



December 10, 2019

Hon. Mayor Pro Tem Anthony Kuo

On behalf of Irvine residents and businesses, thank you for meeting with us this afternoon. Included in the following documents are informational items for your consideration regarding Community Choice Energy in Irvine and Orange County cities.

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

Potential benefits include:

- enhanced consumer choice
- local control
- expansion of renewable energy portfolios
- local economic development
- faster progress toward achieving the 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. The opt-out model is part of the fiscally conservative business model that signals financial stability and security for investors.

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 the billing for customers. The Community Choice agency replaces the line item on the electric bill for "generation."

When a community, or group of communities, decides it wants to pursue a Community Choice program, a typical [first step](#) is to identify funding in order to produce a technical study. The technical study analyzes the electrical load of the community and offers projections about the kinds of power mix and rates that might be possible.

Once the early investigation is complete, the jurisdiction or group of jurisdictions must pass an ordinance stating their intention to form a Community Choice agency. In Irvine, the Finance Commission, as well as various community members and experts, have recommended the formation of a Joint Powers Agency to eliminate the financial liabilities to Irvine's General Fund while maintaining local control over new revenues.



There are three key directions the council may provide to staff:

- Support the City of Irvine's intent to provide freedom of consumer choice and defend the American way through a JPA model
- Direct staff to find partner jurisdictions before the December 2020 California Public Utilities Commission deadline to submit letters of implementation
- Direct staff to submit letters seeking partnerships with other Orange County cities in Social Edison territory

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

Thank you for your consideration. Myself as well as my team at Climate Action Campaign are available to assist you in any way.

Sincerely,

**Jose Trinidad Castaneda III**

*Orange County Climate & Energy Advocate & Organizer*



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## Irvine Community Choice - JPA Startup Timeline

**09-25-2018** City Council votes to approve funding for CCE Feasibility Study

**06-18-2019** Final draft of CCE Feasibility Study released to public

**06-24-2019** Green Ribbon Committee - Unanimous vote to recommend moving CCE Feasibility Study to Council

**08-18-2019** Huntington Beach City Council votes to direct staff to post RFI for Feasibility Study

**08-19-2019** Finance Commission - Vote to Recommend CCE JPA formation and submit an Implementation Plan to CPUC by December 2020 for Operation by 2022. Moved by Chair Shute and Second by Commissioner Young

**10-18-2019** Huntington Beach RFI bid closes with bid from MRW & Associates for \$66,000 and EES Consulting for \$52,150

### **12-10-2019 City Council Study Session on CCE**

- Direct staff to conduct additional analysis internally per staff recommendation, conduct outreach to secure CCE JPA partner cities, and ask staff to return with recommendations of partner cities and preliminary JPA formation documents no later than May 2020 in preparation to submit a CCE Implementation Plan to CPUC by December 2020.

## CCE Agency Formation (2020)

**01-2020** Staff begins outreach efforts & JPA invitations to jurisdictions.

**05-2020** Staff returns to Council with partner city recommendations.

**06-2020** Staff works with partner cities to form CCE JPA

**09-2020** CCE JPA launches with all member cities, Board members approved, staffing begins

**12-31-2020** Deadline to submit CCE Implementation Plan to California Public Utilities Commission

## Procurement and Delivery (2021-2022)

**01-2021** The CCE Implementation Plan approved by the California Public Utilities Commission.

**02-2021** Solicitation and selection of initial primary power supplier

**02-2021** Procurement plan developed and power supplier portfolio expanded

**10-2021** Notice to customers

**01-2022** Service to customers begins.

**12-2022** All individual and start-up loans expected to be repaid



## City of Irvine: Community Choice Energy

In September of 2018, Irvine City Council voted to direct staff to create a feasibility study on CCE with overwhelming support. Below are quotes from their September meeting before their unanimous vote in favor.

*“CCE is the wave of the future and Edison needs to deal with it.”* – Mayor Donald Wagner

*“This is about cost savings and about having the best power to offer our residents so I’m very pleased that we’re moving forward in this direction.”* – Mayor Pro Tem Christina Shea

*“Of all the great work that we have done on the Green Ribbon Commission, THIS is the one that has really energized the community. We have the most substantial outpouring of residents, experts, and resident experts who are in support of both the feasibility study and the strategic energy plan.”* – Councilmember and Chair of Green Ribbon Commission Melissa Fox

*“I’m glad we’re moving forward with this. Electricity is one of our greatest costs, so to give our residents the choice of the ability to go and look for another source of energy, I’m all in favor of.”* – Councilmember Jeffrey Lalloway

Irvine City Council directed staff to present the findings for review by the Green Ribbon Committee and Finance Committee.

On August 19, 2019, Irvine Finance Committee reviewed the findings and voted in favor of recommending the creation of a Joint Powers Authority CCE model, which will come to a workshop presentation before council on December 10, 2019.

Link to Finance Committee Agenda and presentations

<https://www.irvinequickrecords.com/sirepub/mtgviewer.aspx?meetid=5576&doctype=Agenda>



# Summary of Key Findings in Irvine CCE Feasibility Study

The Irvine CCE Feasibility Study consists of information across 119 pages. Due to the length of the study, we have provided key takeaways in bullet form.

- Local Control and allocation of ratepayer revenues and building program reserves
- Opportunities for long-term procurement to balance/hedge short-term procurement
- Responsiveness to local environmental, social and economic goals
- Funding opportunities for local energy programs and new power generation
- Creating economic opportunities through local jobs, GHG reductions, local renewable developments, supplier diversity, and environmental justice initiatives
- Lower risk profile

The following information is pulled directly from the study.

- Electric retail rates are predicted to be **at least 2%** lower than current SCE rates using extremely conservative modelling parameters and assuming participation rates for residential customers of 95% and non-residential customer participation rates of 90%. These assumptions of customer participation are conservative compared with recent CCE program participation.
- City-wide electricity cost savings are estimated to average about **\$7.7 million per year** for Irvine residents and businesses. Annual City municipal utility account **cost savings are estimated at \$112,000**.
- CCE start-up and working capital costs (estimated at \$10.05 million, and assumed to be financed) **could be fully recovered within the first three years** of CCE operations while still achieving a 2% rate discount compared to SCE's current rates. The city could also choose to recoup costs associated with the Study development and Implementation Plan.
- The Study analyzed CCE rate results under scenarios with high and low participation rates, high and low market power costs, and high and low stranded costs. The findings identify key risks with regard to stranded cost recovery via SCE and power supply. The Study's section on Risks and Sensitivity Analysis describes the magnitude of those risks and measures for mitigating risks.



- The CCE is estimated to have an **average, annual \$3.4 million revenue stream** after start-up and working capital are repaid, as well as financial reserves being met, that can be used for electric customer-related programs.
- The savings to customers under the CCE's rates would drive additional local economic development benefits, such as **85 new jobs** and a total of **\$10 million in annual economic output**.

The following is a chart of participation rates across all CCEs in the State of California. The significance of the chart is best explained by the relatively high average participation rate across the state. Data provided by <https://cal-cca.org/cca-impact/>

CalCCA Members	Customer Accounts	Est Peak Load (MW)	Participation Rate	Minimum RPS
Apple Valley Choice Energy	25,000	100	89%	37%
CleanPowerSF	376,000	510	97%	40%
Clean Power Alliance	972,500	3,600	95%	36%
East Bay Community Energy	533,000	984	97%	38%
Lancaster Choice Energy	50,000	200	93%	36%
MCE	470,000	1,050	86%	60%
Monterey Bay Community Power	277,000	505	97%	31%
Peninsula Clean Energy	293,000	644	97%	50%
Pico Rivera Innovative Municipal Energy	17,600	60	96%	57%
Pioneer Community Energy	79,500	250	89%	33%
Rancho Mirage Energy Authority	14,500	100	99%	35%
Redwood Coast Energy Authority	62,000	125	93%	40%
San Jacinto Power	14,500	65	92%	41%
San Jose Clean Energy	332,500	1,081	99%	45%
Silicon Valley Clean Energy	270,000	800	97%	50%
Solana Energy Alliance	7,300	13	91%	50%
Sonoma Clean Power	225,000	450	87%	48%
Valley Clean Energy	54,200	219	93%	42%
<b>CalCCA Member Totals</b>	<b>4,073,600</b>	<b>10,760</b>	<b>94%</b>	<b>43%</b>



# City of Huntington Beach: Status re: RFI - Community Choice Energy Feasibility Study

City Weblink: <https://www.huntingtonbeachca.gov/business/bids-rfps/>

Staff Contact: Jennifer Anderson - 714-374-1569 - [jennifer.anderson@surfcity-hb.org](mailto:jennifer.anderson@surfcity-hb.org)

The City of Huntington Beach is a proven participant in the movement for Community Choice. Recently, City Council voted to direct staff to approve an RFI for a feasibility study in September. Exactly 36 bids were submitted before the October 18th deadline, with 2 vendors submitting the lowest bids.

The information is posted below and will return to council for further direction later this year.

Invitation# 2019-0818

Bid Posting Date: September 20, 2019 11:23AM PST

Online Q&A Deadline: October 3, 2019 4:00PM PST

Bid Due Date: October 18, 2019 4:00PM PST

Project Stage: Closed

Response Format: Electronic Only

Prospective Bidders: 36 Vendors

Bid Results: 2 Vendors

Lowest Bid Vendor Information:

~\$66,000

MRW & Associates

1736 Franklin St Suite 700, Oakland, CA 94612

Contact: Mark Fulmer

Phone: 510-834-1999 ext. 240

=\$52,150

EES Consulting, Inc.

570 Kirkland Way Suite 100, Kirkland, WA 98033

Contact: Diane Running

Phone: 425-889-2700 ext. 203