



August 18, 2020

Hon. Mayor Jennifer Fitzgerald  
Hon. Mayor Pro Tem Jan Flory  
Hon. Councilmember Jesus Silva  
Hon. Councilmember Ahmad Zahra  
Hon. Councilmember Bruce Whitaker  
City Manager Ken Domer  
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Fullerton families want and need consumer choice when it comes to our energy provider. Already, we are witnessing the apocalyptic effects of climate change in California. From firenadoes to rolling black outs, Fullerton is not yet resilient to the dramatic changes our Local Hazard and Disaster Mitigation Plan has identified. Meanwhile, as the World Meteorological Organization verifies yesterday's global record breaking temperatures of 130°F at Death Valley, we have a **huge opportunity** to join the City of Irvine and bring Community Choice Energy to Fullerton families.

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. For example, CCAs can invest in technologies, like microgrids, battery storage, and virtual power plants for our families and businesses to become more resilient when blackouts start. In addition, CCAs can invest in technologies to reduce customer loads (demand response) to help mitigate power system needs as well as energy efficiency programs to continue reducing load growth.

Forget about climate and environment for one moment, look at the **economic proposition**. The City of Irvine paid \$97,000 for two feasibility studies that confirm Community Choice Energy is financially viable, even during the COVID-19 pandemic, as well as provides the freedom of consumer choice, cost savings, cleaner energy, local control, and direct community benefits. Both studies found that a reasonable to conservative estimate of a CCE's local economic impacts would generate \$85 million in new economic activity, and 85 new jobs. The Validation study affirms that CCE rate savings will range between 0.5-2% compared to current SCE rates, with a city-wide cost savings and municipal Utility Fund savings. Older CCE programs, such as Marin Clean Energy, now vastly outpace the rates offered by their incumbent utility. Rate savings are expected to increase starting 2026-2030 as SCE contracts expire, as well as due to greater load departure, and changes in wholesale power costs.

CCE is a win-win-win for families, businesses, schools, and the city. A CCE can deliver Fullerton families and businesses cleaner energy, competitive rates, lower bills, and a safety net for low-income and medical baseline customers. The real benefits of a CCE that Fullerton voters have absolutely been craving for are **transparency** and **local control**. Fullerton should have a choice in the kinds of programs and services that reflect our community wants and needs, but we cannot



have that choice in our current relationship with SCE, and we will never have that choice without joining a JPA for a CCE program.

As leaders, it is fair to have concerns regarding it's financial viability. With a total estimate of \$10 million required for launch, the numbers seem daunting. However, it is important to keep in mind that the JPA takes on the costs, and the CPUC has made it so cities will not have to bear the brunt of the burden if a JPA CCE dissolves. A JPA protects Fullerton's General Fund from risks, and \$8 million in working capital for the JPA can likely be financed. That leaves \$2 million for pre-launch expenses, which Irvine has requested other cities pitch in towards to loan to the JPA. Those loans any city makes are paid back in 3 to 5 years through the JPA's rate stabilization fund as standard procedure. However, since Fullerton is in a worrisome financial situation, it would be appropriate for the City to ask Irvine to pay those pre-launch expenses.

Over the last couple of years that Fullertonians have touting the benefits of CCE, this council has proposed sweeping changes to address the myriad of interconnected crises, such as homelessness, water, and quality of life. Now, our Infrastructure and Natural Resources Advisory Committee has come to a consensus that we should explore CCE as a potential revenue stream to address infrastructure woes in the context of the city's poor economic shape. Our Fullerton community is ready for Choice!

Thank you for your support and consideration for Community Choice Aggregation. As a reminder, here is a list of benefits to consider.

- **FREEDOM OF CHOICE:** Fullerton families want and deserve a choice of energy providers. It's the American way.
- **COMPETITIVE RATES:** An CCE creates competition in the energy marketplace that encourages greater innovation and improved pricing. The Validation study confirms that the CCE customer 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. Expansion of the renewable energy portfolios.
- **COMMUNITY CONTROL:** A JPA puts Fullerton 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:** The economies of scale for community choice energy in California are very important. The greater the CCE, the greater its ability to



negotiate better deals on short and long-term energy portfolio contracts with renewable energy providers. A single-city CCE risks Irvine's General Fund, while a JPA reduces our liability through partnerships. Size is important.

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."

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 the intention to form a Community Choice agency. Read more about getting started with a program.

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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## 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. 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>