

Santa Cruz County – Executive Summary

Santa Cruz County staffed the Advisory Committee process, worked closely with renowned CCE experts, guided public outreach with consultants, problem-solved directly with staff within the 21 jurisdictions, and ensured elected officials, civic leaders and business representatives were armed with the most accurate information about what was at stake—both risks and benefits—in their communities if their respective jurisdictions were to join MBCP.

Originality: There is no other tri-county CCE agency in California created from inception as a regional entity. MBCP is a model for other semi-rural, semi-urban communities to work together across significant differences to find an economy-of-scale environmental solution to providing carbon-free electricity to 750,000 residents. Additionally, the 21 government partners who participated in the MBCP investigation process were not required to contribute financially to the effort. This was a unique approach designed to promote maximum participation in the investigation phase by all of the jurisdictions.

Cost Effectiveness: Santa Cruz County expended its own resources to raise more than \$400,000 through grants and private donations to fully fund the technical investigation and support start-up activities. Santa Cruz County also provided all of the staffing and consultants to benefit the regional investigation, thus saving individual jurisdictions the cost of exploring CCE on their own or with a smaller number of neighboring agencies. Several executive-level managers from the County Administrative Officer's office, the Planning Department, General Services and County Counsel assisted Supervisor McPherson's lead staff in the formation effort at the sole expense of the County.

Results: Out of 21 jurisdictions that were part of the exploration phase, 19 ultimately joined the MBCP JPA, which represents 98% of the region's population and electricity load. The agency began providing 100% carbon free power to the region on March 1, 2018 at 3% below PG&E rates with the expectation that more than 95% of customers will participate. In order to ensure maximum participation, the system is designed so that PG&E exit fees are included in the new rates, with customers offered multiple opportunities to choose PG&E over MBCP emphasizing "community choice."

The annual operating budget for MBCP will exceed \$200 million annually with reserves funded by surplus revenues estimated to reach \$150 million in three or fewer years. Reserves will be tapped to benefit local ratepayers through complimentary programs or rate as determined by the MBCP Policy Board as advised by a 11-member Community Advisory Council representative of the diverse tri-county region.

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Overview: Santa Cruz County was the lead partner in a four-year formation to establish Monterey Bay Community Power, California's first tri-county Community Choice Energy agency.

Challenge: Community Choice Energy (CCE) places control of energy purchasing and pricing into local hands and allows community leaders to determine what mix of energy options best suits regional needs. Profits from energy sales that would ordinarily go to an incumbent investor-owned utility, such as PG&E, instead flow to a locally owned and managed agency to incentivize the building of renewable projects, create jobs and stimulate the economy.

Although the 21 jurisdictions originally identified as potential Monterey Bay Community Power (MBPC) partners had each developed climate action plans to lower greenhouse gas emissions in response to AB 32, there was some disagreement among the agencies about how to achieve a regional solution on reducing energy consumption.

Therefore, pursuing public partnerships within a demographically and geographically diverse region containing numerous political micro-climates and competing economic interests posed an enormous challenge. Santa Cruz County stepped up to the plate and led an effort to investigate whether CCE was viable for the Monterey Bay Region. This four-year project, which culminated in the creation of California's first tri-county CCE Joint Powers Authority, was not only an expensive endeavor but also required strategic relationship-building, extensive technical study and sensitive negotiation.

Innovative Solution: Nested initially within Santa Cruz County Supervisor Bruce McPherson's Office and later in the County Administrative Office, the effort to establish MBCP required determined leadership in ultimately bringing neighboring Monterey and San Benito counties and 16 cities to the table—and keeping them there—to collaborate on forming a regional agency. While JPAs are common throughout California, JPAs that equal the size of MBCP are rare. The MBCP JPA also was the first created in the Monterey Bay region of its size in decades. The only two JPAs that share the same geographic footprint are the region's Metropolitan Planning Organization, (Association for Monterey Bay Area Governments) and the Monterey Bay Regional Air Resources Board, both formed over 40 years ago.

Guided by a multi-agency Project Development Advisory Committee, the process that led to the creation of the JPA included 28 public Committee meetings in addition to more than 130 presentations to business, environmental, labor and other stakeholder groups by Santa Cruz County and the Committee's consultants. This comprehensive education and outreach effort from 2013 to 2017 resulted in 100% participation in the investigation process and 98% participation in the formation of the JPA agency.