

City of Santa Barbara



SANTA BARBARA CLEAN ENERGY COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

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CHAPTER 1 – Introduction

The City of Santa Barbara (“City” or “Santa Barbara”), located within Santa Barbara County, is pursuing the implementation of a community choice aggregation program (“CCA”), which is referred to herein as Santa Barbara Clean Energy (the “Program” or “Santa Barbara Clean Energy”). Santa Barbara Clean Energy is structured to offer service to all customers within the City’s geographic boundaries.

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes the City’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of Santa Barbara that currently take bundled electric service from Southern California Edison (“SCE”), referred to as the “IOU”. The Santa Barbara Clean Energy Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over the IOU’s transmission and distribution system. The planned start date for the Program is May 1, 2021. All current IOU customers within the City’s service area will receive information describing the Santa Barbara Clean Energy Program and will have multiple opportunities to opt out, remaining full requirement (“bundled”) customers of the IOU, in which case they will not be enrolled or will be returned as customers of the incumbent IOU (if such opt out notification is received following such customer’s enrollment in Santa Barbara Clean Energy). Thus, participation in the Santa Barbara Clean Energy Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated enrollment schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of Santa Barbara Clean Energy will enable customers within Santa Barbara’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. Santa Barbara’s primary objectives in implementing this Program are to meet the goals of the city’s Strategic Energy Plan, address climate change, promote local economic development; and support long-term rate stability for residents and businesses through local control over generation planning and procurement activities as well as generation rate setting functions. The prospective benefits to consumers include increased renewable energy supply, stable electric rates, and the opportunity for public participation in determining which technologies/options are utilized to meet local electricity needs.

To ensure successful operation of the program, the City may utilize a combination of in-house staff, third-party contractors and other agencies with experience implementing and support CCA programs in California. Santa Barbara will solicit energy product and service offers from qualified suppliers and marketers. The associated selection process for such energy products and services will be administered in a competitive manner. Following the receipt of proposals for requisite energy products and services, the City anticipates negotiating with one or more qualified suppliers throughout 2020. Final selection of Santa Barbara Clean Energy’s initial energy supplier(s) will be made by Santa Barbara following administration of the aforementioned

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solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for Santa Barbara Clean Energy’s initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for the City to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the Santa Barbara Clean Energy Program. The CPUC also has responsibility for registering the City as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility. The City is also aware that a CCA Program-specific Renewables Portfolio Standard (“RPS”) Procurement Plan must be completed and submitted to the CPUC in parallel with its CCA registration process – the City anticipates that the renewable energy targets reflected in this Implementation Plan will meet or exceed applicable procurement mandates, including prudent planning reserves.

On October 15, 2019, the City Council, at a duly noticed public hearing, introduced an ordinance to approve this Implementation Plan and, subsequently, on October 22, 2019, the City Council adopted Ordinance No. 5915 approving the Plan (a copy of which is included as Appendix A).

The Commission has established the methodology that will be used to determine the cost recovery mechanism, and the IOU has approved tariffs for imposition of the cost recovery mechanism. With this milestone having been accomplished, the City submits this Implementation Plan to the CPUC. Following the CPUC’s certification of its receipt of this Implementation Plan and resolution of any outstanding issues, the City will take the final steps needed to register as a CCA and participate in the year ahead Resource Adequacy process prior to initiating the customer notification and enrollment process.

Statement of Intent

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides the City’s statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

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Organization of this Implementation Plan

The remainder of this Implementation Plan is organized as follows:

- Chapter 2: Aggregation Process
- Chapter 3: Organizational Structure
- Chapter 4: Startup Plan & Funding
- Chapter 5: Program Phase-In
- Chapter 6: Load Forecast & Resource Plan
- Chapter 7: Financial Plan
- Chapter 8: Rate setting
- Chapter 9: Customer Rights and Responsibilities
- Chapter 10: Procurement Process
- Chapter 11: Contingency Plan for Program Termination
- Appendix A: City of Santa Barbara Ordinance No. 5915 (Adopting Implementation Plan)

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

CHAPTER 2 – Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Santa Barbara began consideration of CCA for its community in 2015 and has participated in a number of different feasibility and technical studies to determine the most appropriate governance structure to meet the needs and goals of Santa Barbara. These included feasibility of a tri-county JPA CCA with Ventura, Santa Barbara and San Luis Obispo counties; a JPA CCA with Santa Barbara County and the cities of Santa Barbara, Carpinteria and Goleta; and finally the feasibility of Santa Barbara establishing its own CCA as an enterprise of the City of Santa Barbara.

Specifically, the actions taken have included:

- 2015 – Launch Tri-County effort to explore feasibility of Tri-County CCA; Santa Barbara Ad-hoc subcommittee formed to guide City’s role in CCA;
- 2017 – Feasibility study concluded Tri-County CCA infeasible; Ventura joins Clean Power Alliance, San Luis Obispo discontinues pursuit of CCA;
- 2018 – Feasibility study for JPA to include County of Santa Barbara and cities of Santa Barbara, Carpinteria and Goleta commissioned; study concluded marginally feasible; due to legislative changes and lack of North County participation, pro-forma was re-evaluated;
- 2019 – City studies forming its own CCA – City Council approves enterprise governance structure and directs the drafting of the Implementation Plan to be approved by January 1, 2020.

The City is creating Santa Barbara Clean Energy with the following objectives: 1) meet the goals of the Strategic Energy Plan; 2) increase the percentage of renewable energy procured by the CCA Program and delivered to customers; 3) support economic development within Santa Barbara; and 4) provide long-term rate stability for its residents and businesses through local control of the City’s energy procurement needs and related decisions.

The Santa Barbara Clean Energy Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the City of Santa Barbara. Through implementation of Santa Barbara Clean Energy, the City plans to expand energy choices available to eligible customers through the creation of innovative new service options and programs, which are expected to promote increased use of renewable energy

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resources and net energy metering service options (which may advance the development of customer-sited renewable generation within the City).

Process of Aggregation

Before they are enrolled in the Program, prospective Santa Barbara Clean Energy customers will receive a minimum of two written notices in the mail, from the City, that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date following the date of automatic enrollment, subject to the service enrollment plan later described in Chapter 5. The initial enrollment notices will be provided to customers in March 2021 with a second notice being provided in April 2021, prior to the initial enrollment of customer accounts in May 2021.

Customers enrolled in the Santa Barbara Clean Energy Program will continue to have their electric meters read and to be billed for electric service by Southern California Edison ("SCE"). The electric bill for Santa Barbara Clean Energy customers will show separate charges for generation procured by the City as well as other charges related to electricity delivery and other utility charges assessed by the IOU.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the Santa Barbara Clean Energy Program without penalty and return to SCE. Santa Barbara Clean Energy customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by Santa Barbara Clean Energy, and subject to the IOU's current tariffs regarding the return to bundled service, but will not otherwise be subject to any charges or penalties for leaving the program. Customers that have not opted-out within the 60-day post enrollment period will be deemed to have elected to become a participant in the Santa Barbara Clean Energy Program and to have agreed to the Santa Barbara Clean Energy Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

Santa Barbara Clean Energy Customers will pay the generation charges set by the City and no longer pay the generation charges imposed by SCE. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

The City's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by SCE for similar products while also

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reflecting the actual costs of energy products that will be required to achieve the Program's supply portfolio objectives. The City will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by the Santa Barbara City Council at duly noticed public hearings.

Initial Santa Barbara Clean Energy Program rates will be established in conjunction with approval of the City's inaugural program budget, reflecting projected costs from the Santa Barbara Clean Energy Program's energy supplier(s). The City's rate policies and procedures are detailed in Chapter 7. Information regarding final Santa Barbara Clean Energy Program rates (to be offered at service commencement) will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once Santa Barbara gives definitive notice to SCE that it will commence CCA service, Santa Barbara Clean Energy customers will generally not be responsible for costs associated with the IOU's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by SCE to CCA customers through separate rate components, called the Cost Responsibility Surcharge. Cost Responsibility Surcharges are shown in SCE's electric service tariffs, which can be accessed on SCE's website. Cost Responsibility Surcharges are included in charges paid by both CCA and Direct Access customers.¹

Renewable Energy Impacts

A second consequence of the Program will be a potential increase in the proportion of energy generated and supplied by RPS-eligible renewable resources. The resource plan includes procurement of renewable energy sufficient to meet California's prevailing renewable energy procurement mandate for all enrolled customers. Santa Barbara Clean Energy may also offer a default "clean energy" service option with levels of renewable energy and/or other carbon-free energy that exceed requisite statewide minimums. Customers enrolled in a default energy product with levels of renewable energy that exceed requisite statewide minimums will have the option to opt down to a retail service offering that includes a reduced proportion of renewable energy (while still meeting requisite statewide minimums). Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements with attention to California's long-term renewable energy contracting requirement which becomes effective in calendar year 2021 and beyond.² Over time, however, the City may consider independent development of new renewable generation resources.

¹ For CCA and Direct Access customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the SCE CCA-CRS and SCE DA-CRS rate tariffs.

² Under California's RPS Program, 65 percent of mandated renewable energy purchases must be sourced from eligible long-term contracts beginning in calendar year 2021.

Energy Efficiency Impacts

Through operation of the Program, there may also be an increase in energy efficiency program investments and activities, should the City decide to pursue administration of such programs. The existing energy efficiency programs administered by SCE are not expected to change as a result of the Santa Barbara Clean Energy Program implementation. Santa Barbara Clean Energy customers will continue to pay the public benefits surcharges to SCE, which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments that may be undertaken by the Santa Barbara Clean Energy Program, as described in Chapter 6, would follow Santa Barbara's successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs would be in addition to the level of investment that would continue in the absence of City-administered energy efficiency programs. Thus, the Santa Barbara Clean Energy Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs, if Program governance determines to move forward with this process.

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of the City and its proposed implementation of the CCA Program. Specifically, the key agreements, governance, management, and organizational functions of the City are outlined and discussed below.

Organizational Overview

The Santa Barbara City Council is responsible for establishing the Santa Barbara Clean Energy Program policies and objectives as well as overseeing operation of Santa Barbara Clean Energy. The Santa Barbara City Administrator will serve as the Santa Barbara Clean Energy Executive Director to manage operations of the Santa Barbara Clean Energy in accordance with policies adopted by the City Council.

Governance

The Santa Barbara Clean Energy Program will be governed by the Santa Barbara City Council. Santa Barbara Clean Energy is the CCA entity that will register with the CPUC, and it is responsible for implementing and managing the program pursuant to the City Council's direction. The City Council is comprised of seven councilmembers, one of whom, the Mayor, serves as the presiding officer at all meetings.

The City Council's primary duties are to establish program policies, approve rates and provide policy direction to the City Administrator, who has general responsibility for program operations, consistent with the policies established by the City Council. The City may form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect the City and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the City Council in these regards.

Management

The Santa Barbara City Administrator, acting as the CCA Executive Director, has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs. In performing the defined obligations to Santa Barbara Clean Energy, the City Administrator may utilize a combination of internal staff, partnerships with other CCA agencies, and/or contractors.

Major functions of Santa Barbara Clean Energy that will be managed by the City Administrator are summarized below.

Administration

Santa Barbara City Administrator, acting as the CCA's Executive Director, will be responsible for managing the organization's administrative functions and will coordinate with the City Council, as necessary, with regard to these functions.

Finance

The Executive Director is also responsible for managing the financial affairs of Santa Barbara Clean Energy, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. The City will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low-income subsidy programs, provided that the overall revenue requirement is achieved.

Santa Barbara Clean Energy may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.

In conjunction with the City's finance department Santa Barbara Clean Energy's finance function will be responsible for preparing financial reports, ensuring sufficient cash flow for successful operation and arranging financing necessary for any future capital projects of the Santa Barbara Clean Energy Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers, with the assistance of qualified third-party contractors, so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, the City will be able to take appropriate action, as would be provided for in the electric supply agreement(s). This monitoring will be conducted either by the City or provided as a service by a third party contractor.

Marketing & Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. The City will conduct program marketing to raise consumer awareness of the Santa Barbara Clean Energy Program and to establish the Santa Barbara Clean Energy "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the Santa Barbara Clean Energy Program. Communications will also be directed at key policymakers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance the City's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of

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the community. City will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the Santa Barbara Clean Energy Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through SCE's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with SCE and the City, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of the City.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. Through its service contracts, the City will be provided such services by an experienced, third-party vendor with an appropriate customer information system to perform requisite customer account management and billing services functions.

Power Resources & Energy Programs

Santa Barbara must meet the electricity needs of its customers by utilizing resources that are consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. The City's long-term resource plans (addressing the 10-20 year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. In particular, the City is aware of compulsory Integrated Resource Planning requirements, as identified in Senate Bill 350 (de León, 2015), which require, among other concerns, that CCAs periodically submit integrated resource planning documents and related materials to the CPUC. In particular, the Public Utilities Code requires that, "The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of Section 366.2." The City intends to comply with this requirement similar to the manner in which other CCA organizations have complied and will rely on the experience gained by such organizations in completing pertinent data templates and documentation during future processes. Integrated resource planning efforts of the City will make use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by the City Council as required by state law and applicable regulations. The City is also aware of the need to periodically prepare and submit RPS Procurement Plans, which shall address the manner in which the Santa Barbara Clean Energy Program will achieve compliance with pertinent provisions of California's RPS mandate. As required, the first of such RPS Procurement Plans will be developed and submitted during the 90-day certification period related to this Implementation Plan.

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The City may also develop and administer complementary energy programs that may be offered to Santa Barbara Clean Energy customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of the City.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop load forecasts, both long-term for resource planning, short-term for the electricity purchases, and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (“CAISO”).

The City will contract with one or more experienced and financially sound third-party energy services providers to perform the electric supply operations for the Santa Barbara Clean Energy Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

Governmental Affairs & Legal Support

The Santa Barbara Clean Energy Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, and California’s RPS program, as well as overall representation on issues that will impact the City and Santa Barbara Clean Energy customers. The City will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission with either in-house staff or contracted third-parties with experience in the energy market arena.

The City intends to utilize in-house legal services but may also retain outside legal services, as necessary, to administer the Santa Barbara Clean Energy Program, review contracts, and provide overall legal support related to activities of the Santa Barbara Clean Energy Program.

CHAPTER 4 – Startup Plan & Funding

This Chapter presents the City’s plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, Santa Barbara may utilize a mix of internal staff, partnerships with other CCA agencies, and contractors to support CCA Program implementation and ongoing operation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
 - Electric supplier and scheduling coordinator
 - Data management provider (if separate from energy supply)
- Define and execute communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
- Post financial security requirement and complete requisite registration requirements
- Establish reserves required by energy suppliers
- Pay utility service initiation, notification and switching fees (if applicable)
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the Santa Barbara Clean Energy Program will be the responsibility of the Santa Barbara Clean Energy Program’s contractors. These may include additional capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of City staff, partnerships, or contractors will be added incrementally to match workloads involved in forming Santa Barbara Clean Energy, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period and early stage operations, minimal personnel requirements may include a Program Manager and, if necessary, administrative support with the balance of requisite functions

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provided or performed through contractual arrangements. Following an initial period of operations, additional staff and/or contractors may be retained, as needed, to support the rollout of additional value-added services (e.g., efficiency projects/programs) and local generation projects and programs.

Capital Requirements

Based on the City's anticipated start-up activities and implementation schedule, a total need of up to \$2 million has been identified to support the aforementioned functions. Out of the \$2 million in capital requirements, \$1.85 million is related to the implementation/startup efforts (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, resource adequacy, collateral, etc.) in order to serve customers by May 2021. The other \$150,000 included in the aforementioned sum reflects the required financial security requirement. Santa Barbara may elect to incur additional costs related to discretionary activities such as additional community outreach and marketing. The finance plan in Chapter 7 provides additional detail regarding the City's expected capital requirements and general Program finances.

Operating revenues from sales of electricity will be remitted to the City beginning approximately fifty days after the initial customer enrollments. This lag is due to SCE's standard meter reading cycle of 30 days and a 20-day payment/collections cycle. Santa Barbara Clean Energy will endeavor to negotiate energy supply contracts which specify payment due dates that closely align with expected CCA revenue collection timelines. This results in a reduction to the CCA's initial funding requirement as working capital needs are substantively reduced.

Financing Plan

The Program's initial capital requirement will be provided via a term loan from a bank, from the City's general fund, or other eligible sources; subsumed in the initial capital requirement is the City's estimated start-up funding. For all amounts borrowed, the City will make repayments (including any interest, as applicable) over an assumed five-year term, commencing in 2022. The City will recover the principal and interest costs associated with this start-up funding via retail generation rates charged to Santa Barbara Clean Energy customers and collected by the CCA. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first five years of CCA Program operations.

CHAPTER 5 – Program Phase-In

There are approximately 41,533 electric customers in Santa Barbara. Santa Barbara will roll out its service offering to all eligible customers, excluding non-residential Direct Access customers, over the course of a single phase.

Non-residential Direct Access customers will not be offered service during the mass enrollment phase. In the future, however, these customers may be offered service and could be enrolled following coordination with pertinent account representatives regarding potential impacts to Direct Access service arrangements.

The City may also evaluate other phase-in options based on prevailing market conditions observed prior to service commencement, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of customer accounts.

CHAPTER 6 - Load Forecast & Resource Plan

Introduction

This Chapter describes the planned mix of electric resources that will meet the energy demands of Santa Barbara Clean Energy customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. Certain key policies are as follows:

- The City will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- The City will benefit the area's economy through investment in local infrastructure, projects and energy programs, subject to customer rate impacts.
- The City will comply with Resource Adequacy procurement requirements as established by CPUC Resolution E-4907.
- The City will comply with applicable renewable energy procurement mandates, as recently increased under Senate Bill 100 ("SB 100"; de León, 2018).
- The City will periodically prepare and submit (for certification by the CPUC) an Integrated Resource Plan, as required by SB 350, which shall demonstrate conformance with prescribed portfolio emissions limitations supporting California's broader greenhouse gas emissions reduction goals.

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers in sufficient quantities to support the potential offering of multiple retail service options, which may include: 1) a 100% renewable energy default retail generation service option for customers of the Santa Barbara Clean Energy; and 2) a voluntary opt-down retail generation service option with a minimum quantity of renewable energy sufficient to satisfy applicable procurement mandates specified in California's RPS program at an assumed rate discount. With regard to the default retail generation service option (with 100% renewable energy), the timing, supply portfolio composition, rate premium and other considerations related to such option will be determined at the discretion of Santa Barbara's City Council at a yet to be determined public meeting. In consideration of this prospective default service offering, the City anticipates that its voluntary margin of over-procurement (related to applicable renewable energy procurement mandates under California's RPS Program) will be adequately addressed via its decision to offer, as a default service option, a proportion of renewable energy that meaningfully exceeds statewide mandates during each year of program operations. Even if a significant portion of participating customers elect to pursue the aforementioned "opt-down" service option, the Santa Barbara Clean Energy anticipates procuring renewable energy quantities well in excess of applicable renewable energy procurement mandates. To the extent that the

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City is successful in applying for administration of public funding to support locally administered efficiency programs, it will attempt to reduce net electricity purchases within the region.

- Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff.
- Ensure compliance with participation in the Year-Ahead Resource Adequacy process.

The City will comply with regulatory rules applicable to California load serving entities. The City will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. Santa Barbara will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve the City's customers, even if there were a need for the Santa Barbara Clean Energy Program to cease operations and return customers to SCE. In addition, the City will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS mandate (33 percent renewable energy by 2020, increasing to 60 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

In relation to its RPS procurement obligation, the City is aware that SB 100 was signed into law by Governor Brown on September 10, 2018, with an effective date of January 1, 2019. One of SB 100s key requirements is to increase California's RPS procurement mandate to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. The City is also aware of applicable long-term renewable energy contracting requirements and plans to satisfy such requirements with one or more eligible contracts put in place prior to or during early-stage operation of the CCA Program. As a local governmental agency, the City's resource planning and procurement activities are subject to and overseen by its City Council through an open and public process.

Santa Barbara is aware that Senate Bill 255 was signed into law on October 2, 2019, addressing procurement of energy products from small, local and diverse business enterprises. This plan does not address SB 255, as the plan is being filed prior to SB 255s effective date of 1/1/2020.

Resource Plan Overview

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to the City's status as a California load serving entity, Santa Barbara's resource plan will include a diverse mix of power purchases, renewable energy, and potentially, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may include renewable generation assets owned and/or controlled by the City.

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Once the Santa Barbara Clean Energy Program demonstrates it can operate successfully, Santa Barbara may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by the City or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of Santa Barbara's electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the Santa Barbara Clean Energy Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, Santa Barbara may consider partnering with an experienced public power developer and could enter into a long-term (10 years or longer) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the Santa Barbara Clean Energy Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract.

Santa Barbara's indicative resource plan for the years 2021 through 2030 is summarized in the following table. Note that Santa Barbara Clean Energy's projections reflect a portfolio mix of renewable energy compliant with the annual RPS requirement and all other supply coming in the form of conventional resources or CAISO system power.³

³ The City has applied known RPS procurement targets, as reflected in SB 100, for calendar years 2024, 2027 and 2030. In the intervening years, the City has assumed a general straight-line trajectory between each of the aforementioned years (which are associated with the final years of Compliance Period 4, 5 and 6, respectively).

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City of Santa Barbara Proposed Resource Plan (GWh) 2021 to 2030										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Santa Barbara Demand (GWh)										
Retail Demand	(211)	(331)	(333)	(335)	(336)	(338)	(340)	(342)	(343)	(345)
Losses and UFE	(11)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Total Demand	(222)	(349)	(351)	(353)	(354)	(356)	(358)	(360)	(361)	(363)
Santa Barbara Supply (GWh)										
<u>Renewable Resources</u>										
Total Renewable Resources	200	315	316	318	320	321	323	326	329	331
<u>Conventional Resources</u>										
Total Conventional Resources	22	34	34	34	35	35	34	34	33	32
Total Supply	222	349	351	353	354	356	358	360	361	363
Energy Open Position (GWh)	-	-	-	-	-	-	-	-	-	-

Supply Requirements

The starting point for Santa Barbara’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile”. The electric sales forecast and load profile will be affected by Santa Barbara’s plan to introduce the Santa Barbara Clean Energy Program to its SCE territory customers in one single phase and the degree to which customers choose to remain with the IOU during the customer enrollment and opt-out period. The City’s rollout plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the Santa Barbara Clean Energy Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. The City anticipates an overall customer participation rate of approximately 80 percent of eligible SCE bundled service customers, based on reported opt-out rates for the other operating CCA programs with default products with increased levels of renewable and carbon-free energy. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part because the City is expecting to offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer an alternative service option with comparatively higher levels of clean energy (renewable energy and non-RPS-eligible hydroelectricity). The assumed participation rates will be refined as Santa Barbara’s public outreach and market research efforts continue to develop.

Santa Barbara Clean Energy Implementation Plan

Customer Forecast

Once customers enroll during May 2021, they will be switched over to service by the City on their regularly scheduled meter read date over an approximately thirty-one day period. Approximately 1,071 service accounts per day will be switched over during the first month of service. The number of accounts anticipated to be served by Santa Barbara at the end of the May 2021 customer phase-in period is shown in the table below.

City of Santa Barbara Enrolled Retail Service Accounts Phase-In Period (End of Month)

Santa Barbara Customers	May-21
Residential	27,593
Commercial	5,342
Industrial	<15
Street Lighting & Traffic	251
Agricultural & Pumping	34
Total	33,220

The City assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.5% annual growth) over the noted planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it difficult to anticipate the actual levels of customer participation within the Santa Barbara Clean Energy Program. The City believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within the City and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by Santa Barbara during the initial 10 years of Program operation is shown in the following table:

City of Santa Barbara Retail Service Accounts (End of Year) 2021 to 2030

Santa Barbara Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	27,593	27,731	27,870	28,009	28,149	28,290	28,431	28,573	28,716	28,860
Commercial	5,342	5,369	5,396	5,423	5,450	5,477	5,504	5,532	5,559	5,587
Industrial	<15	<15	<15	<15	<15	<15	<15	<15	<15	<15
Street Lighting & Traffic	251	252	254	255	256	257	259	260	261	263
Agricultural & Pumping	34	34	34	35	35	35	35	35	35	36
Total (excluding Industrial)	33,220	33,386	33,553	33,721	33,889	34,059	34,229	34,400	34,572	34,745

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Sales Forecast

The City’s forecast of kWh sales reflects the rollout and customer enrollment schedule shown above. Annual energy requirements are shown below.

City of Santa Barbara Energy Requirements (GWH) 2021 to 2030										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Santa Barbara Energy Requirements (GWh)										
Retail Demand	211	331	333	335	336	338	340	342	343	345
Losses and UFE	11	18	18	18	18	18	18	18	18	18
Total Load Requirement	222	349	351	353	354	356	358	360	361	363

Capacity Requirements

The CPUC’s resource adequacy standards applicable to the Santa Barbara Clean Energy Program require a demonstration one year in advance that the City has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. Additionally, the City must demonstrate one year in advance that it has secured physical capacity for 100 percent of its local resource adequacy obligation across all months in the upcoming compliance year (year n) and the following compliance year (year n+1) and 50 percent across all months in year n+2. On a month-ahead basis, Santa Barbara must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin. Per CPUC Resolution E-4907, the City must participate in the year-ahead resource adequacy compliance cycle in order to serve customers in the following calendar year. The City will follow the prescribed year-ahead resource adequacy compliance timeline outlined within Appendix A of Resolution E-4907; this includes:

- Submission of year-ahead load forecast to the CEC and CPUC in April 2020;
- Submission of updated year-ahead load forecast to the CEC and CPUC in August 2020;
- Submission of year-ahead compliance materials in October 2020; and
- Submission of month-ahead load migration forecast by February 2021.

A portion of the City’s capacity requirements must be procured locally, from the LA Basin and Big Creek/Ventura areas as defined by the CAISO. The City would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total local capacity requirements adopted by the CPUC based on Santa Barbara’s forecasted peak load. Santa Barbara must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

The City is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible resource adequacy framework. Per the CPUC’s resource adequacy standards, the City must demonstrate one year in advance that it has secured 90 percent of its flexible capacity obligation across all months; and then a month-ahead obligation to secure 100 percent of the City’s flexible requirements.

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The estimated forward resource adequacy requirements for 2021 through 2023 are shown in the following tables⁴:

City of Santa Barbara
Forward Capacity and Reserve Requirements
(MW)
2021 to 2023

Month	2021	2022	2023
January	-	58	59
February	-	61	62
March	-	54	54
April	-	55	55
May	55	55	56
June	61	61	61
July	64	64	64
August	66	66	66
September	75	75	75
October	67	67	67
November	61	61	62
December	59	59	59

Santa Barbara’s plan ensures that sufficient reserves will be procured to meet its peak load at all times. The projected Santa Barbara Clean Energy annual capacity requirements are shown in the following table:

City of Santa Barbara
Capacity Requirements
(MW)
2021 to 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand (MW)										
Retail Demand	62	62	62	63	63	63	63	64	64	64
Losses and UFE	3	3	3	3	3	3	3	3	3	3
Total Net Peak Demand	65	65	66	66	66	66	67	67	67	68
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	10	10	10	10	10	10	10	10	10	10
Capacity Requirement Including Reserve	75	75	75	76	76	76	77	77	78	78

⁴ The figures shown in the table are estimates. Santa Barbara’s resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC’s resource adequacy compliance process.

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Local capacity requirements are a function of the SCE area resource adequacy requirements and Santa Barbara’s projected peak demand. The City will need to work with the CPUC’s Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of the City’s annual local capacity requirement for the ten-year planning period remains constant at 20 MW as shown in the following table:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Santa Barbara Peak (MW)	65	65	66	66	66	66	67	67	67	68
Local Capacity Requirement (% of Peak)	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Big Creek / Ventura Area Share of Local Capacity Requirement (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
LA Basin Area Share of Local Capacity Requirement (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Santa Barbara Local Capacity Requirement Big Creek / Ventura (MW)	10	10	10	10	10	10	10	10	10	10
Santa Barbara Local Capacity Requirement LA Basin (MW)	10	10	10	10	10	10	10	10	10	10
Santa Barbara Local Capacity Requirement, Total (MW)	20	20	20	20	20	20	20	20	20	20

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

The City will coordinate with SCE and appropriate state agencies to manage the transition of responsibility for resource adequacy from SCE to Santa Barbara during CCA program phase-in. For system resource adequacy requirements, the City will make month-ahead showings for each month that the City plans to serve load, and load migration issues would be addressed through the CPUC’s approved procedures. Santa Barbara will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, the City will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining Santa Barbara’s renewable energy requirements, similar standards for RPS compliance that are applicable to the distribution utility will also apply to the Santa Barbara Clean Energy.

California’s RPS program is currently undergoing reform. On September 10, 2018, Governor Brown signed SB 100, which increases California’s RPS procurement target to 60 percent by 2030 amongst other clean-energy initiatives. The City understands that interim annual renewable energy procurement targets (in addition to the threshold renewable energy procurement requirements for calendar years 2024, 2027 and 2030 that are already established in the legislation)

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will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 60 percent procurement mandate in 2030. For planning purposes, the City has reflected general straight-line annual increases to the RPS procurement target beginning in 2021, as the state advances on the 60 percent RPS. Furthermore, the City will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

Santa Barbara's Renewables Portfolio Standards Requirement

The City's annual RPS procurement requirements, as specified under California's RPS program, are shown in the table below.

	City of Santa Barbara RPS Requirements (MWH) 2021 to 2030									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retail Sales	210,795	331,438	333,095	334,761	336,434	338,117	339,807	341,506	343,214	344,930
Annual Procurement Target	75,359	127,604	137,402	147,295	157,014	166,793	176,700	186,701	196,764	206,958
% of Current Year Retail Sales*	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
Annual L/T Procurement Target	48,983	82,942	89,311	95,742	102,059	108,415	114,855	121,356	127,897	134,523
% of L/T Procurement Target	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Forecasted L/T Procurement	48,983	82,942	89,311	95,742	102,059	108,415	114,855	121,356	127,897	134,523
% of L/T Procurement Forecasted	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Surplus of L/T Procurement	-	-	-	-	-	-	-	-	-	-
Voluntary Margin of Overprocurement	124,896	187,262	179,039	170,728	162,599	154,418	146,797	139,324	131,804	124,175

*Note: This table reflects a general straight-line increase from California's 33 percent RPS procurement mandate in 2020 to California's new, 60 percent RPS procurement mandate in 2030.

Purchased Power

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of Santa Barbara Clean Energy Program operation. Santa Barbara will initially contract to obtain all its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including the City's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Santa Barbara Clean Energy Program.

Renewable Resources

The City will initially secure necessary renewable power supply from its third-party electric supplier(s). Santa Barbara may supplement the renewable energy provided under the initial

Santa Barbara Clean Energy Implementation Plan

power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by the City. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by Santa Barbara, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by the City. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of the City's load zone, as defined by the CAISO. As part of the Program's renewable contracting process, it will remain attentive to the applicable long-term contracting requirements expressed in SB 350 (which equate to 65 percent of applicable renewable energy procurement requirements).

Energy Efficiency

Santa Barbara Clean Energy's energy efficiency goals will reflect a commitment to increasing energy efficiency within the City, expanding beyond the savings achieved by SCE's programs. To promote the achievement of this goal, Santa Barbara Clean Energy may complete the CPUC application process for third-party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by Santa Barbara Clean Energy customers. To the extent that Santa Barbara Clean Energy is successful in this future application process, receiving funding to administer additional energy efficiency programs within the region, it will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace Santa Barbara Clean Energy's need for traditional electric procurement activities. Additional details related to Santa Barbara Clean Energy's energy efficiency plan will be developed once Santa Barbara Clean Energy Program phase-in is complete.

With regard to Santa Barbara Clean Energy's anticipated energy efficiency savings, a reasonable baseline assumption for efficiency savings related to the demand-side portion of the Santa Barbara Clean Energy resource plan is steady growth towards 0.5 percent of Santa Barbara Clean Energy's projected energy sales by 2029. These savings would be in addition to the savings achieved by SCE administered programs.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the Santa Barbara Clean Energy Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

The City's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the Santa Barbara Clean Energy Program's monthly costs and revenues and specifically accounts for the phased enrollment of Santa Barbara Clean Energy Program customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that Santa Barbara charges a standard, default electricity tariff similar to the generation rates of SCE for each customer class and may offer an optional opt-down rate (with a clean energy content, consisting of renewable energy and

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other carbon-free sources, that meets the minimum State mandated renewable portfolio standards) at a discount reflective of energy costs. More detail on Santa Barbara Clean Energy Program rates can be found in Chapter 8.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for the City to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by Santa Barbara, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with the customer enrollments, was determined to be \$2 million. This amount includes costs that are related to the implementation/startup efforts (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, CPUC bond, SCE security deposit, etc.) in order to serve customers by May 2021.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis that estimates the level of working capital required to move Santa Barbara through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected Santa Barbara Clean Energy Program operations for the period beginning April 2020⁵ through June 2029⁶. The City has also included a summary of Program reserves, which are expected to accrue over this same period.

⁵ The results of the pro forma analysis are broken out by Santa Barbara's fiscal year, which spans July to June; therefore, the financial results for FYE 2020 are only inclusive of April through June 2020; all other fiscal years span twelve-month periods.

⁶ Costs projected for staffing & professional services include expenditures required to administer the following functions: energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

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City of Santa Barbara Summary of CCA Program Startup and Phase-In (July 2020 through June 2029)

CATEGORY	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL
I. REVENUES FROM OPERATIONS (\$)											
ELECTRIC SALES REVENUE	-	3,632,294	29,096,451	29,887,925	30,772,390	31,672,783	32,589,647	33,523,533	34,475,007	35,444,641	261,094,670
LESS UNCOLLECTIBLE ACCOUNTS	-	9,270	138,693	141,136	145,038	148,956	153,003	157,209	161,591	166,125	1,221,020
TOTAL REVENUES	-	3,623,024	28,957,758	29,746,789	30,627,353	31,523,827	32,436,644	33,366,324	34,313,415	35,278,516	259,873,650
II. COST OF OPERATIONS (\$)											
(A) OPERATIONS AND ADMINISTRATIVE (O&A)											
STAFFING & PROFESSIONAL SERVICES	36,923	320,327	567,000	575,505	592,770	610,553	628,870	647,736	667,168	687,183	5,334,035
MARKETING	-	134,567	101,340	59,956	60,256	60,557	60,859	61,164	61,470	61,778	661,946
DATA MANAGEMENT SERVICES	-	83,065	498,390	499,635	502,133	504,638	507,158	509,700	512,250	514,815	4,131,783
IOU FEES (INCLUDING BILLING)	-	10,338	64,247	64,396	64,696	64,997	65,299	65,604	65,910	66,218	531,704
SUBTOTAL O&A	36,923	548,297	1,230,977	1,199,492	1,219,854	1,240,744	1,262,185	1,284,204	1,306,798	1,329,994	10,659,468
(B) COST OF ENERGY	-	3,209,805	26,567,441	27,087,613	27,847,903	28,611,083	29,399,230	30,218,737	31,072,942	31,956,704	235,971,457
(C) OPERATING RESERVE	-	108,969	872,894	896,638	923,172	950,183	977,689	1,005,706	1,034,250	1,063,339	7,832,840
TOTAL COST AND OPERATING RESERVE	36,923	3,867,070	28,671,311	29,183,743	29,990,929	30,802,010	31,639,104	32,508,647	33,413,990	34,350,036	243,804,297
CCA PROGRAM SURPLUS/(DEFICIT)	(36,923)	(244,046)	286,447	563,046	636,424	721,817	797,540	857,677	899,425	928,480	5,409,886

City of Santa Barbara Reserves Summary (July 2020 through June 2029)

CATEGORY	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL
I. RESERVE ADDITIONS											
(A) RESERVE CONTRIBUTION	(36,923)	(135,077)	1,159,340	1,459,683	1,559,596	1,672,000	1,775,229	1,863,383	1,933,675	1,991,819	13,242,726
(B) CASH FROM FINANCING	2,000,000	-	-	-	-	-	-	-	-	-	2,000,000
SUBTOTAL RESERVE ADDITIONS	1,963,077	(135,077)	1,159,340	1,459,683	1,559,596	1,672,000	1,775,229	1,863,383	1,933,675	1,991,819	15,242,726
II. RESERVE SUBTRACTIONS											
(A) TOTAL FINANCING REPAYMENT	-	-	-	368,707	383,729	399,363	415,634	432,567	-	-	2,000,000
(B) INTEREST PAYMENTS	-	-	-	73,289	58,267	42,634	26,363	9,429	-	-	209,983
SUBTOTAL RESERVE SUBTRACTIONS	-	-	-	441,997	441,997	441,997	441,997	441,997	-	-	2,209,983
III. RATE STABILIZATION RESERVE BALANCE	1,963,077	1,828,000	2,987,340	4,005,027	5,122,626	6,352,630	7,685,862	9,107,249	11,040,924	13,032,743	

The surpluses achieved during the phase-in period serve to build Santa Barbara Clean Energy's net financial position and credit profile and to provide operating reserves for the City in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

Santa Barbara Clean Energy Financings

It is anticipated that a loan from the City will be necessary to support the Santa Barbara Clean Energy Program implementation. Subsequent capital requirements will be self-funded from the City's accrued Santa Barbara Clean Energy generated financial reserves. The anticipated financing approach is described below.

Santa Barbara Clean Energy Implementation Plan

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the Santa Barbara Clean Energy Program are \$2 million. This amount is dependent upon the electric load served by the City, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period, as these variables become known. Once the Santa Barbara Clean Energy Program is up and running, these costs would be recovered from customers through retail rates.

It is assumed that this financing will be primarily secured via one or more term loans from the City. Requisite financing would need to be arranged no later than the first quarter of 2020.

Renewable Resource Project Financing

Santa Barbara may consider project financings for renewable resources, likely local wind, solar, and biomass projects. These financings would only occur after a sustained period of successful Santa Barbara Clean Energy Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of Santa Barbara.

CHAPTER 8 – Rate Setting, Program Terms and Conditions

Introduction

This Chapter describes the initial policies proposed for Santa Barbara in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Santa Barbara City Council. The City would retain authority to modify program policies from time to time at its discretion.

Rate Policies

The City will establish rates sufficient to recover all costs related to operation of the Santa Barbara Clean Energy Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by Santa Barbara. As a general policy, rates will be uniform for all similarly situated customers enrolled in the Santa Barbara Clean Energy Program throughout the City.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option (opt-down service offering), including a proportionate quantity of renewable energy in compliance with California’s prevailing renewable energy procurement mandate, at a minimum;
- Default 100% renewable energy supply option;
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding;
- Achieving reserve targets; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The primary goal is to offer competitive rates for voluntary opt-down electric services that the City would provide to participating customers. For participants in the Santa Barbara Clean Energy opt-down product, the goal would be for the Santa Barbara Clean Energy Opt-Down Program rates to be initially at parity with, subject to actual energy product pricing and decisions of the City Council, similar generation rates offered by SCE. For participants in the Santa Barbara Clean Energy Program’s 100% renewable default clean energy product, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional clean energy supply (renewable energy and other carbon-free sources) required to serve such customers. Based on current estimates, the anticipated cost premium for

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the Santa Barbara Clean Energy Program's voluntary clean energy supply option would be six to eight percent relative to the default SCE tariff.

Competitive rates will be critical to attracting and retaining key customers. In order for the City to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility's service alternative. As planned, the value provided by the Santa Barbara Clean Energy Program will include a community focus and local investment and control.

As previously discussed, the Santa Barbara Clean Energy Program will increase renewable energy supply to program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for Santa Barbara Clean Energy customers will be the 100% renewable energy product, at a rate that reflects Santa Barbara Clean Energy's cost for procuring related energy supplies. The City will also offer its customers a voluntary minimum RPS opt-down energy product, which will supply participating customers with minimum required levels of renewable energy and/or other carbon-free sources at rates that are competitive with SCE's comparable default energy product. The City anticipates that the renewable energy content for the opt-down product will initially be 50%, subject to adjustment based on prevailing market conditions and City Council-adopted policy.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy ("CARE") program will continue to receive related discounts on monthly electricity bills through SCE. CARE customers will be enrolled in the default 100% renewable energy product, at a discounted rate, as determined and approved by the City Council.

Rate Stability

The City will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent Santa Barbara Clean Energy Program rates from directly tracking similar rates offered by the distribution utility, SCE, and may result in differences from the general rate-related targets initially established for the Santa Barbara Clean Energy Program. Santa Barbara plans to offer the most competitive rates possible after all Program operating costs are recovered and reserve targets are achieved.

Equity among Customer Classes

Initial rates of the Santa Barbara Clean Energy Program will be set based on cost-of-service considerations with reference to the rates customers would otherwise pay to SCE. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the City.

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Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the Santa Barbara Clean Energy Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Achieving Reserve Targets

A key policy of ensuring long-term financial and rate stability is establishing reserves to accumulate funds that can be tapped into in the event of unanticipated market condition changes. Santa Barbara will set rates sufficient to set funds aside to establish and grow reserves in the initial program years.

Revenue Sufficiency

Santa Barbara Clean Energy Program rates must collect sufficient revenue from participating customers to fully fund the City's annual budget and reserves related to Santa Barbara Clean Energy operations. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all costs of the Santa Barbara Clean Energy Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in the City's rate stabilization fund may be used from time to time to augment operating revenues.

Rate Design

The City will generally match the rate structures from the utility's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the Santa Barbara Clean Energy Program.

Custom Pricing Options

The City may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. The City may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

As planned, customers with on-site generation eligible for net metering from SCE will be offered a net energy metering rate from the City. Net energy metering allows for customers with certain

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qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The SCE net metering tariff (“NEM”) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule NEM. The objective is that Santa Barbara’s net energy metering tariff will apply to the generation component of the bill, and the SCE net energy metering tariff will apply to the utility’s portion of the bill. The City plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the City.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by Santa Barbara City council coincident with the establishment of the first year’s operating budget prior to initiating the customer notification process. Subsequently, the City will prepare an annual budget and corresponding customer rates. Following the commencement of service, any proposed rate adjustment will be made by the City Council and ample time will be given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, the City will furnish affected customers with a notice of its intent to adjust rates, either by public noticing consistent with City procedures for rate-setting, mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer’s monthly electricity bill (on the page addressing Santa Barbara Clean Energy charges). The notice will provide a summary of the proposed rate adjustment and will include a link to the Santa Barbara Clean Energy Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of the Santa Barbara Clean Energy Program to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the Santa Barbara Clean Energy Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Santa Barbara City Council from time to time.

By adopting this Implementation Plan, the City will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The City retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. The City will likely use its own mailing service for requisite enrollment notices rather than including the notices in SCE's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying the City using the Santa Barbara Clean Energy Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting SCE, they would be transferred to the Santa Barbara Clean Energy Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after Santa Barbara Clean Energy service commences. Opt-out requests made on or before the sixtieth day following start of Santa Barbara Clean Energy Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by the City during the time the customer took service from the Santa Barbara Clean Energy Program, but will otherwise not be subject to any penalty or transfer fee from Santa Barbara Clean Energy.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the Santa Barbara Clean Energy Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive

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a notice detailing the City’s privacy policy regarding customer usage information. Santa Barbara will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the Santa Barbara Clean Energy Program’s customer base.

Termination Fee

Customers that are automatically enrolled in the Santa Barbara Clean Energy Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which Santa Barbara reserves the right to impose, if deemed appropriate. Customers that relocate within the City’s service territory would have Santa Barbara Clean Energy service continued at their new address. If a customer relocating to an address within the City’s service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of Santa Barbara’s service territory would not be subject to the Termination Fee. If deemed applicable by Santa Barbara, SCE would collect the Termination Fee from returning customers as part of Santa Barbara Clean Energy’s final bill to the customer.

For illustrative purposes, Santa Barbara Clean Energy’s Termination Fee could vary by customer class as set forth in the table below, subject to a final determination by the City.

SANTA BARBARA CLEAN ENERGY Program: Illustrative Schedule of Fees for Service Termination*

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

*Note that Santa Barbara has yet to adopt a Schedule of Fees for Service Termination. The fees reflected in this table are representative of similar charges adopted by California’s operating CCA programs.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by Santa Barbara subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to SCE on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by SCE and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality

Santa Barbara will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. The City will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of the Santa Barbara Clean Energy Program or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable Santa Barbara to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. The City will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at Santa Barbara's discretion.

Responsibility for Payment

Customers will be obligated to pay Santa Barbara Clean Energy Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, the City will not be able to direct that electricity service be shut off for failure to pay Santa Barbara Clean Energy bills. However, SCE has the right to shut off electricity to customers for failure to pay electricity bills, and SCE Electric Rule 23 mandates that partial payments are to be allocated pro rata between SCE and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SCE would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Under certain circumstances, Santa Barbara Clean Energy customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the Santa Barbara Clean Energy Program. A deposit may be required for an applicant who previously had been a customer of SCE or Santa Barbara Clean Energy and whose electric service has been discontinued by SCE or Santa Barbara Clean Energy during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SCE Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of

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whether or not service has been discontinued for such nonpayment⁷. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SCE.

⁷ A customer whose service is discontinued by Santa Barbara is returned to SCE generation service.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes Santa Barbara’s initial procurement policies and the key third party service agreements by which the City will obtain operational services for the Santa Barbara Clean Energy Program. By adopting this Implementation Plan, the City will have approved the general procurement policies contained herein to be effective at Program initiation. Santa Barbara retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

Santa Barbara will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that the City will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

The City will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a Direct Procurement or Sole Source basis at Santa Barbara’s discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

Key Contracts

Electric Supply Contract

Santa Barbara will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet Santa Barbara Clean Energy customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. It is anticipated that the City will administer a Request for Proposals (“RFP”) process for energy supply products and services including shaped conventional energy, renewable energy, and scheduling coordinator services. It is expected that this RFP will be issued in November 2020. The tentative RFP schedule and timeline is reflected below:

Release RFP	November 1, 2020
Deadline for Question Submittal	November 15, 2020
Proposals Due	November 22, 2020
Notification of Short List	November 29, 2020
Begin Contract Negotiations	December 6, 2020
Best and Final Pricing	January 15, 2021
Contract Approval and Execution	January 16, 2021

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As indicated in the above RFP timeline, the City plans to receive proposals, including indicative pricing for all requested products and services, in November 2020. This would provide the City with a sufficient amount of time to evaluate the proposals, develop a short-list, negotiate contracts, and execute final agreements by the beginning of the 1st quarter of 2021.

With respect to the City's resource adequacy procurement activities, the City will conduct several solicitations for 2021-2023 resource adequacy products (system, local, and flexible) beginning in April 2020 and continuing through mid-October 2020. Additionally, the City will be pursuing bilateral procurement opportunities as well as being active in the energy broker markets. Santa Barbara will be making its best efforts to comply with applicable 2021-2023 resource adequacy obligations in advance of the October 31, 2020 compliance deadline.

The City may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. Santa Barbara would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

Santa Barbara will utilize the services of a certified scheduling coordinator to schedule loads and resources to meet Santa Barbara Clean Energy customer demand. The City may designate the primary supplier to be responsible for day-to-day energy supply operations of the Santa Barbara Clean Energy Program and for managing the predominant supply risks for the term of the contract. The primary supplier may also contribute to meeting the Program's renewable energy supply goals. However, additional suppliers may be identified to supplement requisite energy supplier of the Santa Barbara Clean Energy program. Finally, the primary supplier may be responsible for ensuring Santa Barbara's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SCE, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract may be separate from the electric supply contract. It is anticipated that Santa Barbara Clean Energy will use a qualified data manager to perform all of the data management functions required of CCA entities.⁸

⁸ The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

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The data manager is responsible for the following services:

- Data exchange with SCE;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements; and
- Settlement quality meter data reporting
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract provides the City with greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

Similar to the electric supply RFP described above, Santa Barbara will complete a solicitation process for data management and call center services. The tentative RFP schedule and timeline is noted below:

Release RFP	June 1, 2020
Deadline for Question Submittal	June 15, 2020
Proposals Due	July 15, 2020
Notification of Short List	August 1, 2020
Short List Interviews	August 8, 2020
Begin Contract Negotiations	August 15, 2020
Contract Approval and Execution	September 2020

The RFP timeline will allow the City to have a data manager under contract by late September 2020. Even though Santa Barbara Clean Energy will not serve customers until May 2021, the data manager will need sufficient time to setup and integrate the various data systems with Santa Barbara, SCE, and other third parties such as Santa Barbara Clean Energy's scheduling coordinator.

CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of Santa Barbara Clean Energy Program termination. By adopting the original Implementation Plan, the City will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that the City would terminate the Santa Barbara Clean Energy Program and return its customers to SCE service, the proposed process is designed to minimize the impacts on its customers and on SCE. The proposed termination plan follows the requirements set forth in SCE's tariff Rule 23 governing service to CCAs. The City retains authority to modify program policies from time to time at its discretion.

Termination by Santa Barbara Clean Energy

Santa Barbara will offer services for the long term with no planned Program termination date. In the unanticipated event that the City decides to terminate the Program, the City Council would vote on Program termination.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SCE. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice would be provided to SCE and the CPUC before transferring customers, and the City would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *in masse* on the date of their regularly scheduled meter read date.

Santa Barbara will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service, consistent with the Financial Security Requirements established by the CPUC. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. The City will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

CHAPTER 12 – Appendices

Appendix A: City of Santa Barbara Ordinance No. 5915 (Establishing CCA and Adopting Implementation Plan)

ORDINANCE NO. 5915

AN ORDINANCE OF THE COUNCIL OF THE CITY
OF SANTA BARBARA ESTABLISHING A
COMMUNITY CHOICE AGGREGATION PROGRAM
PURSUANT TO THE PUBLIC UTILITIES CODE

WHEREAS, the City of Santa Barbara ("City") is a charter city and a political subdivision of the State of California; and

WHEREAS, the City is pursuing alternative energy solutions in hopes of bettering the current and future environmental and economic conditions of its community and region; and

WHEREAS, the City has been actively investigating options to procure and provide electric power to its citizens with the intent of achieving greater local involvement over the provision of electric services and promoting competitively priced renewable energy; and

WHEREAS, on September 24, 2002, the Governor signed into law Assembly Bill 117 which consists of amendments to and additions of Sections 218.3, 331.1, 366, 366.2, 381.1, 394 and 394.25 of the California Public Utilities Code (the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA") and also known as Community Choice Energy (CCE); and

WHEREAS, through Docket No. R.03-10-003, the California Public Utilities Commission ("Commission") has issued various decisions and rulings addressing the implementation of Community Choice Aggregation programs, including the issuance of a procedure by which the Commission will review Implementation Plans, which are required for submittal under the Act as the means of describing the CCA program and assuring compliance with various elements contained in the Act; and

WHEREAS, an initial technical study concluded that a CCA Program would serve the City and provide benefits to include the use of renewable energy at or above the required Renewable Portfolio Standard level while providing economic benefits to the City; and

WHEREAS, the Santa Barbara CCA Implementation Plan was considered and approved by the Santa Barbara City Council at its regular meeting of October 15, 2019; and

WHEREAS, as directed by the City Council, the Santa Barbara CCA Implementation Plan will be filed with the Commission for review and certification; and

WHEREAS, as described in the Implementation Plan, Community Choice Aggregation by and through the City appears to provide a reasonable opportunity to accomplish all of the following: (a) provide greater levels of local involvement in and collaboration on energy decisions; (b) increase the amount of locally supplied renewable energy available to the City's citizens; and (c) provide initial price stability, long-term electricity cost savings and other benefits for the community; and

WHEREAS, the City Council has determined that it is in the public interest and welfare to establish a CCA Program; and

WHEREAS, the Act requires Community Choice Aggregation program participants to adopt an ordinance electing to implement a Community Choice Aggregation program within the jurisdiction of the local government agency.

THE CITY COUNCIL OF THE CITY OF SANTA BARBARA, CALIFORNIA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Recitals.

That the Recitals set forth above are true and correct and are incorporated as though fully set forth herein.

SECTION 2. Approval Of Community Choice Aggregation Program.

That the City Council hereby approve and direct that the City proceed with the implementation of the Santa Barbara CCA Program within the City's jurisdiction, as described in the Implementation Plan.

SECTION 3. Severability.

That the City Council declares that, should any provision, section, paragraph, sentence or word of this Ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Ordinance as hereby adopted shall remain in full force and effect.

SECTION 4. Effective Date.

That this Ordinance shall take effect thirty (30) days after its adoption.

ORDINANCE NO. 5915

STATE OF CALIFORNIA)
)
COUNTY OF SANTA BARBARA) ss.
)
CITY OF SANTA BARBARA)

I HEREBY CERTIFY that the foregoing ordinance was introduced on October 15, 2019, and was adopted by the Council of the City of Santa Barbara at a meeting held on October 22, 2019, by the following roll call vote:

- AYES: Councilmembers Jason Dominguez, Eric Friedman, Oscar Gutierrez, Meagan Harmon, Kristen W. Sneddon; Mayor Cathy Murillo

- NOES: Councilmember Randy Rowse

- ABSENT: None

- ABSTENTIONS: None

IN WITNESS WHEREOF, I have hereto set my hand and affixed the official seal of the City of Santa Barbara on October 23, 2019.



Sarah P. Gorman, CMC
City Clerk Services Manager



I HEREBY APPROVE the foregoing ordinance on October 23, 2019.



Cathy Murillo
Mayor