



May 10, 2024
Mayor Hatch and Council Members
24264 El Toro Rd,
Laguna Woods, CA 92637

Via email

RE: Please Vote to Share Load Data with OCPA

Dear Mayor Hatch and Councilmembers,

Thank you for your leadership on climate issues, and for agendizing a discussion of Community Choice Energy – any city’s fastest path to 100% clean energy.

Climate Action Campaign is a nonprofit climate policy watchdog working to create a zero carbon future through effective and equitable policy action in Orange County (OC). To that end, this letter provides information for your consideration regarding Community Choice Energy (CCE), and the Orange County Power Authority (OCPA), OC’s first CCE program.

We have worked with community members, environmental organizations, and local elected officials in Laguna Woods and other cities who have previously and are now considering joining OCPA. We know from research and first-hand experience that there are many reasons why a community might want to pursue CCE.

Potential benefits include the following, which are explored in more detail in the following pages:

- **FREEDOM OF CHOICE:** Laguna Woods families and businesses deserve a choice of energy providers. The freedom of choice is the American way.
- **COMPETITIVE RATES:** A CCE creates competition in the energy marketplace for the first time, which encourages reduces rates and other benefits. Today, OCPA offers rates 3% lower than Southern California Edison (SCE), and plans to reduce rates to 4% lower than SCE later this year. For businesses with large energy needs, these savings can amount to tens of thousands of dollars every year.

- **COMMUNITY BENEFIT:** CCEs are not-for-profit public agencies centered on the public interest, and under California law, a CCE's surplus revenue must be reinvested in the community. CCEs can fund important money-saving clean energy programs that are community-focused and community-led.
- **CLEANER ENERGY:** Community Choice is one of the most important tools cities have to accelerate local climate action and reduce emissions while providing savings, cleaner air, economic development and greater resiliency.
- **COMMUNITY CONTROL:** CCE can put Laguna Woods residents in charge of their energy future through local decision-making on rates, programs, and policies.

FREEDOM OF CHOICE

Community Choice programs are **opt-out** programs, meaning that after a local government votes to join a CCE, the implementation plan is created, and customers are notified, the ratepayers within that local government are automatically enrolled, and may opt out at any time.

CCE is only involved in electrical generation decision-making and has no involvement with transmission and distribution. The investor-owned utility (IOU), such as SCE or San Diego Gas & Electric (SDG&E) continues to provide customer metering and billing. The CCE's name replaces the IOUs name on the generation charge line item of the electric bill.

With CCE, the customer has choices every step of the way and is notified about the opt-in process and their options via U.S. mail two times before and two times after the enrollment date. The customer can opt-out any time and go back to the IOU if they choose. **OCPA customers can choose either 44% renewable, 72% renewable and 100% renewable energy or return to the IOU.**

Community Choice Energy programs have proliferated throughout California. 11+ million Californians in 180+ cities and counties are currently served by Community Choice. **Approximately 91% of energy users choose to stay with CCE rather than switch back to the incumbent utility such as SCE or SDG&E.¹**

COMPETITIVE RATES

OCPA's Basic Choice product is 3% cheaper than SCE's default product and delivers 44% renewable energy. For businesses and organizations with large energy needs, these savings can amount to tens of thousands of dollars every year. For income-qualified families struggling to make ends meet, OCPA's lower rates are this additional discount is stacked with the CARE and FERA financial assistance programs.

It's important to remember that **SCE has raised rates 45% since 2016 and plans to increase them another 45% by 2030**, according to plans published by the California Public Utilities

¹ CalCCA, ["Power in Numbers" Graph](#). 2024.

Commission. OCPA offers Laguna Woods residents a crucial path to electricity rate stability and savings. The City of Laguna Woods can choose Basic Choice as its default product, which would opt all residents into 3% savings compared to SCE at today's rates.

Rising utility bills can put some residents at great risk. The largest survey of homeless people in decades published in 2023 found that as little as \$300 a month in income—about the same cost as an average California utility bill— would have kept up to 70% of unhoused individuals in housing.²

CCEs are able to provide savings in part because they are not-for-profits, and are therefore subject to lower tax rates than IOUs, which helps them provide energy at a lower cost. CCEs also are not required to provide dividend payments to shareholders.

CLEANER ENERGY

The California legislature and California Public Utilities Commission's ambitious greenhouse gas emissions reduction targets within the state's electric sector rely primarily on CCEs to procure the new clean energy resources the state needs over the next decade to meet its climate goals.

CCEs purchase 10 times more renewable energy than IOUs.³ According to a 2020 report by UCLA's Luskin Center for Innovation, "Fourteen CCE communities chose 100% renewable energy as the default for all their customers. **Over two-thirds of California CCA member communities — representing more than 6 million people — have a default electricity product with more than 90% carbon-free energy.**"⁴

OCPA customers can choose any one of three renewable energy products. Even at the lowest renewable energy option – 44% with Basic Choice – OCPA offers residents cleaner energy at a cheaper price than monopoly SCE's only option of 36% renewable energy. Customers can also choose if they want to pay the same rate as their previous SCE rate for double the clean renewable energy with OCPA's 72% renewable Smart Choice product or pay a slight premium for the 100% renewable energy plan.

In contrast, SCE's standard offering currently includes 36% renewables, and plans to reach 100% clean electricity by 2045 - more than a generation from now.⁵ OCPA offers 100% clean electricity today. Without the additional clean energy offered by CCE's, California communities will not meet state climate goals.

Irvine's CCE feasibility [study](#) found that CCE will enable that city to **reduce greenhouse gas emissions by 360,000 metric tons per year, roughly equivalent to taking 78,000 cars off the road.**

LOCAL CONTROL

² University of California San Francisco, "[California Statewide Study of People Experiencing Homelessness](#)". 2023.

³ CalCCA, "[California's New 2030 Energy Plan Relies on CCAs to Procure 10,000 MW to Meet Climate Goals](#)".

⁴ University of Los Angeles, "[The Role of Community Choice Aggregators in Advancing Clean Energy Transitions](#)", 2020.

⁵ Southern California Edison, "[Pathway 2045](#)".

CCEs are controlled by a local board of directors composed of representatives of member cities, which ensures the CCE reflects local values and priorities. Local control also provides greater transparency and makes participation easier for residents, who are likely more familiar and comfortable with Laguna Woods City Council meetings than California Public Utility Committee hearings.

This model of local control has proven successful with California's 24 existing CCEs. As of 2023 five CCEs earned stable outlooks and A credit ratings from the "big three" credit rating agencies - Standard & Poor's, Fitch, and Moody's, demonstrating the financial stability of the CCE model. OCPA is on track to receive a high credit rating within the next few years, and recently paid off their startup costs by paying their US Bank loan in full. OCPA also ended last year with a \$81 million net position.⁶

Local control has also led to best practice-based reforms at OCPA with respect to the agency's management and processes. In response to concerns raised by the OC Grand Jury report, the OC Board of Supervisors, and California State Senate Audits, OCPA created a 24 point improvement plan, which has since been implemented and led to improved governance, transparency, and new leadership based on well-established best practices.⁷

COMMUNITY BENEFITS

IOUs like SCE are mandated to create a profit every year and distribute that profit back to their shareholders. SCE has produced a dividend or stock split profit for their shareholders every quarter for the last 1000 years. These profits come from higher than necessary rates that customers are forced to pay. **With CCE, net revenue is invested in the local community, and never distributed to IOU shareholders.** In this way, CCE is a tool for communities to establish local energy resources and programs such as solar storage for resilience, rooftop solar, EV and infrastructure incentives, feed-in-tariff, net energy metering (NEM), energy efficiency, demand response, and more. OCPA has already begun reinvesting in the community, and as it grows, more money is invested into community programs and rate reductions. As a member city of OCPA, Laguna Woods would provide direction to OCPA on what those community programs would be.

CCEs can also fund development of new renewable energy projects and other programs that meet the needs of the local community. Read more about the hundreds of community programs currently offered by California's 24 CCEs here -- <https://cal-cca.org/cca-programs/>.

CCE customer savings drive additional **local economic development benefits**. OCPA's economic impact for Fullerton, Buena Park and Irvine is expected to be **\$25 million/year in new local spending and 500-750 new local jobs**.

Given the benefits for community members, the city, and the climate, we recommend Laguna Woods council direct staff to share city load data with OCPA and agendize a vote to join the

⁶ Orange County Power Authority, [Q4 Treasurers Report](#), 2023.

⁷ Orange County Power Authority, [Improvement Plan](#), 2023.

agency as soon as possible. This would allow all Laguna Woods residents to begin receiving power from OCPA in 2026 and experience all the benefits CCE has to offer.

Thank you again for agendizing a discussion of OCPA. Please consider Climate Action Campaign a resource as you continue to consider this important decision to bring freedom of choice to Laguna Woods residents. Let us know if you have any questions or would like to discuss further.

Sincerely,

Tomas Castro (He/Him)
Orange County Climate Equity Organizer and Advocate
Climate Action Campaign
(949)-350-1428

www.climateactioncampaign.org

Twitter: [@sdclimateaction](https://twitter.com/sdclimateaction)

Instagram: [@sdclimateaction](https://www.instagram.com/sdclimateaction)

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Our Mission is Simple: Stop the Climate Crisis