

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, APRIL 26, 2022**

MINUTE ORDER NO. 24

SUBJECT: AUTHORIZATION TO ADVERTISE COMPETITIVE SOLICITATION FOR RENEWAL OF COUNTY DIRECT ACCESS CONTRACTS (DISTRICTS: ALL)

OVERVIEW

California regulated utilities like SDG&E provide service by acquiring or generating energy, transmitting it through major power lines and piping, and then distributing it to individual businesses and residents. Direct Access (DA) service allows customers to purchase electricity or natural gas from a competitive provider called an Electric Service Provider (ESP), instead of from a regulated utility. The utility continues to deliver the electricity or natural gas that the customer purchases from the ESP over its distribution system and provides billing. The Direct Access program was initially established in California in 1996 and is regulated by the California Public Utilities Commission (CPUC). DA is currently fully prescribed, meaning no additional capacity is available, and is also not available to residential accounts.

Since as early as 2001, County of San Diego facilities have participated in DA and added capacity over time such that now approximately 90% of the County's total electricity and 100% of its natural gas is procured through a Direct Access contract. Using Direct Access has allowed the County to take advantage of savings opportunities as well as manage price risk by purchasing power when pricing is favorable and securing power several years into the future. In the past 20 years, DA has saved the County more than \$25 million from costs it would have paid if the same power was purchased from SDG&E. County facility DA contracts for electricity and natural gas procurement, currently awarded to Calpine Energy Solutions, are up for renewal in 2025.

On August 31, 2021 (11), the County Board of Supervisors voted for the unincorporated County to join San Diego Community Power (SDCP) which is one of two local Community Choice Aggregation (CCA) Joint Powers Authorities. At that time, it was not planned that County facility accounts were to migrate to this CCA when County unincorporated accounts launch in 2023, but instead would remain on DA. CCAs across California including SDCP, do not include DA accounts in their lists of service accounts as it is understood that DA offers better choice and individualized service than a CCA can provide. Additionally, CCAs do not provide natural gas service so there is no option for County gas accounts to take this path. While many CCAs offer 2-5% savings from the incumbent utility, County accounts have enjoyed annual savings as high as 29% under DA. Additionally, DA provides for a more flexible one-on-one service partnership, ensuring the best value for County taxpayers.

Direct Access also allows County facility accounts to easily transition to greater percentages of carbon-free electricity in alignment with the County's Climate Action Plan, Zero Carbon Plan for Operations, and CCA Guiding Principles established by the Board. Approval of this request to renew DA contracts for another 10 years provides for a smooth transition of County electricity accounts to reach 100% renewable power by 2030 or earlier, at the best pricing available.

The Board of Supervisors is requested to authorize the solicitation of a new Direct Access contract or contracts for the procurement of the County's electric and gas commodities and related services.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) and are exempt from CEQA pursuant to CEQA Guidelines 15378(b)(5), 15060(c)(2), (3), 15061(b)(3).
2. In accordance with Section 401, Article XXIII of the County Administrative Code, authorize the Director, Department of Purchasing and Contracting to issue a competitive solicitation for electricity and natural gas Direct Access services, and upon successful negotiations and determination of a fair and reasonable price, award one or more contracts for a term of up to 10 years, and to amend the contracts as needed to reflect changes to services and funding.

EQUITY IMPACT STATEMENT

Approval of the request to advertise and award contracts to continue the County's Direct Access program for electricity and natural gas embodies the concepts of equity, justice and community. This action will allow the continuation of local choice for County operations energy, resulting in continued cost savings for County taxpayers and increasing renewable content helping to cut emissions for the region.

FISCAL IMPACT

There is no fiscal impact as a result of today's recommended action. If approved, the advertisement, negotiation, and award of favorable procurement contracts for electricity and/or gas are anticipated to result in continued future energy cost savings to the County.

BUSINESS IMPACT STATEMENT

NA

ACTION:

ON MOTION of Supervisor Fletcher, seconded by Supervisor Vargas, the Board of Supervisors took the following actions:

1. Found that the proposed actions are not a project under the California Environmental Quality Act (CEQA) and are exempt from CEQA pursuant to CEQA Guidelines 15378(b)(5), 15060(c)(2), (3), 15061(b)(3).
2. In accordance with Section 401, Article XXIII of the County Administrative Code, authorized the Director, Department of Purchasing and Contracting to issue a competitive solicitation for electricity and natural gas Direct Access services, and upon successful negotiations and determination of a fair and reasonable price, award one or more contracts for a term of up to 10 years, and to amend the contracts as needed to reflect changes to services and funding.
3. Directed the Chief Administrative Officer to develop a proposal to consider, as much as feasible, on how our County Operations' energy load be procured from renewable energy sources through direct access agreements, rooftop solar or other renewable sources, to align with the goals of the regional decarbonization framework timeline by mid-century and the implementation pathways of the regional decarbonization framework and return to the board later via a future Regional Decarbonization Framework (RDF) update.

AYES: Vargas, Anderson, Lawson-Remer, Fletcher, Desmond

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter