

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF FINANCE, THE DIRECTOR OF ENERGY, THE ASSISTANT DIRECTOR OF FINANCE, AND THE ASSISTANT DIRECTOR OF ENERGY OR THEIR DESIGNEES TO JOIN THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY IF NECESSARY, INCLUDING EXECUTION OF ANY REQUIRED DOCUMENTS AND THE PAYMENT OF MEMBERSHIP FEES UNDER CITY MANAGER AUTHORITY, SUBJECT TO THE APPROPRIATION OF FUNDS

WHEREAS, in May 2017, the City Council of the City of San José (“City”) unanimously approved the formation of San José Clean Energy (“SJCE”), a Community Choice Aggregator (“CCA”) which is a local electricity-purchasing cooperative that allows cities, counties, and other qualifying governmental entities available within the service areas of investor-owned utilities (such as Pacific Gas and Electric Company) to purchase and/or generate electricity for their residents and businesses; and

WHEREAS, SJCE launched service to most businesses and residents in the City service area by February 2019, and pays for electricity generation from clean resources through fixed- and variable-priced power purchase agreements of different durations; and

WHEREAS, since its inception, SJCE has employed various strategies to mitigate power cost volatility and reduce the costs of its power purchase agreements, including procuring standard blocks of energy, buying energy in medium and long-term contracts, load shaping through rate design, and utilizing other demand-side management tools; and

WHEREAS, energy prepayment financial transactions have been used to reduce the costs of natural gas procurements since the 1990s; this financing mechanism is now being applied to renewable energy purchase agreements, and various CCAs have entered into these transactions to reduce the cost of eligible power purchase agreements under favorable market conditions; and

WHEREAS, the City has identified a potential opportunity to reduce the costs of certain existing SJCE power purchase agreements, as well as the costs of qualifying future SJCE power purchase agreements, by prepaying the respective energy costs for those agreements with tax-exempt debt issued by the California Community Choice Financing Authority (“CCCFA”), a conduit issuer of tax-exempt bonds, on the City’s behalf; and

WHEREAS, the CCCFA is a Joint Power Authority founded by a CCA consortium including Central Coast Community Energy, East Bay Community Energy, Marin Clean Energy, Silicon Valley Clean Energy, and Clean Power Alliance; and

WHEREAS, a potential energy prepayment transaction for the City would involve a collection of agreements among the City, the Energy Counterparty who are the power generators, the financial institution acting as the Prepay Counterparty, and the Conduit Issuer, currently contemplated to be the CCCFA; and

WHEREAS, the City desires to authorize the Director of Finance, the Director of Energy, the Assistant Director of Finance, and the Assistant Director of Energy or their designees to join the CCFA, if necessary, including execution of any required documents and payment of membership fees under City Manager authority, subject to the appropriation of funds, in order to enable staff to evaluate the benefits, costs, and risks of the energy prepayment transaction; and

ADOPTED this _____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk