

Sonoma Clean Power Frequently Asked Questions

November 21, 2011

This Frequently Asked Questions document is intended to clarify issues surrounding a potential Community Choice Aggregation program in Sonoma County which has been named Sonoma Clean Power (SCP). The Sonoma County Water Agency is working with stakeholders and other local governments to examine the benefits, economics and feasibility of SCP in Sonoma County.

Some Basics

What is Sonoma Clean Power?

California law allows local government (cities, counties or combinations of cities and counties) to purchase electricity on behalf of their residents and businesses through a mechanism termed Community Choice Aggregation (CCA). In effect a CCA would involve aggregating existing utility customers to provide electricity through the CCA mechanism. A CCA would purchase and sell power in place of the existing investor owned utility. The existing investor owned utility will continue to maintain the power lines and administer billing as they do now. Through the ability to direct power purchases a CCA in Sonoma County could provide “greener” power for those customers who choose to obtain more of their electricity from clean energy sources. In addition revenues from sales of CCA power could be used to build local clean energy projects. If established, a CCA would have the authority to procure and sell electricity, build clean energy projects, and set rates.

What are the advantages of Sonoma Clean Power?

There are a number of potential benefits to SCP, some of which are outlined below.

- *Increased Renewable Energy Use:* Because SCP could select the type of power it provides to its customers, it could focus on carbon-free, renewable power sources, and reduce its reliance on generation using fossil fuels such as gas or coal.
- *Local Economic Benefits:* If SCP were to focus on local renewable generation sources, the millions of dollars paid by residents of Sonoma County and the region would stay “at home” rather than be paid to the utility, thus creating local jobs and improving the local economy.
- *Local Control:* The operations and priorities of an investor owned utility are determined by its shareholders, its management, and the California Public Utilities Commission. In contrast, the governing board of SCP would be comprised of local elected officials, so that residents could more easily influence decisions about the operation and priorities of SCP.

- *Substantial Greenhouse Gas Reduction:* By providing a source of low- or zero-carbon electricity to residents, implementing SCP could result in significant reductions in regional greenhouse gas emissions. For example, in Marin County, approximately two-thirds of its 2020 greenhouse gas reduction target will be met by implementation of the Marin CCA program alone.
- *No Risk to County General Fund Budget:* A program like SCP is typically implemented by a special purpose “enterprise” agency, and is funded exclusively by power rates paid by residents participating in the program. Thus substantial program benefits may be provided without using tax revenues and without impact to the public entity participants’ general funds.
- *Implementing Energy Conservation and Efficiency Programs.* Revenues collected by SCP could be used to implement energy conservation and energy efficiency programs that go beyond those currently funded by the existing investor owned utility.
- *Implementing Carbon Sequestration Projects.* SCP could also work with the Agricultural Preservation and Open Space District on carbon sequestration projects, which could be used to offset the emissions of any non-carbon free electricity delivered by SCP.

How will I as a utility customer be impacted if Sonoma Clean Power is implemented?

Most customers will not notice any change. The only difference would be that the electricity delivered to your home or business would be from SCP power sources.

How would Sonoma Clean Power be structured?

The ideal structure of SCP would likely be a small staff governed by a board of existing elected officials, responsible to voters. Similar agencies in Ohio and Massachusetts that serve several hundred thousand customers each have fewer than five employees.

How would Sonoma Clean Power be funded?

No general funds would be used to pay for the ongoing program operations. Start-up costs can range from several hundred thousand dollars to about \$2 million, and SCP entity could pay those costs back once it begins receiving revenue from electricity sales.

Would County or City General Funds be at risk?

A separate legal entity would be formed to run SCP which would obtain its own bond rating and ability to obtain financing. No tax payer funds would be at risk.

Will my taxes go up?

SCP would not impact county or city taxes. It would operate using funds collected from customer power sales which is a redirection of a portion of the funds already being paid in electricity bills.

Are there other functions of Sonoma Clean Power aside from buying and selling electricity?

SCP would also have the ability to finance energy projects to build and generate cleaner power from sources such as wind, solar, biomass and geothermal.

Who will maintain the wires and poles that currently transmit electricity?

The current investor owned utility would continue to maintain the transmission and distribution power lines and handle billing and customer service. SCP would only be involved with the power generation side of electricity.

What is the legal authority for Sonoma Clean Power?

Community Choice Aggregation was established in California by state law, Assembly Bill 117 in 2002 and clarified in SB 390 in 2011. The law is structured to allow customers who wish to remain a customer of their existing utility to do so very easily through an opt-out process.

Rates**How would Sonoma Clean Power's rates compare with the existing electricity utility?**

Studies to date project that rates could be competitive with the existing local electricity provider. Community Choice Aggregation programs in other parts of the country have frequently offered lower rates than their local investor owned utility competitors.

Isn't renewable power more expensive than regular electricity? Wouldn't a SCP's rates be higher for this reason?

The rate trend over the past thirty years for the main source of electricity, fossil fuel sources, is up. The rate trend over that same time period for renewable energy is down. In addition, once the capital investment is made, the fuel in most renewable technologies, like wind and solar, is free. Therefore, the investment improves over time.

But renewable power is still more expensive right now. How could Sonoma Clean Power offer it competitively?

There are two advantages:

1. SCP would be a not-for-profit entity and does not need to pay shareholder dividends.
2. SCP would have access to low-cost municipal bond financing.

How would Sonoma Clean Power set its rates?

Rates would be set in open public meetings by an authority made up of local elected officials.

Service and Billing

Would Sonoma Clean Power replace the current utility?

No. You would still receive your electric bill from your existing utility. The only change would be the “generation” line in the bill. The existing utility would continue to maintain the transmission and distribution lines and handle service requests.

When would Sonoma Clean Power begin operations and serving customers?

Several steps involving opportunities for public input would take place over a period of time that can range from a few months to a few years before a CCA structure is in operation.

Who would be in the Sonoma Clean Power service area?

The answer depends on which entities – County and Cities – would decide to participate. The service area as currently being studied would not extend beyond Sonoma County’s borders.

Will I be able to participate in a Sonoma Clean Power if I am not in the service area?

There may be the potential for cities and counties outside Sonoma County to request to join SCP. However, as they are already serviced by a municipal utility, residents of Healdsburg would not be able to participate in a CCA structure.

Would I receive a separate bill from Sonoma Clean Power?

No. You would still receive one bill from the existing utility. The portion of the bill marked “generation” is the portion of your bill that would be paid to SCP. There are two main aspects to providing electrical power to customers, generation, and transmission/distribution (the wires). The existing investor owned utility would continue to bill for the wires, while the generation line item would go to SCP.

Who would I call with questions about my bill?

The existing utility would still handle most service and billing questions. SCP may establish its own program to augment these services providing more information for customers with questions regarding transmission and distribution.

Program Participation: Opting-out

Would I have to participate in Sonoma Clean Power if I am in the service area?

No. Prior to the beginning of SCP operation all power customers will receive two “opt-out” notices during a sixty-day period at which time anyone can opt-out of the program. In addition, there is a sixty-day period after the start of the program during which any customers could opt out at no cost. After that, customers could still opt-out with a nominal fee will imposed.

What are the methods customers could use to opt-out?

Customers within the service area will be able to opt-out by responding to the opt-out notice that they would receive in their PG&E bill either online, over the phone, or by U.S. mail.

Please send additional questions or comments to Cordel Stillman at
cordel.stillman@scwa.ca.gov