



June 18, 2020

Dear Mayor and Members of the City Council,

Included in the following documents are informational items for your consideration regarding Community Choice Energy.

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."

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, but is not legally required. 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. The costs of the feasibility study can be decreased by inviting cities to partner and pay for the costs of an addendum to the study for SoCal Edison data specific for each additional city. The cost of an individual feasibility study can be anywhere from \$67,000 to \$77,000. However, Sustain SoCal will pay for an aggregated feasibility study if 5+ cities join. City Managers with discretionary budgets under \$10,000 do not need to agendaize requests for council approval, but it would help for Councilmembers to give their staff direction to move forward on this. Once the costs are estimated, cities can send a check payable to Sustain SoCal in equal payments between \$5000-\$9000 from each city. More information can be requested from Sustain SoCal President Scott Kitcher (scott@sustainsocal.org).



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, 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



Climate Action Campaign

jose@climateactioncampaign.org

(619) 419-1222 Ext 708

www.climateactioncampaign.org

Twitter: [@sdclimateaction](https://twitter.com/sdclimateaction)

Instagram: [@sdclimateaction](https://www.instagram.com/sdclimateaction)

[Facebook.com/ClimateActionCampaign](https://www.facebook.com/ClimateActionCampaign)



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.

On December 10, 2019, Irvine City Council voted unanimously to move forward on Community Choice Energy JPA Formation.

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.



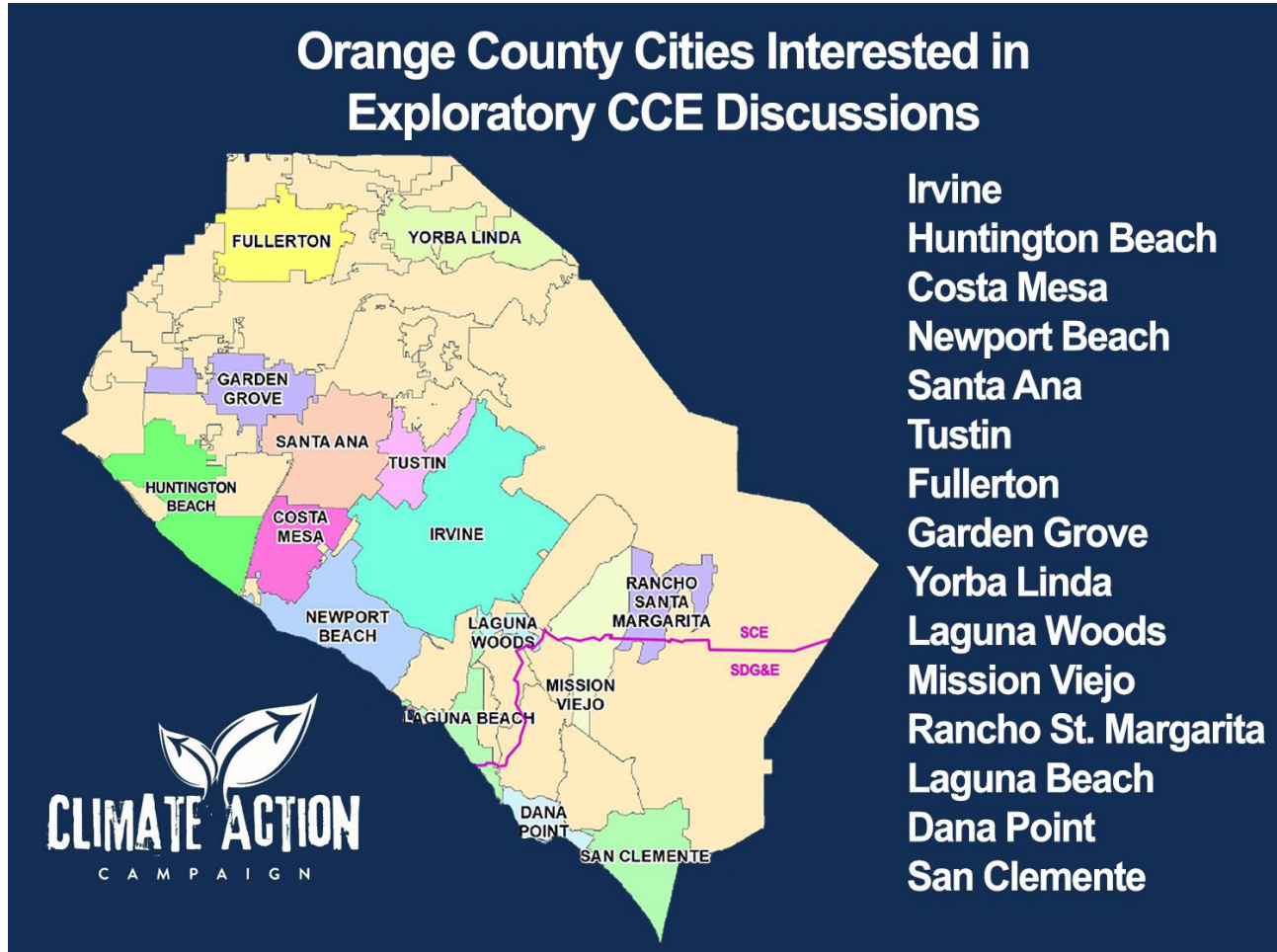
- The CCE is estimated to have an **average, annual \$3.4 million revenue stream** after start-up and working capital are repaid, as well as financial reserves being met, that can be used for electric customer-related programs.
- The savings to customers under the CCE's rates would drive additional local 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%
CalCCA Member Totals	4,073,600	10,760	94%	43%



List of CCE Interested Orange County cities:



1. Irvine
2. Costa Mesa
3. Huntington Beach
4. Newport Beach
5. Tustin
6. Santa Ana
7. Garden Grove
8. Fullerton
9. Yorba Linda
10. Laguna Woods
11. Mission Viejo
12. Rancho Santa Margarita
13. Laguna Beach
14. Dana Point
15. San Clemente



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.

05-12-2020 Irvine City Council in consensus to begin JPA Formation negotiation meetings for CCE

Fall 2020 Partner cities to formally create CCE JPA

12-2020 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.

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.