staff as appropriate.

RECOMMENDATION:

It is recommended that the Alternative Energy & Environment Committee:

- a. Receive a status update on finance and governance on the formation of a Community Choice Energy (CCE) program.
- b. Provide direction to staff as appropriate.

SUMMARY:

At the May 26, 2016 Alternative Energy and the Environment Committee meeting, a status report was presented on the Monterey Bay Community Power (MBCP) project, where an emphasis was placed on examining the resources and finances involved with a tri-county Community Choice Energy (CCE). In addition, on May 24, 2016, the MBCP Project Development Advisory Committee (PDAC) hosted a special study session at the Monterey County Government Center, where a range of topics including finance and governance were presented. Because of the projected volume of both potential resources and costs, continued analysis of both finance and governance is important for staff due diligence in the development of a recommendation to the AEE and Board of Supervisors (BoS).

The PDAC will convene several Ad-Hoc committee meetings focusing on finance options and governance structure of a MBCP Joint Powers Authority (JPA). These meetings are intended to allow potential partner jurisdictions to discuss the details of these topics, ultimately providing a clear direction for key decision makers. The meetings are scheduled on July 20 and August 31.

It is recommended that Monterey County staff from the County Administrative Office, County Counsel, Budget and Analysis and Auditor-Controller attend to learn about the key aspects and decisions of the MBCP project.

DISCUSSION:

The Monterey Bay Community Power PDAC has projected start-up costs will be approximately \$2.25 million which would need to be available upon the formation of the JPA. Seed capital will depend on the size of the customer base, as well as other fixed costs associated with the formation of a CCE JPA. It is still unclear which jurisdictions will join the JPA, as well as which jurisdictions will loan start-up costs and how this will affect the overall governance structure. This will be a primary topic of discussion during the Ad-Hoc Finance and Governance committee meetings to be held in July and August.

The PDAC has asked partnering jurisdictions to make a decision to join by October 31, 2016. Because central pieces of finance and governance have yet to be finalized and have been deferred to the summer Ad-Hoc committee meetings, such a short timeframe may not allow enough time for partnering jurisdictions to make a decision whether or not to join the JPA by October. It is crucial for Monterey County representatives to attend these meetings, contribute to these discussions, and bring back the findings to the AEE and other County Staff.

The first round of the PDAC Ad-Hoc Finance and Governance meetings will be held on Wednesday, July 20, 2016 in Santa Cruz. A second round of meetings will be held on Wednesday, August 31, 2016 at the Monterey Regional Waste Management District office.

OTHER AGENCY INVOLVEMENT:

Various County staff will be involved in the investigation, discussion, and formation of recommendations to the Board of Supervisors.

FINANCING:

Start-up costs are projected to be approximately \$2.25 million to start a tri-county CCE. It has not been determined if any of the projected start-up costs will be contributed by Monterey County. It has not been determined at this time what type of funding or financing options are available should Monterey County ultimately opt to join the JPA. In addition, funds have not been identified at this time in the event the County chooses to hire an outside expert to assist in analysis of the technical information related to JPA formation and/or operations.

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