



February 16, 2021

Hon. Mayor Scott Voigts
Hon. Mayor Pro Tem Robert Pequeno
Hon. Council member Mark Tettermer
Hon. Council member Doug Cirbo
Hon. Council member Neeki Moatazedi
Cc: City Manager Debra Rose

Dear Mayor Voigts, Mayor Pro Tem Pequeno, Council member Tettermer, Council member Cirbo and Council member Moatazedi,

On behalf of Climate Action Campaign, thank you for considering Community Choice Energy (CCE) for Lake Forest. Included in the following documents are informational items for your consideration regarding CCE.

CCE (aka Community Choice Aggregation or CCA) is a local, not-for-profit governmental program that buys and may generate electrical power on behalf of its residents, businesses, and municipal entities. The agency administering the CCE program may also choose to administer energy efficiency programs and other greenhouse gas emission-reducing activities. There are many reasons why a community might want to pursue CCE.

Potential benefits include:

- enhanced consumer choice
- local control
- cost savings
- local economic development
- expansion of renewable energy portfolios
- faster progress toward achieving a community's environmental goals

Community Choice programs are **opt-out** programs, meaning that once a local government votes to form a Community Choice agency, the constituents of that local government are automatically enrolled, and may opt out if they wish.

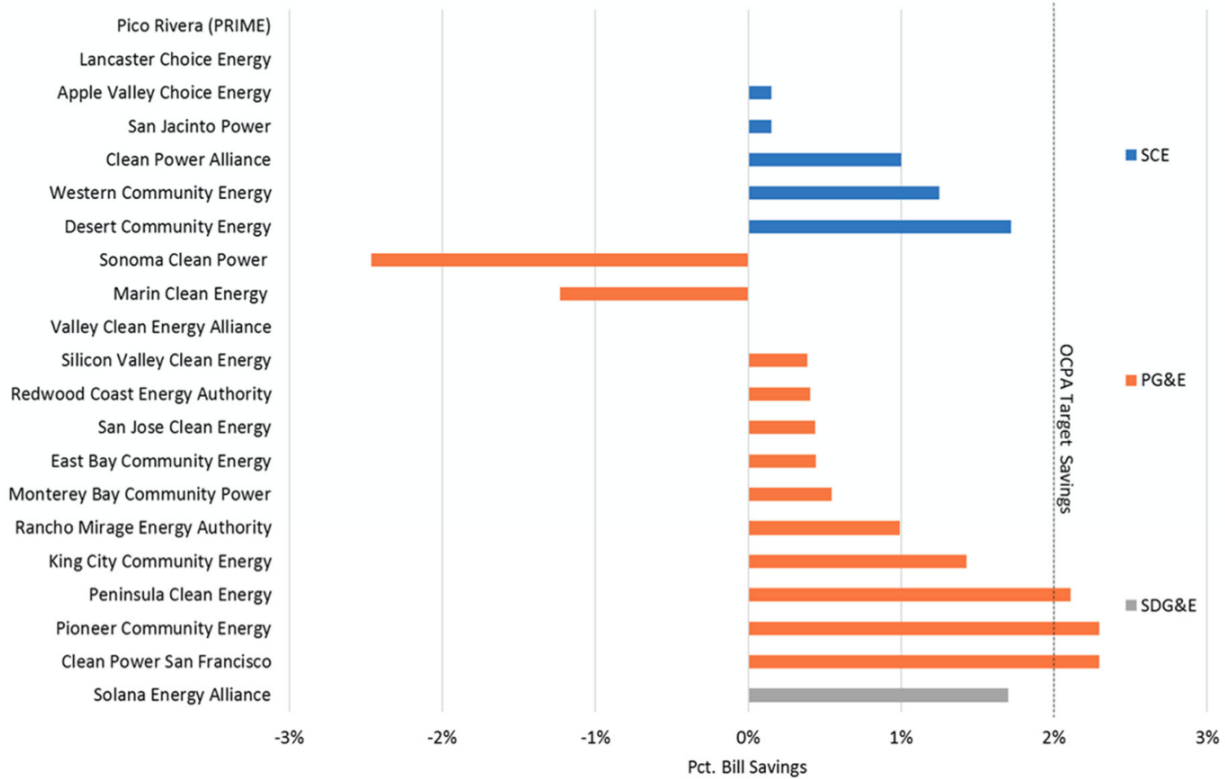
Community Choice is only involved in the electrical generation decision-making and has no involvement with transmission and distribution. The electrical utility also continues the metering and billing for customers. The Community Choice agency replaces the line item on the electric bill for "generation."

Top 6 Benefits of Staying in the OC Power Authority

1. **CONSUMER CHOICE:** Lake Forest families want and deserve a choice of energy providers. CCE creates competition in the energy marketplace that encourages greater innovation and improved pricing.
2. **COST SAVINGS:** All existing CCEs provide a rate savings compared to current SCE rates (see figure 14 below from Lake Forest feasibility study). The Lake Forest feasibility study

confirms that OC Power Authority (OCPA) rate savings will range between 0.5-2%. Rate savings expected to increase starting 2026-2030 as SCE contracts expire, load departure increases, and wholesale power costs shift.

Figure 14. CCA Residential Rate Savings as of January 13, 2020 (lowest cost CCA offering versus standard utility rate)



3. **CLEANER ENERGY:** CCE programs provide a higher mix of more affordable clean energy sources, helping Lake Forest meet or exceed state energy goals. Wholesale renewable solar energy costs are approaching \$0.02/kWh compared to SCE’s on-peak residential rates of \$0.35/kWh or more.
4. **COMMUNITY CONTROL:** OCPA puts Lake Forest families in charge of their energy future through local decision-making on rates, programs, and policies.
5. **COMMUNITY BENEFIT:** CCE programs are centered on community benefits. CCE can fund local power resiliency programs such as microgrids, which reduce the risk of [wildfires](#). A microgrid is a self-sufficient, energy-generating distribution and control system which puts communities on the path to self-reliance. It integrates the source of the electricity with consumption loads, such as homes and businesses, in a connected system, allowing the community to operate in isolation when the utility-scale electricity supply is interrupted. Cost and regulations are among the major obstacles to the adoption of microgrids, but CCEs are a way to overcome both those obstacles. Here is a roundup of current microgrid/wildfire/power resilience-related CCE programs.



- 6. MAXIMIZE ECONOMIES OF SCALE:** The economies of scale for CCE in California are very important. A single-city CCE risks Lake Forest's General Fund and presents considerable costs and effort for staff. OCPA will also be better-positioned to negotiate with power providers for electricity at lower rates than Lake Forest could if it tried to create its own CCE program.

Here is additional information to help answer any questions you may have about the details of your agenda packet.

Resident survey: The results of the Lake Forest resident survey show that **85%** of residents would be likely to buy electricity "from the city" rather than SCE if the city's rates were lower than SCE's. **72%** of residents said they would be likely to choose to purchase electricity from the city rather than SCE if the city offered more renewable sources. MRW's feasibility study found that OCPA rates will be lower than SCE's, with savings increasing after the first few years, and that OCPA will be able to offer electricity sourced from more renewables than SCE.

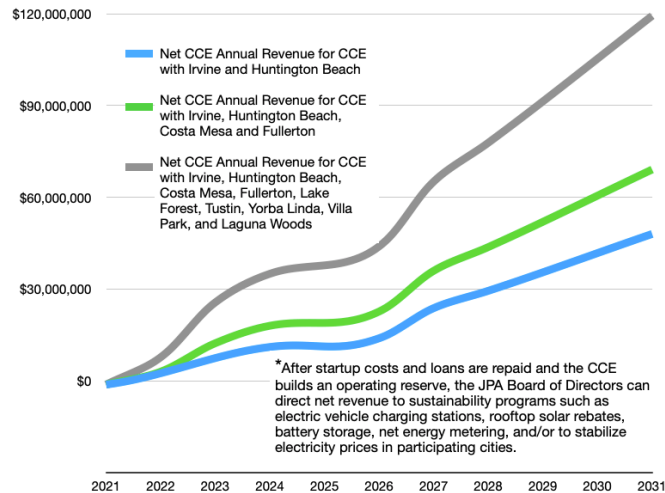
Outreach: Climate Action Campaign has conducted community outreach to Lake Forest residents and received overwhelmingly positive feedback that Lake Forest residents want CCE. Public comments submitted by Lake Forest residents for previous CCE discussions and tonight's item should indicate that the community has a strong interest in CCE.

Founding Member status: If Lake Forest City Council votes to exit the OCPA, it will miss out on the opportunity to be a Founding OCPA member. Additional cities are not expected to be added until later in 2021. Lake Forest should retain its status as a founding member on the JPA board so it can shape discussions on exit clauses should the city decide to leave later as well as other matters.

Loan Repayment: Irvine's most recent pro forma [analysis](#) for OCPA shows that projected net revenue and the loan repayment schedule is contingent on the number of cities that join over time. OCPA has received inquiries from numerous OC cities not currently participating in OCPA regarding membership. The addition of new cities this year would further expedite loan repayment, rate savings and program benefits.



Orange County Energy Authority Projected Net Revenue*



Source: City of Irvine OC CCA Preliminary Pro Forma, Oct. 2020.
Projections by EES Consulting

Employee Benefits Provisions: No CCA has formal retirement pension obligations with their staff. On Page 8, Section 3, Clause 16 (3.16), the draft agreement has the language referring to this. If Lake Forest stays in OCPA, then Lake Forest staff would not be employees of the OCPA. Page 125 (screenshot below) of the [San Diego Community Power 10.22.2020 Board Packet](#), shows a CCA Benefits for San Diego Community Power, Clean Power Alliance (LA/Ventura), Monterey Bay and East Bay Community Energy. No CCAs have retirement pension agreements. They offer 401Ks or other plans. The OCPA is expected to have less than 10 employees. Hardly an expansive bureaucracy.

SDCP - CCA Benefits Comparison As of October 13, 2020

Benefit Category	San Diego	CPA	MBCP	EBCE
Medical	\$1200/month cafeteria plan \$600/month taxable if opt-out of city plans	Full medical at Kaiser Platinum; dental and vision from 3 rd party providers. Employees pay the difference if they choose a diff option. Cash out option is \$500/mo. Flex spending account (FSA) is offered as an option.	\$1200/month to all employees with 7 insurance carrier options \$600/month taxable added to base salary if opt-out Also optional health reimbursement account and FSA	For executive employees, 100% is covered. \$1250/month for employees who use EBCE coverage. \$600/month taxable salary for those who opt out. FSA also offered
Dental	Included in monthly amount above	As above	As above	Incl in \$1250/month
Vision	Included in monthly amount above	As above	As above	Incl. in \$1250/month
Retirement	10% employer salary match (vested after 3 years); any excess beyond IRS limits go to a 457	403(b) plan with 4% employee contribution. Employer contribution up to 6% of employee salary; employer vesting over 3 years.	401(a); 10% mandatory for employee, 10% match by employer 100% vested on day one	401(a); employer pays 8% of earned income that is vested immediately.
457(b)/Deferred Comp	See above	Employees have the option; max set by IRS	Employees have the option; max set by the IRS	Employees have the option; to facilitate participation, EBCE matches employee contributions up to 6% of salary 50% vesting after 1 year.
Life Insurance	Equal to 1 year salary	Equal to 1 year salary (capped at \$500k) Employees can purchase additional	\$25,000 included in medical plans plus \$175,000 for all employees	Equal to 1 year salary
Disability Insurance	Equal to 60% of salary	L-T insurance equal to 60% of salary S-T disability provided thru CA State short term dis. insurance program	L-T: 70% of salary up to \$10k/mo S-T: 66.66% of salary to max of \$2k/wk	None stated
Time off: Vacation, Sick Leave, PTO, Other	4 weeks annual leave, incl. of sick time 2 weeks exec leave (Director and above)	Start at 80 hrs (2 weeks) annually plus last week of December; no cash out of vacation. After 3 years of service, one additional week.	PTO inclusive of vacation, sick, etc starts at 180 hours/year with an additional 8 hours/year not to exceed 10 years. Balance of PTO is paid to	Vacation - 5 hours/pay period or 120 hrs/year plus 8 hours for each year of employment up to 240 hours max. Sick- 4 hrs/pay period with max 96hrs per



Consumer Choice: With CCE, the customer has choices every step of the way. The customer can opt-out any time, and go back to SCE and their higher rates. The customer can choose their energy mix of 34% renewable, 50% renewable or 100% renewable energy. Customers will be notified 60 days and 30 days before OCPA launch and 30 and 60 days after launch, and will be able to opt out of OCPA at any time.

Energy Prices: Renewable energy is cheaper than oil and gas. Unsubsidized renewable energy is now most frequently the cheapest source of energy generation - Forbes <https://www.forbes.com/sites/jamesellsmoor/2019/06/15/renewable-energy-is-now-the-cheapest-option-even-without-subsidies/?sh=161d15c15a6b>

Conflicts of Interests: City employees will have nothing to do with OCPA. OCPA will be required to issue RFPs like any city, and will have a fiduciary duty to select cost-competitive proposals.

Renewable Energy Laws: The State legislature backs CCAs as the primary pathway toward 100% renewable portfolio standard goals. [SCE plans to reach 80% renewable by 2045](#). CCEs are more nimble and can transition to 100% renewable energy sooner than 2030.

Long Term Energy Contracts & Impacts to General Fund: The City Council does not sign any contracts. The OCPA Board will approve long-term energy contracts that the OCPA CEO will negotiate. OCPA's decisions do not impact any member city's General Fund account whatsoever.

More information can be found at the California Public Utilities Commission www.CPUC.ca.gov, and additional resources may be found at: www.CAL-CCA.org, www.cleanpowerexchange.org, and www.occleanpower.org.

Thank you for your consideration. I and my team at Climate Action Campaign are available to assist you in any way.

Sincerely,

Ayn Craciun

Policy Advocate

Climate Action Campaign

ayn@climateactioncampaign.org

949-400-9682

www.climateactioncampaign.org

Facebook.com/ClimateActionCampaign