



April 26, 2021

Hon. Mayor David J. Shawver  
Hon. Mayor Pro Tem Gary Taylor  
Hon. Council Member Rigoberto A. Ramirez  
Hon. Council Member Hong Alyce Van  
Hon. Council Member Carol Warren  
Stanton City Council  
7800 Katella Ave  
Stanton, CA 90680

Dear Hon. Mayor Shawver & Members of the City Council,

On behalf of Stanton residents, businesses, and the environmental community at-large, thank you for your leadership. Included in the following documents are informational items for your consideration regarding Community Choice Energy in Stanton.

According to the Notre Dame Global Adaptation Initiative<sup>1</sup>, the City of Stanton was rated as one of the **least prepared** and **most at-risk** from threats of climate change, including heat events and flooding. Climate-related damages could result in the loss of hundreds of thousands of dollars per resident according to the interactive map feature. The data was reported by Grist<sup>2</sup>, and used by Clever Real Estate for future estimated property valuation.

(Comparative Table of Major U.S. Cities by Climate Risk and Readiness Scores)



It is clear that Stanton must Act on Climate. And one of the greatest tools to accelerate climate action at the local level, while providing good jobs, cleaner energy, and greater resiliency is Community Choice.

<sup>1</sup> [https://gain-uua.nd.edu/16000000US0669000/city\\_profile/](https://gain-uua.nd.edu/16000000US0669000/city_profile/)

<sup>2</sup> <https://grist.org/article/the-climate-change-tipping-point-has-already-arrived-for-these-70-u-s-counties/>



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:

- **FREEDOM OF CHOICE:** Stanton families want and deserve a choice of energy providers. It's the American way.
- **COMPETITIVE RATES:** A CCE creates competition in the energy marketplace that encourages greater innovation and improved pricing. The Validation study confirms that CCE 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:** Orange County Power Authority puts Stanton 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 Stanton 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 Stanton to lead that effort in a JPA.

Community choice aggregation energy programs have proliferated throughout California as a tool for public municipalities to aggregate their communities' electricity demand and procure electricity for themselves. Through their community choice aggregation programs, communities have reduced their electricity-related greenhouse gas emissions in order to combat climate change. In this Article, we will attempt to demonstrate that community choice aggregators in California have been used as an effective tool to further the Principles of Environmental Justice through community engagement, renewable energy development, and programs for low-income, marginalized, or vulnerable communities that are informed by local input.



## FREEDOM OF CHOICE

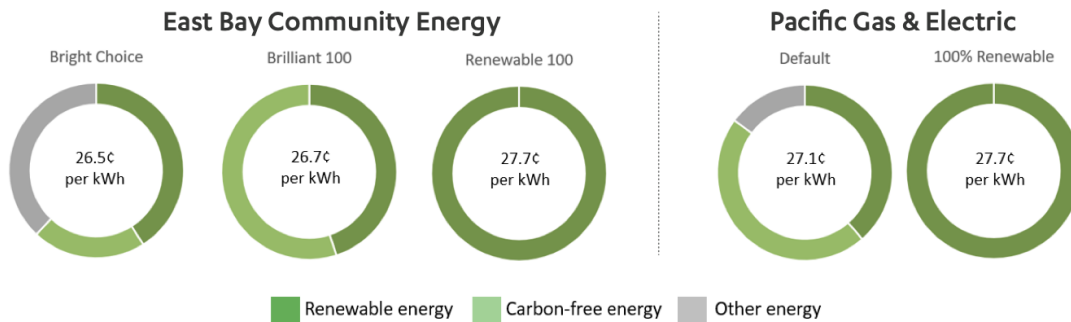
Community Choice programs are **opt-out** programs, meaning that after a local government votes to form a CCE, the constituents of that local government are automatically enrolled, and may opt out at any time if they wish.

Here is an example of customer choices in an existing CCE (Source: UCLA Luskin Center for Innovation, [“The Role of Community Choice Aggregators in Advancing Clean Energy Transitions,”](#) Oct. 2020):


### Example City: Albany

Albany is a member city of East Bay Community Energy, a CCA in Northern California. Albany has selected the “Brilliant 100,” which has 100% clean energy, as the default product for its customers. A customer living in Albany can choose to:

- Opt up to the “Renewable 100” product
- Opt down to the “Bright Choice” product
- Opt out and return to the affiliate IOU, Pacific Gas & Electric



CCE is only involved in electrical generation decision-making and has no involvement with transmission and distribution. The IOU, such as SCE, also continues customer metering and billing. The CCE replaces the line item on the electric bill for “generation charges”.



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Service account

3-048-0000-82

Service address

1234 Main St.  
Santa Ana, CA 92701

Rotating outage

Group N001

SUPPLY/GENERATION

Orange County Power Authority

supplies your electricity

Details of your new charges

8

ORANGE COUNTY POWER AUTHORITY

Your rate: DOMESTIC

Service Account: 3-048-0000-82

Billing period: 09/01/23 to 10/01/23 (31 days)

9

Generation (Supply) Charges 36%

RENEWABLE GENERATION

850.04 KWH @ 0.0627

\$53.30

10

ENERGY SURCHARGE

\$0.25

Sub-Total of OCPA Generation (Supply) Charges

\$53.55

Your New Charges

\$53.55

Things you should know

ORANGE COUNTY POWER AUTHORITY INFORMATION

FOR MORE DETAIL ON YOUR OC POWER AUTHORITY ENERGY BILL, CALL US AT 1-888-888-8888



The customer has choices every step of the way with CCE. The customer can opt-out any time, and go back to the IOU and their higher rates. **OCA customers will be able to choose among energy mixes of ~36% renewable, 50% renewable and 100% renewable energy or return to the IOU.**

Community Choice programs have proliferated throughout California. 11+ million Californians in 180+ cities and counties are currently served by Community Choice. **Approximately 93% of energy users choose to stay with CCE rather than switch back to the incumbent utility such as SoCal Edison or SDG&E.**

The following is a chart of participation rates for 20 CCEs in California. Source:

<https://cal-cca.org/cca-impact/>

CalCCA Members	Customer Accounts	Participation Rate	Annual Load 2016 (GWh)	Annual Load 2017 (GWh)	Annual Load 2018 (GWh)	Annual Load 2019 (GWh)	Annual Load 2020 (GWh)	Annual Load 2021 (GWh)*
Apple Valley Choice Energy	25,000	89%	N/A	235	235	260	235	235
Central Coast Community Energy	296,000	97%	N/A	N/A	2,100	2,992	3,327	4,507
Clean Power Alliance	1,002,000	91%	N/A	N/A	877	8,975	11,159	11,113
CleanPowerSF	380,000	96%	241	572	1,242	2,706	3,116	3,083
Desert Community Energy	40,000	92%	N/A	N/A	N/A	N/A	271	1433
East Bay Community Energy	613,263	96%	N/A	N/A	2,287	5,819	5,845	5,951
Lancaster Choice Energy	50,000	93%	590	590	590	600	551	551
MCE	470,000	86%	2,102	2,900	4,722	5,275	5,498	5,879
Peninsula Clean Energy	296,000	97%	277	2,861	3,514	3,569	3,374	3,290
Pico Rivera Innovative Municipal Energy	17,600	96%	N/A	35	174	220	242	243
Pioneer Community Energy	95,300	88%	N/A	N/A	982	1,154	1,167	1,187
Rancho Mirage Energy Authority	14,500	99%	N/A	N/A	185	300	265	266
Redwood Coast Energy Authority	62,700	93%	N/A	413	642	636	638	631
San Jacinto Power	14,500	92%	N/A	N/A	130	170	160	160
San Jose Clean Energy	334,000	98%	N/A	N/A	41	3,667	4,511	4,462
Silicon Valley Clean Energy	270,000	97%	N/A	2123	3,660	3,984	4,061	3,991
Solana Energy Alliance	7,300	91%	N/A	N/A	37	65	60	60
Sonoma Clean Power	227,000	87%	2,187	2,381	2,406	2,502	2,397	2,335
Valley Clean Energy	62,000	90%	N/A	N/A	439	682	691	737
Western Community Energy	110,000	93%	N/A	N/A	N/A	N/A	1,285	1,575
CalCCA Member Totals	4,387,163	93%	5,397	12,110	24,263	43,576	48,853	52,098

Note: Table provides a snapshot of CCA accounts/load as of December 2020. Figures for 2021 are projections. Baldwin Park Resident Owned Utility District and Pomona Choice Energy numbers are pending.

## COMPETITIVE RATES

The OCA projects a 2% savings off SCE rates when it launches in 2022 through 2031 (see Table 11 pro forma on page 6). For businesses with large energy needs, these savings can amount to tens of thousands of dollars every year.

The City of Irvine expects OCA to bring **city-wide electricity cost savings of \$7.7 million per year** for Irvine residents and businesses. Annual city municipal utility account cost savings are estimated at \$112,000.

**Renewable energy is now cheaper than oil and gas**, as reported in this article from Forbes, "[Unsubsidized renewable energy is now the cheapest source of energy generation](#)." CCE enables cities to benefit from these lower costs by purchasing more renewable power.

Also, as not-for-profits, CCEs are subject to lower tax rates than IOUs, which helps them provide energy at a lower cost.



## CLEANER ENERGY

The California legislature and California Public Utilities Commission's ambitious greenhouse gas emissions reduction targets within the state's electric sector rely primarily on CCEs to procure the new clean energy resources the state needs over the next decade to meet its climate goals.

**CCEs purchase [10 times](#) more renewable energy than IOUs.** According to a 2020 [report](#) by UCLA's Luskin Center for Innovation, "Fourteen CCE communities chose 100% renewable energy as the default for all their customers. **Over two-thirds of California CCA member communities — representing more than 6 million people — have a default electricity product with more than 90% carbon-free energy.**"

In contrast, SCE's standard offering currently includes 36% renewables. [SCE's plan is to offer 80% renewables by 2045.](#)

Like several other CCEs, OCPA will offer three energy portfolios for cities and energy users to choose from -- 100% renewable, 50% renewable and 36% renewable. Each city will choose a default product for energy users in the city, with an option for customers to select different products for themselves if they choose.

The City of Irvine's strategic energy plan calls for opting all Irvine residents into 100% renewables when OCPA launches in 2022. Irvine's CCE feasibility [study](#) found that CCE will enable that city to achieve **100% clean energy economy-wide by 2035 at no additional cost to customers, reducing greenhouse emissions in Irvine by 360,000 metric tons per year, roughly equivalent to taking 78,000 cars off the road.**

## COMMUNITY CONTROL

A CCE program is controlled locally by a board of directors composed of representatives of member cities, which ensures the CCE reflects local values and priorities. Local control also provides greater transparency and makes participation easier for residents, who are undoubtedly more familiar and comfortable with Stanton City Council meetings than California Public Utility Committee hearings.

This model of local control has proven successful with California's 24 existing CCEs. In 2020, five CCEs earned stable outlooks and high ratings from the "big three" credit rating agencies - Standard & Poor's, Fitch, and Moody's, demonstrating the financial stability of the CCE model.

Credit agency ratings quantify the viability of investments relative to the likelihood of default using a letter system; for example, a company rated AAA is very high quality with reliable cash flows, while a company rated D has already defaulted.



Credit Issuer ( <a href="#">link to announcement</a> )	CCE	Rating issued	Credit Rating	Outlook	Customer accounts	Year CCE launched
<a href="#">Moody's</a>	CleanPowerSF	Dec. 2020	A2	Stable	378,000	2016
<a href="#">Standard &amp; Poor's</a>	Central Coast Community Energy (formerly Monterey Bay Community Energy)	Oct. 2020	A	Stable	277,000	2018
<a href="#">Fitch</a>	Marin Clean Energy	Aug. 2020	BBB+	Stable	470,000	2010
<a href="#">Fitch</a>	Peninsula Clean Energy	Apr. 2020	BBB+	Stable	293,000	2016
<a href="#">Moody's</a>	Silicon Valley Clean Energy	Jul. 2020	Baa2	Stable	270,000	2017

## COMMUNITY BENEFITS

**With CCE, net revenue is reinvested in the local community, not distributed to IOU shareholders.** In this way, CCE is a tool for communities to establish local energy resources and programs such as solar+storage for resilience, low-income solar, EV vehicle and infrastructure incentives, feed-in-tariff, net energy metering (NEM), energy efficiency, demand response, and more.

CCEs can also fund development of new renewable energy projects and other programs that meet the needs of the local community. Read more about the hundreds of community programs currently offered by California's 24 CCEs here - <https://cal-cca.org/cca-programs/>.

CCE customer savings drive additional **local economic development benefits**. OCPA's economic impact for Fullerton, Huntington Beach, Buena Park and Irvine is expected to be **\$25 million/year in new local spending and 500-750 new local jobs**.

## MAXIMIZE ECONOMIES OF SCALE

Stanton could create its own single-jurisdiction CCE or join an existing Joint Powers Authority CCE program such as OCPA. Ultimately, if Stanton creates your own CCE program within your Public Works Department, or as a new department, the General Fund would be liable for risks related to them. Compared to the little risk of joining a JPA, the choice could not be more clear!





Joining OCPA would bring several advantages:

- **Participation is free** and requires no start-up funding or capital from Stanton due to Irvine's agreement to pay and provide financing for all OCPA start up costs.
- **No risk to the Stanton general fund.**
- **Little to no effort for Stanton staff.**
- Provides maximum economies of scale when negotiating power purchase agreements.
- **Economies of scale bring more discretionary program funding** for Stanton families, businesses and energy users.

Creating a larger CCE through a Joint Powers Authority (JPA) allows the cities to work together and combine their collective bargaining power for better deals on wholesale energy prices, thereby accelerating the timeline for available discretionary funding for local energy projects and programs.

According to Irvine's original CCE study by EES Consulting and the [peer review](#) of that study by MRW & Associates, the revenue projections for OCPA are sound and financially conservative.

**By joining OCPA, Stanton could benefit from ~\$5 million dollars in discretionary program funding for families and businesses by 2025, ~\$43.9 million dollars in 2026, and ~\$106 million in 2030.**

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

Table 11 on page 8 shows pro forma analysis for OCPA assuming the four current member city participants - Irvine, Fullerton, Huntington Beach and Buena Park, and appears on page 34 of the [OCA Implementation Plan](#).

More information can be found at Orange County Power Authority's website: [ocpower.org](http://ocpower.org), 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 Policy Manager*



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