



Climate Neutral for a Healthy, Prosperous Menlo Park

Six Steps to the Cleanest Community Choice Energy

As many communities throughout California consider forming Community Choice Energy (CCE) programs, San Mateo and Santa Clara Counties have the opportunity to distinguish their programs by offering the cleanest, lowest carbon portfolio of any CCE. The Peninsula and Silicon Valley can provide leadership to establish CCEs as critical components of our state's climate plan, helping member cities achieve their climate action plan goals as well. A model clean energy program:

- 1) Maximizes clean power at comparable rates;
- 2) Charts a path to 100% Renewables;
- 3) Allows Opt-downs from a default energy portfolio high in Renewables;
- 4) Uses zero carbon and low carbon power in a transition to 100% Renewables;
- 5) Transitions the largest energy users to 100% Renewables early; and
- 6) Develops local renewables and energy storage.

One of the primary motivations for a city joining a community choice energy program is the potential to substantially reduce its greenhouse gas emissions. The degree to which this objective can be accomplished is directly related to the mix of energy that a CCE provides to a city's residents and businesses; and the extent to which the following steps are taken.

1) Maximize clean power at comparable rates

The CCE's energy mix could range from 50% to 100% renewable power. The program could maximize renewable power at around 80% of the portfolio **without increasing costs to homes and businesses**. At a minimum, the power portfolio offered should aim to hit this sweet spot to provide as much clean power as possible in current market conditions.

2) Chart a path to 100% Renewables

The cost of clean, renewable power has come down substantially in the last few years, allowing dozens of cities to make commitments to providing 100% renewable power. Some cities, like Palo Alto, are already providing carbon free power at below market rates. CCEs should commit to a goal of reaching 100% renewables in the short term, without raising costs to consumers, and chart a clear path to that goal.

3) Allow Opt-downs from a default portfolio high in Renewables

Once the Joint Powers Authority of a CCE is formed with City members, a default power portfolio or "base offering" will be set. It will include a specific mix of energy sources and rates that all households and business will automatically be enrolled in. New CCEs have an opportunity to build on the success of Marin Clean Energy and Sonoma Clean Power, by innovating a structure that allows for two different base offerings, thereby better meeting the different priorities of member cities. While one base offering can emphasize cost savings over



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standard PG&E rates, another can maximize clean power, allowing each city to choose one of the two default options. This approach would maximize participation by allowing individual customers to opt-down or opt-up the same way that the programs in Marin and Sonoma Counties allow customers to choose special programs. This approach works by:

- First, the **CCE** evaluates energy markets to create two different portfolios, one focused on the optimal level of renewable energy that could be provided at price parity with the electricity provided by PG&E; the other portfolio providing a cleaner power mix than PG&E but maximizing cost savings.
- Second, CCE member **cities** would each choose one of the two base offerings that would become the default for customers within those cities, automatically enrolling them.
- Third, once a CCE gets underway, each individual **customer** could opt to remain in the default portfolio, enroll in the other portfolio or simply opt out of the CCE to remain a PG&E customer.

Allowing customers to opt for different choices within a CCE will maximize participation. Allowing cities to **choose** different base offerings will establish San Mateo and Santa Clara Counties as an innovative leader and ensure high participation among cities.

4) Use zero carbon and low carbon power in a transition to 100% Renewables

Some types of power, such as large hydro (dams), are zero- or low-carbon but are not considered renewable. While these sources are not ideal for the long-term, a CCE can provide power with the lowest GHG footprint in the short term by using these clean power sources as part of its energy mix during a transition to 100% Renewable power.

5) Transition the largest energy users to 100% Renewables early

Many of the largest electricity users are large companies that may have corporate sustainability goals calling for clean energy. For example, more than 40 Fortune One Hundred companies, including Facebook and Genentech in San Mateo County, and Google, Yahoo, Intel, and Intuit in Santa Clara County have targets to reduce greenhouse gas emissions and buy clean energy. They have signed the *Corporate Renewable Energy Buyers' Principles* that specify their desire to procure more renewable energy. CCEs should focus on supplying the largest power consumers 100% renewable power from the start.

6) Develop local renewables and energy storage.

CCEs should invest revenue in local renewable energy and energy storage projects to maximize the benefits of the program within the local workforce, contribute to the local economy, improve community resilience, advance energy security and provide continuous, high quality clean power that reduces the need for high voltage power lines.