



December 6, 2019

Hon. Mayor Katrina Foley
Hon. Mayor ProTem
Hon. Councilmember Andrea Marr
Hon. Councilmember Arlis Reynolds
Hon. Councilmember Manuel Chavez

On behalf of Costa Mesa residents and businesses, thank you for your leadership in sustainability and clean energy. Included in the following documents are informational items for your consideration regarding Community Choice Energy in Costa Mesa.

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. Studies, residents, experts,



and various bodies have recommended the formation of a Joint Powers Agency to eliminate the financial liabilities to Costa Mesa's General Fund while maintaining local control over new revenues.

There are key directions the council may provide to staff:

- Support the City of Costa Mesa's commitment to provide freedom of consumer choice and defend the American way through a JPA model
- Send a Letter to Huntington Beach asking to lower the costs of studying CCE and join their Feasibility Study
- 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, 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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City of Irvine Timeline

Interest in CCE is Born (2017-2018)

05-16-2017 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 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 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 City Council - Votes to approve funding for Feasibility Study

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

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

CCE Study Completed (2019)

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, 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 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



Summary of Key Findings in CCE 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%
CalCCA Member Totals	4,073,600	10,760	94%	43%



City of Huntington Beach

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

Staff Contact: Jennifer Anderson - 714-374-1569 - 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 Council will be moving forward in the evaluating process for the two bids in 2020.

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

The costs of the study decrease with additional cities.