

*"Placerville, a unique historical past forging into a golden future."*



**City Manager's Report**  
**November 10, 2020, City Council Meeting**  
**Prepared by: Cleve Morris, City Manager**  
**Item #: 12.1**

**Subject:** Adopt A Resolution Of The City Council Of The City Of Placerville Requesting Membership In Pioneer Community Energy And Approving The Amended And Restated Joint Exercise Of Powers Agreement And Amendment No. 1 Thereto

**Purpose:** To approve a Resolution and Joint Powers Agreement to continue the process for the City of Placerville to join Pioneer Community Energy for Community Choice Aggregation.

**Background:**

In 2019 the City Council directed staff to approach Sacramento Municipal Utility District (SMUD) to see if they would consider annexing El Dorado County into their territory. A meeting was held with SMUD officials and subsequently SMUD responded with a letter stating that they could not recommend the annexation of El Dorado County. That letter was reviewed by the Council on June 9, 2020. Following the discussions with SMUD, City and County officials began reviewing Community Choice Aggregation (CCA) as an option. The City looked at the process to form our own CCA in conjunction with the County, or joining existing CCA's. We spoke to a current CCA in Yolo County, and also began discussions with Pioneer Community Energy in Placer County. Through those discussions it became clear that Pioneer was a better fit for the City of Placerville.

At the City Council Meeting on September 16, 2020, the Council received a presentation and approved a Memorandum of Understanding with Pioneer Community Energy (Pioneer). Representatives of Pioneer then provided a presentation to the Council on Community Choice Aggregation and specifically of Pioneer. On September 22, 2020, the Council introduced an ordinance allowing the City to participate in Pioneer Community Energy. That Ordinance was then adopted on October 13, 2020.

**Discussion:**

The purpose of this proposed action is the final step for the City of Placerville to become part of Pioneer Community Energy. This action is also contingent on 1) the current member agencies of Pioneer to adopt a Resolution for the amendment to the Amended and Restated Joint Powers Authority Agreement (JPA Agreement) to allow both the City of Placerville and El Dorado County to join Pioneer, and 2) the Pioneer Board adopting a Resolution to amend the JPA Agreement and Filing of an Amended Implementation Plan. The amendment to the JPA Agreement is being considered by all current members during the month of November and December. Upon approval by the Pioneer Board the Amended Implementation Plan will then be submitted to the California Public Utilities Commission for approval and if approved will take effect on January 1, 2022.

Current Pioneer JPA members include the cities of Auburn, Colfax, Lincoln, and Rocklin, the Town of Loomis, and unincorporated Placer County. The ratepayers in these jurisdictions have received the benefit of savings on their electric generation costs of 6 to 11 percent since the start of Pioneer's Community Choice Aggregation (CCA) program in 2018.

It is the goal of the City to have ratepayers in the City of Placerville served by PG&E electric generation to enjoy the same choice in purchasing energy as well as local control over rates and energy incentives as current rate payers in Pioneer enjoy. As stated above, requisite formal actions by the City of Placerville to approve resolutions and ordinances for joining the JPA and participating in Pioneer's Community Choice Aggregation Program have been approved.

At its November 6, 2020 meeting, the Pioneer Community Energy Board reviewed an impact assessment analyzing the impact and feasibility of expanding to add both El Dorado County (unincorporated) and the City of Placerville. The results of that impact assessment determined the proposed expansion to be beneficial to both the ratepayers in the current Pioneer service area, as well as potential ratepayers in unincorporated El Dorado County and the City of Placerville. The benefits of expansion include:

- Financial Strength - Increased margins from the addition of more customers will result in strengthening Pioneer's balance sheet, achieve targeted levels of reserves, and help mitigate against rate increases.
- Power Supply Benefits - An increased electricity load to serve also leads to larger power procurement needs. The larger power procurement proposals will attract suppliers with better credit profiles and could lead to more favorable pricing and access to more diverse power supply sources.
- Legislative & Regulatory Influence - Through representation of a larger service territory, Pioneer would improve its status with state legislators and the CPUC in representing its customers' interests. It also increases access to a greater pool of elected officials for Pioneer to promote its legislative platform and for support in response to adverse regulation.
- Local Jobs and Power Supply Resources - One of Pioneer's goals is to invest in power supply projects that not only diversify the power supply portfolio but create jobs through locally sourced projects. The strengthening of Pioneer's financial resources provides opportunities to pursue this endeavor.

Staff will share the results of the study with the Council at this Council meeting. Upon execution of the JPA and Amendment No. 1 by Placerville and El Dorado County; and execution of Amendment No. 1 to the Amended and Restated Joint Powers Agreement by all current member entities, both existing and proposed, and approval by the Pioneer Governing Board, Pioneer staff will file an implementation

plan with the California Public Utilities Commission in December 2020. Filing of the implementation plan by December 31, 2020 is based on providing electricity to unincorporated El Dorado County and Placerville beginning in 2022.

**Options:**

1. Adopt the Resolution approving the Joint Powers Agreement and Amendment #1.
2. Recommend amendments to the JPA and approve the Agreement and Amendment #1.
3. Do not approve the Resolution and JPA and Amendment at this time and provide further direction to staff.

**Cost:** The cost for preparation of the Impact Assessment was paid for by Pioneer Community Energy. The only cost at this time has been staff time to prepare the necessary documents.

**Budget Impact:** None at this time. Additional staff time will likely be needed during the implementation stage next year, however this will primarily be marketing through the city's existing social media and other avenues.

**Recommendation:** Adopt A Resolution Of The City Council Of The City Of Placerville Requesting Membership In Pioneer Community Energy And Approving The Amended And Restated Joint Exercise Of Powers Agreement And Amendment No. 1 Thereto



M. Cleve Morris, City Manager

Attachment A: Resolution

Attachment B: Joint Powers Agreement

Attachment C: Amendment #1 to the JPA

Attachment D: Pioneer Benefits Page