SAN DIEGO COUNTY TAXPAYERS ASSOCIATION

What San Diego Needs In a Community Choice Energy Plan

San Diego County Taxpayers Association releases recommendations for building a financially responsible CCA in the City of San Diego

SAN DIEGO (November 27, 2018)—A Community Choice Aggregation (CCA) plan is Mayor Kevin Faulconer's strategy of choice for meeting the city's goal of using 100 percent renewable energy by 2035—and the San Diego County Taxpayers Association has released an analysis of how such an energy plan needs to work financially to be effective for America's Finest City.

If implemented, San Diego's CCA would allow the city to sell energy directly to residents, who would be able to choose between the city-owned utility and San Diego Gas & Electric (SD G&E). It would also be the largest CCA in the U.S.

"CCAs are a simple concept, but complex to execute," said San Diego County Taxpayers Association President and CEO Haney Hong. "A CCA serving a population the size of the City of San Diego must be carefully deployed in order to ensure that the entire region is not exposed to financial risk. SDCTA's policy staff has analyzed CCA plans from around the country and applied extensive economic research in order to come up with recommendations for how the city can implement a new energy solution that works for all San Diegans."

In a paper released last week, the Association outlined the following recommendations. In order to operate an effective CCA, the City of San Diego must:

- Select CCA governing board members with substantial industry experience;
- Reinvest all CCA proceeds back into building the infrastructure for renewable energy;
- Refund taxpayers according to their energy use;
- Offer a diverse array of both long-term and short-term energy choices to consumers;
- Establish a Joint Powers Authority (JPA) governance structure to lessen financial risk for taxpayers;
- Avoid using Renewable Energy Credits (RECs) to artificially lower its prices in order to remain competitive with the regional utility (SDG&E);
- Pay CCA employees with money from outside the General Fund;
- Partner with power suppliers to eliminate or reduce start-up costs;
- Account for cost control measures with regard to CCA team members' salaries;
- Mitigate economic loss from customers leaving the CCA by charging an appropriate exit fee for those who do;
- Have an exit plan, in case energy costs become too high to sustain;
- Have clear parameters for any loans to meet start-up and operational costs, including principal, interest, and years;

- Be able to fully pay the Power Charge Indifference Adjustment (PCIA) fee in full upfront, so that customers outside the City of San Diego are not left to foot the bill if customers within the City leave the CCA;
- Conduct a comparative cost-benefit analysis of all the options for achieving the goals laid out in its Climate Action Plan before voting on a CCA resolution.

More detail can be found in the report online.

Said Hong: “Community choice energy is a major undertaking, and we want to ensure that it’s done right. We hope the Mayor’s office will consider these recommendations as they move forward, and we look forward to working with them on their final CCA business plan.”

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About

The San Diego County Taxpayers Association (@sdcta) is a non-profit, non-partisan organization, dedicated to promoting accountable, cost-effective and efficient government and opposing unnecessary new taxes and fees. For the last 73 years, the SDCTA has been providing information to help educate the public and save the region’s taxpayers millions. Public opinion polls consistently rate the SDCTA as the most "influential” and “trusted” public policy institution in San Diego.