



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** September 25, 2018

From: Douglas B. Robertson, Town Manager **Item No:** 11
Town Manager's Office

Subject: APPLE VALLEY CHOICE ENERGY 2017 ANNUAL POWER SOURCE
DISCLOSURE REPORT ATTESTATION

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

Based on staff's review, endorse the accuracy of information presented in Apple Valley Choice Energy's (AVCE) 2017 Power Source Disclosure report for Core Choice service and approve the distribution of statistics reflected in AVCE's 2017 annual PSD reports within AVCE's 2017 Power Content Label.

SUMMARY:

California Public Utilities Code requires all retail sellers of electric energy, including AVCE, to disclose "accurate, reliable, and simple-to-understand information on the sources of energy" that are delivered to their respective customers.¹ Applicable regulations direct retail sellers to provide such communications to customers following each year of operation. The format for requisite communications is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers. This format has been termed the "Power Content Label" (or PCL) by the California Energy Commission (CEC). Prior to distributing its PCL to customers, AVCE submitted its initial annual report (to the CEC) regarding specified power purchases completed in CY 2017. This report is a required element of California's Power Source Disclosure Program (PSD Program) and was timely submitted to the CEC prior to the June 1st reporting deadline. Both the aforementioned annual report and the PCL are required elements of California's PSD Program, and information reflected in the annual report is contributory to the PCL (with the annual report's power supply breakout being inserted in the PCL).

¹ California Public Utilities Code Section 398.1(b)

Information presented in the PCL includes the proportionate share of total energy supply attributable to various resource types, including both renewable and conventional fuel sources. In the event that a retail seller meets a certain percentage of its supply obligation from unspecified resources, the report must identify such purchases as “unspecified sources of power.” As the Council may be aware, certain AVCE supply agreements allow for the use of such unspecified purchases to satisfy a portion of AVCE’s energy requirements – these purchases have been appropriately identified as “unspecified sources of power” in the PCL.

A simplified representation of key information included within AVCE’s 2017 PCL is presented below:

2017 POWER CONTENT LABEL			
Apple Valley Choice Energy			
ENERGY RESOURCES	2017 Core Choice	2017 More Choice	2017 CA Power Mix**
Eligible Renewable	38%	50%	29%
Biomass & biowaste	6%	0%	2%
Geothermal	0%	0%	4%
Eligible hydroelectric	0%	0%	3%
Solar	20%	0%	10%
Wind	12%	50%	10%
Coal	0%	0%	4%
Large Hydroelectric	0%	0%	15%
Natural Gas	0%	0%	34%
Nuclear	0%	0%	9%
Other	0%	0%	<1%
Unspecified sources of power*	62%	50%	9%
TOTAL	100%	100%	100%
* "Unspecified sources of power" means electricity from transactions that are not traceable to specific generation sources.			
** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the identified year.			

Consistent with applicable regulations, AVCE staff will complete requisite customer communications following the Council’s approval of pertinent information to be included in the 2017 PCL. Customers receiving PCL communications will include those enrolled in the AVCE program as of December 31, 2017 – the distribution list was derived based on prior discussions with designated CEC staff.

While preparing AVCE’s 2017 annual PSD report, staff and external technical consultants performed a detailed review of all power purchases completed for the 2017 calendar year. This review included an inventory of all renewable energy transfers within AVCE’s Western

Renewable Energy Generation Information System (WREGIS) accounts, pertinent transaction records, and a requisite independent audit of AVCE's voluntary More Choice, 50% renewable energy program.² Based on staff's review, the information presented in the annual reports was determined to be accurate. Again, such information will be reflected in AVCE's upcoming PCL for 2017 operations.

To fulfill its obligations under the PSD Program, AVCE must also provide the CEC with an attestation of the Town Council, which serves as AVCE's Governing Board, regarding the accuracy of information included in the PSD annual reports. With regard to this internally administered attestation process, applicable regulations state:³

A retail supplier that is a public agency providing electric services is not required to comply with the provisions of subdivision (b)(1) for one electric service product if the board of directors of the public agency approves at a public meeting the submission to the Energy Commission of an attestation of the veracity of the annual report. A report in accordance with subdivision (b)(1) shall be submitted for each additional electric service product it offers to its customers.

Because AVCE's More Choice product offering is independently audited, AVCE is proceeding with self-certification of its annual report for the Core Choice product offering, consistent with PSDP regulations. Evidence of such attestation (for Core Choice) as well as the aforementioned audit report (for More Choice) must be provided to the CEC by October 1st.

In consideration of the aforementioned internal review, independent audit and applicable regulations, staff requests that the Town Council accept this determination and attest to the accuracy of information included in AVCE's 2017 Power Source Disclosure reports. Related information regarding the proportionate use of various fuel sources will be reflected in AVCE's 2017 PCL. Should the Town Council endorse staff's recommendation, a copy of this staff report, related meeting minutes and a copy of AVCE's 2017 Audit Report for the More Choice product offering will be forwarded to the CEC, thereby completing AVCE's obligations under the PSD Program for the 2017 calendar year.

FISCAL IMPACT:

There is no financial impact to the Town's budget.

² With regard to AVCE's More Choice (50% renewable energy) service option, the requisite independent audit is in process with completion expected in advance of the October 1st deadline.

³ Note that Section (b)(1), as referenced in the excerpt from applicable PSD regulations, refers to the completion of annual independent audits.