



CITY COUNCIL AGENDA REPORT

MEETING DATE: MARCH 17, 2015

ITEM NUMBER: **CC-12**

SUBJECT: ENERGY PARTNERSHIP CONTRACT EXTENSIONS BETWEEN SOUTHERN CALIFORNIA EDISON AND SOUTHERN CALIFORNIA GAS AND THE CITY OF COSTA MESA FOR 2015-2016.

DATE: FEBRUARY 27, 2015

FROM: CHIEF EXECUTIVE OFFICE

PRESENTATION BY: DANIEL K. BAKER, PUBLIC AFFAIRS MANAGER

FOR FURTHER INFORMATION CONTACT: DAN BAKER (714) 754-5156

RECOMMENDATION:

- Approve and authorize the Mayor and City CEO to execute the "Second Amendment" to the Agreement to Jointly Deliver the 2010-2012 Orange County Energy Leader Partnership Program with Southern California Edison Company; and,
- Approve and authorize the Mayor and City CEO to execute the "Second Amendment" to the Agreement to Jointly Deliver the 2010-2012 Orange County Energy Leader Partnership Program with Southern California Gas Company and adjacent Orange County cities; and,
- Authorize the City CEO to execute any subsequent documents approved as to form by the City Attorney necessary to advance, manage or complete Energy Leader Partnership activities.

BACKGROUND:

The City of Costa Mesa entered into a Local Government Energy Action partnership in 2009. The City subsequently replaced that agreement in 2010, with both Southern California Edison (SCE) and Southern California Gas Company (SCG) for Program Year 2010-2012 and approved first amendments to the agreements for program years 2013-2014. The second amendments will continue the program through 2016.

ANALYSIS:

SCE and SCG partnered with Costa Mesa and other adjacent Orange County Cities in 2010 through 2012 to implement a local government energy efficiency partnership. The partnership framework provides enhanced incentives for energy saving projects in City facilities, technical assistance, marketing, education and outreach funding to support Costa Mesa's energy and sustainability efforts in the community.

The funds are Public Goods charge funds that SCE and SCG are required by the Public Utilities Commission (PUC) to collect. SCE administers these funds with PUC oversight to increase energy efficiency, eliminating the need to build new power plants. These

contract amendments will extend the effectiveness of existing and planned Capital Improvement Projects that increase energy efficiency.

The PUC approved extending this program through 2014 and subsequent amendments to the original agreements were approved in 2013. The PUC recently extended the program through 2015. Over the course of the program, the City has received nearly one hundred thousand (\$100,000) in incentive funding for projects including interior lighting upgrades, LED lighting retrofits, chiller upgrades and City Hall and the police department.

These extensions will assist the City by providing better information about how to prioritize energy efficiency upgrades, reduce annual maintenance costs, increase cost savings, conserve resources and reduce green house gas emissions. Additionally, it allows the City to gain access to additional grant funding provided by the California Energy Commission that is only available to city's participating in energy partnerships.

The overall program strategy is to continue to partner with SCE and SCG to provide energy information, and to identify and implement sustainable energy efficiency activities. The City and its energy partners will leverage the strengths of each other to cost effectively deliver energy and demand savings. If approved, these agreements will allow the City to continue to be reimbursed for Kilowatt hours saved for municipal retrofit projects as well as have access to a number of other potential grant opportunities that Edison and Southern California Gas routinely solicits. Additionally, the agreements will allow the City to receive additional financial incentives for a number of upcoming energy projects that include lighting upgrades for both the Tennis Center and safety lighting at street intersections.

ALTERNATIVES CONSIDERED:

An alternate consideration is for the City to not reenter into the partnership agreements.

FISCAL REVIEW:

By entering into these agreements, the City of Costa Mesa will benefit from additional funding to supplement its energy efficiency goals that are provided to participating members of the partnership.

LEGAL REVIEW:

Legal has reviewed the documents and approved them as to form.

DANIEL K. BAKER
Public Affairs Manager

ATTACHMENTS: 1 [Southern California Edison Extension Agreement](#)
 2 [Southern California Gas Company Extension Agreement](#)