



December 10, 2020

Hon. Mayor Kim Carr
Hon. Mayor Pro Tem Tito Ortiz
Hon. Council Member Barbara Delgleize
Hon. Council Member Erik Peterson
Hon. Council Member Dan Kalmick
Hon. Council Member Natalie Moser
Hon. Council Member Mike Posey
City Manager Oliver Chi

On behalf of Climate Action Campaign, thank you for listening to my public comments. Included in the following documents are informational items for your consideration regarding Community Choice Energy in Huntington Beach.

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
- cost savings
- expansion of renewable energy portfolios
- local economic development
- 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 the billing for customers. The Community Choice agency replaces the line item on the electric bill for "generation."

Top 6 Benefits and Talking Points for Joining the Orange County CCE Movement

1. **CONSUMER CHOICE:** Huntington Beach families want and deserve a choice of energy providers. A HB CCE creates competition in the energy marketplace that encourages greater innovation and improved pricing.



2. **COST SAVINGS:** All CCEs provide a rate savings compared to SCE current rates. The Validation study solidifies that the OC CCE rate savings will range between 0.5-2%. Older CCE programs, such as Marin Clean Energy, now vastly outpace the rates offered by their incumbent utility. Rate savings expected to increase starting 2026-2030 as SCE contracts expire, greater load departure, and changes in wholesale power costs.
3. **CLEANER ENERGY:** CCE programs provide a higher mix of more affordable clean energy sources, helping us reach our Zero Carbon 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:** An OC JPA CCE puts HB families in charge of our energy future through local decision-making on rates, programs, and policies.
5. **COMMUNITY BENEFIT:** CCE programs are centered on the public interest and community benefits.. CCE can advance important equitable and sustainable climate and clean energy goals that are community-focused and community-led.
6. **MAXIMIZE ECONOMIES OF SCALE:** Given that MRW gave two recommendations, do you want to look at this and be a regional leader and maximize economies of scale. The economies of scale for community choice energy in California are very important, and it's important for Irvine to lead that effort in a JPA. A single-city CCE risks Irvine's General Fund, while a JPA reduces our liability through partnerships. MRW points to lessons learned from San Diego. San Diego will have over \$1B to utilize to develop programs and keep costs down. It's important for Irvine to remember that size is important.

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

Updated Feasibility Study: The Pro Forma included in Irvine City Council meeting for November 10th includes three scenarios that show the growth and estimated timelines for CCE discretionary funds to be made available to Huntington Beach residents. Scenario 1 is specific to an Irvine-Huntington Beach CCE, and Scenario 3 shows that if more cities were to join, then Irvine's loans are paid back sooner, thereby accelerating the ability for program funding to return back to Huntington Beach families.

Outreach: Climate Action Campaign has made efforts to conduct community outreach to Huntington Beach residents and received overwhelmingly positive feedback that this is the direction Huntington Beach residents would like the city to go in. We also made specific efforts to host community forums before COVID restrictions moved our work online. Public Comments submitted by Huntington Beach residents on tonight's item should indicate that the community does have interest in CCE.

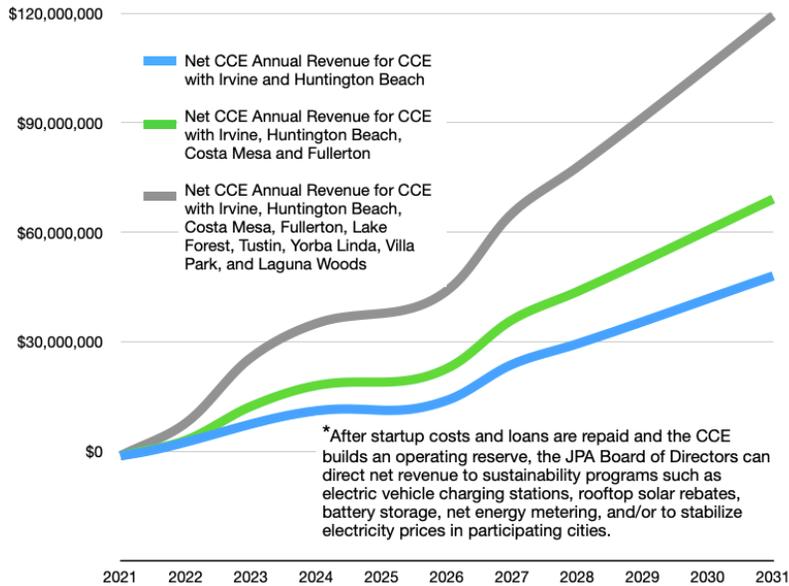
Exit Clause: If Huntington Beach City Council does not vote on the recommended actions to adopt a first reading of the CCE ordinance and appoint a Board Director, then there is a chance that the city will miss out on the opportunity to participate in the Founding JPA meeting. The current JPA Draft Agreement allows Huntington Beach to withdraw by March 1st, 2021, and again in 2022-onwards (with CCE service stopping the following year) if the JPA decides to submit an



amendment to the CPUC. But Huntington Beach should be a founding member on the JPA board to be able to shape discussions on exit clauses should the city decide to leave later.

Loan Repayment: The updated pro forma shows that the JPA's projected net revenue and loan repayment schedule is contingent on the number of cities that join over time.

Orange County Energy Authority Projected Net Revenue*



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

Source:

<https://irvinewatchdog.org/2020/11/13/irvine-city-council-votes-for-three-climate-initiatives-at-nov-10-meeting/>

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 Huntington Beach were to approve the JPA draft agreement, then Huntington Beach staff are not employees of the JPA, and that the JPA board would be negotiating with it's own CCE staff on benefits packages separate from CalPERS obligations the city has with its own employees. For Example: starting on Page 125 of their [San Diego Community Power 10.22.2020 Board Packet](#), you can see a CCA Benefits Comparison sheet between San Diego Community Power, Clean Power Alliance (LA/Ventura), Monterey Bay and East Bay Community Energy. No CCAs have retirement pension agreements. Just 401Ks or other plans. The new OC CCE will 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 |

CCE Formation on Fast Track: Irvine and Fullerton are leading up to the first JPA Board meeting to stay on track with the CPUC's timeline. Please do not delay! Irvine staff also need time to update the Final Implementation Plan in time for the JPA Board's Public Hearing meeting ahead of the CPUC Deadline. Huntington Beach may feel rushed, but CCE is not a new topic of discussion, with CCAs serving millions of families over the course of the past decade and a Cal-CCA trade organization helping new CCAs every step along the way towards implementation. In fact, this is how all CCAs have formed, cities rush in a mad dash before the deadline to vote on joining. See San Diego Community Power

Rate Structure: The City Council does not vote on the rate structure. The JPA will vote to approve a new rate structure and send it for approval at the California Public Utilities Commission. None of the CCE staff across the state of California are organized into unions. Just like any city, the CCE will post RFPs for any work and projects that unions will have to compete for with the private sector. CPUC Rules on CCA <https://www.cpuc.ca.gov/general.aspx?id=2567>

Consumer Choice: The Customer has choices every step of the way with CCE. The customer can opt-out any time, and go back to Edison and their higher rates. The customer can choose the energy mix of 34% renewable, 50% renewable and 100% renewable energy. The customer can choose all the 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 the CCE. The CCE will have to issue RFPs like any city, and will have a fiduciary duty to select the cost-competitive proposals.

Renewable Energy Laws: The State legislature backs CCAs as the primary pathway towards the 100% renewable portfolio standard goals. The only way to get to 100% is if the Investor Owned Utilities (IOUs) transition to new energy contracts. [SCE's plan is to get to 80% renewable by 2045.](#) CCEs are faster and more nimble. They can transition to 100% renewable energy sooner than 2030.

Long Term Energy Contracts & Impacts to the General Fund: The City Council does not sign any contracts. The JPA Board approves long-term energy contracts that the CCE CEO will negotiate. The JPA'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. 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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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. 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% |
| CalCCA Member Totals | 4,073,600 | 10,760 | 94% | 43% |



Orange County Energy Authority - Community Choice Aggregation/Energy - JPA Startup Timeline

Interest in CCE is Born (2017-2018)

05-16-2017 Irvine Green Ribbon Committee - approved Committee work plan, including Climate Action Plan and CCE

09-12-2017 Irvine City Council approved the Green Ribbon Committee's recommendation to put out Request for Proposals (RFP) for two studies. After review, City Staff recommended EES Consulting to complete the CCE feasibility study (\$77,470). The Green Ribbon Committee confirmed staff recommendations and voted to send favorable recommendations to the Finance Commission and City Council.

05-15-2018 Irvine Green Ribbon Committee - CCE Discussion following SCE Presentation on pathway to 80% clean, renewable energy by 2030

06-27-2018 Irvine Businesses, HOAG Health & Edwards LifeSciences, announce press release in support of CCE

09-04-2018 Irvine Finance Commission - Voted to send Staff recommendations to City Council with a favorable approval. Moved by Commissioner Reyno, seconded by Vice Chair Dressler

09-25-2018 Irvine City Council - Votes to approve funding for Feasibility Study

12-10-2018 Irvine Green Ribbon Committee - Request for Review of Feasibility Study

CCE Studies Completed (2019)

06-18-2019 Final draft of Irvine Feasibility Study released

06-24-2019 Irvine Green Ribbon Committee - Unanimous vote in favor to recommend Feasibility Study to Council

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

08-19-2019 Irvine Finance Commission - Feasibility Study review, and Vote to Recommend 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

- Motion to direct staff to conduct additional analysis internally per staff recommendation, conduct outreach to secure CCE JPA partner cities, including but not limited to Huntington Beach, Costa Mesa, and Yorba Linda, 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 Business Plan & Agency Formation (2020)

01-10-2020 Irvine Sustainability Staff Sona Coffee begins outreach efforts & JPA invitations to jurisdictions. Letters to all City Council members in all 34 cities are sent.

01-14-2020 Irvine Mayor Protem Michael Carroll CCE Stakeholder Advisory Committee meets to discuss implementation timeline

02-09-2020 Deadline for City response to Irvine request for Letters of Intent to be returned.

05-2020 Staff to draft Implementation Plan for City Council approval

06-2020 Partner cities to agendaize and vote on approval of Implementation Plan

08-2020 Estimated period of Final Approval of proposed Implementation Plan

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.

01-2021 CCE Agency formed, Board members approved, Staffing begins

02-2021 Solicitation and selection of initial primary power supplier

02-2021 Procurement plan developed and power supplier portfolio expanded

03-2021 CPUC approves Implementation Plan

10-2021 Notice to customers

01-2022 Service to customers begins.