



July 14, 2020

Hon. Mayor Christina Shea
Hon. Vice Mayor Michael Carroll
Hon. Council Member Anthony Kuo
Hon. Council Member Farrah Khan
Hon. Council Member Melissa Fox
City Manager John Russo

RE: Item 4.1: Community Choice Energy Third Party Review and Council Direction

Dear Mayor and Council,

We are pleased to see that your MRW Validation Study confirms that Community Choice Energy (CCE) is feasible and financially viable for the City of Irvine. We at Climate Action Campaign stand with Irvine families for consumer choice, and strongly support your leadership moving forward on implementing CCE for Irvine families and businesses. **We strongly urge the City Council to provide direction to form a JPA and submit an implementation plan to the CPUC by December 31st, 2020.**

The goal of this letter is to provide our analysis and highlight significant key findings in the validation study that corroborate the strengths of an Irvine-led Joint Powers Authority model for the CCE program.

Climate Action Campaign has always maintained that CCE provides the freedom of choice for families, businesses, and energy consumers wanting competitive rates, transparency and local control. An Irvine-led CCE program will truly reflect the wishes and needs of the community, and is the only solution that will drive competition in the energy marketplace to put a downward pressure on energy costs. The following consists of key highlights from the validation study, as well as our responses to concerns brought forth by MRW.

Key Highlights:

1. **MRW found the Study's estimate of \$85M in new economic activity and 85 new jobs as reasonable to conservative.**
2. **Rate savings is consistent with current CCEs and is financially viable.** All CCEs provide a rate savings compared to current and projected SoCal Edison rates. Despite the MRW recalculations based on Resource Adequacy costs and a more conservative estimate of SCE generation rate increases, there is still a range of rate savings between 0.5% to 2%. Rate savings are expected to increase starting 2026-2030 as SCE contracts expire and following greater load departure, and changes in wholesale power costs. Expected net revenue ranges from \$8M to \$16M by recalculating current RA costs, and there is a city-wide cost savings range from \$1.9M to \$7.7M. The City utility account savings ranges from \$28K to \$112K. In fact, as SCE continues to raise their rates, it will have a dramatic effect on the city's municipal utility fund, which only underscores the benefits of having a CCE program.
3. EES analytical approach in Feasibility Study was sound and assumptions were reasonable.



4. **There are clear and significant rate savings**, despite a reduction in projected revenues and rate savings after MRW recalculated estimates with different values for Resource Adequacy costs and SCE retail generation rates.
5. Looking forward, **the situation can be more favorable to Irvine** in 2022 and beyond, especially past 2026 as current SCE contracts expire.

Community Choice is a win-win-win program model that has unparalleled benefits and opportunities during this scary economic time. As the risks are presented, we know that the core reasons for why Irvine is creating a CCE program are clear and well-supported.

- **FREEDOM OF CHOICE:** Irvine families want and deserve a choice of energy providers. It's the American way.
- **COMPETITIVE RATES:** An Irvine CCE creates competition in the energy marketplace that encourages greater innovation and improved pricing. The Validation study confirms that Irvine's rate savings will range between 0.5-2%. Rate savings expected to increase starting 2026-2030, according to the study.
- **CLEANER ENERGY:** CCE programs provide a higher mix of clean energy, helping to clean our air and make us climate safe.
- **COMMUNITY CONTROL:** An Irvine-led JPA puts Irvine families in charge of our energy future through local decision-making on rates, programs, and policies.
- **COMMUNITY BENEFIT:** CCE is a not-for-profit public agency centered on doing what is in the public interest. CCE can advance important equitable and sustainable climate and clean energy goals that are community-focused and community-led.
- **MAXIMIZE ECONOMIES OF SCALE:** We want Irvine to 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 over the following decade. It's important for Irvine to remember that size is important.

During these difficult times, Irvine is the only city that has been able to offer good news and positive solutions for families seeking relief and choice. Thank you for the opportunity to participate, and we look forward to continue working with you to launch this game-changing program to bring families rate relief and economic freedom.

Sincerely,

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