Los Angeles Community Choice Energy (LACCE)

GARY GERO, CHIEF SUSTAINABILITY OFFICER
COUNTY OF LOS ANGELES
Los Angeles Community Choice Energy

Overview

1. What is a CCA?

2. CCA Benefits:
   - Customer Choice and Local Control
   - Rates
   - Greenhouse Gas Emissions
   - Economic Impacts

3. LACCE Business Plan and JPA Formation
   - County and Cities together
   - LA County Board of Supervisors Adoption

4. JPA – Governance

5. Choices for Cities and Customers

6. Schedule for CCA in L.A. County

7. Customer Notifications and Outreach
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Community Choice Aggregation (CCA): A Hybrid Approach to Utility Operations

**IOU**
- Investor-Owned Utility
- IOU Purchases Power, Sets Rates, Provides Customer Programs
- IOU Maintains Transmission Lines
- IOU Provides Meter Reading and Billing Services

**CCA**
- Community Choice Aggregation
- CCA Purchases Power, Sets Rates, & Provides Customer Programs
- IOU Maintains Transmission Lines
- IOU Provides Meter Reading and Billing Services

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## Cities in Operational CCA Programs

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<th><strong>Sonoma Clean Power</strong></th>
<th><strong>Peninsula Clean Energy</strong></th>
<th><strong>Marin Clean Energy</strong></th>
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<td>• Mountain View</td>
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CCA Benefits: Customer Choice and Local Control

- **Customer Choice**
  - CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
  - Having both CCA and SCE products gives customers choice
  - Customers may opt out of the CCA at any time and return to SCE

- **Local Control**
  - CCAs have total local control over their power supply, rates, and customer programs (e.g., energy efficiency, solar incentives, EV incentives, etc.)
  - CCAs enable communities to invest locally; instead of sending money to SCE, CCA revenues can be reinvested in the local community
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LACCE Benefits: Rate Savings

- Rates are taken from the LACCE Business Plan
- LACCE rates include considerable financial reserve
LACCE Benefits: GHG Emissions

Example: Average L.A. City

*The natural gas category refers to use for heating and cooking in buildings, not for use in electricity generation.
CCA Benefits: Economic Development

- **Total Electricity Savings CCA vs. SCE**
  - In Phase 2, a 5.3% rate reduction saves LACCE customers $20 million/year.
  - This $20 million rate reduction is estimated to create 200 new jobs in LA County.
  - In aggregate, these benefits could add $16 million to the County’s economy.

- **Power Supply Construction Projects**
  - Construction of one 50 MW solar project in County could create 1,500 jobs during construction and 15 full-time permanent jobs.
  - LACCE will need several dozen of these projects at full build-out.
The primary risk in forming LACCE is that it will be unable to stay competitive with SoCal Edison, which could be caused by:

- Sudden and unfavorable changes to the energy market
- High customer opt-out rate
- Unreasonable costs imposed by SCE
- New California State laws or regulations

Risk Management

- Diverse power portfolio with varied power sources
- Sound fiscal policies and rate stabilization plan to remain competitive
- Engagement with the State agencies and State elected officials

The LACCE Business Plan concludes that there are no reasonable set of risk-related circumstances that would harm the ability of LACCE to be competitive with SCE
During negotiations with cities, language was included in the JPA Recitals to ensure LACCE would take strong action to promote a variety of sustainability goals:

- (3) It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.

- (6b) Establish an energy portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources and that discourages the use unbundled renewable energy credits.
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Joint Powers Agreement – Environmental Goals

• (6c) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals

• (6i) Promote personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities;

• (6m) Recognize and address the importance of healthy communities, including those disproportionately affected by air pollution and climate change;
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Joint Powers Agreement – Community Goals

- During negotiations with cities, language was included in the JPA Recitals to ensure LACCE would be a community-focused program:
  - Ensure that low-income households and communities are provided with affordable and flexible energy options
  - Promote personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities
  - Provide and manage its energy portfolio and products in a manner that provides cost savings to customers and promotes public health in areas impacted by energy production
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Joint Powers Agreement – Community Goals

• Promote supplier and workforce diversity, including returning veterans and those from disadvantaged and under-represented communities.

• Recognize and address the importance of healthy communities, including those disproportionately affected by air pollution and climate change

• Recognize the value of current workers in existing jobs that support the energy infrastructure of Los Angeles County

• Support a stable, skilled workforce through mechanisms designed to avoid works stoppages, ensure quality, and benefit local residents by delivering cost-effective clean energy programs and projects
LA County Board of Supervisors

LACCE Business Plan

- LA County Board of Supervisors approved a motion in March 2015 asking staff to conduct a CCA feasibility study for LA County
- Report completed in June 2016
- LACCE Feasibility Study/Business Plan
  - Includes all eligible cities in LA County
  - Financially viable
  - Cheaper and greener power than SCE
  - Considerable environmental and economic benefits
  - Risks are manageable
Board Direction: Cities and County Together

- **September 27, 2016 Board of Supervisors Motion:**
  - Following Feasibility Study, Board said like the idea but wanted to work together with cities to craft a regional program.
  - Directed that staff negotiate a JPA with interested cities to create a joint cites-county program
  - Ensure equitable representation for all cities
  - Model after existing, successful CCAs in northern California (Marin, Sonoma, San Mateo)

- **JPA Process: December 2016 – March 2017**
  - Bi-weekly meetings with interested cities
  - Two public workshops to get input from the community and stakeholders
  - Public review and comment on draft final JPA
  - Negotiations completed at the end of March
  - BOS approval on April 18, 2017
On April 18, the Board of Supervisors approved a joint motion from Supervisors Shelia Kuehl and Mark Ridley-Thomas to approve:

- LACCE Joint Powers Agreement
- CCA enabling ordinance
- $10 Million in startup funding
- Plan for program implementation
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Joint Powers Agreement

LACCE Governance

• Every member government gets an equal seat on the Board
• Most votes are by a majority of members present
  • Some special items require 2/3s of all members
• Option to call for a weighted vote based on load share, with the following restrictions:
  • 3 members must agree to have a weighted vote
  • Weighted votes can only follow an affirmative vote of the Board
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Joint Powers Agreement

• LACCE Standing Committees
  • Executive Committee
  • Finance Committee
  • Community Advisory Committee

• Directors and Alternates
  • Primary Directors must be an elected official of that city
  • City’s may appoint two Alternate Directors, who may be:
    • Another elected official
    • An appointed official (Commissioners)
    • A city staff person
    • Member of the public with industry expertise
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Structure and Composition of Existing CACs

- **Size**
  - The size of existing CACs ranges from 7-15 members
  - Some require a specific number of members, others have range

- **Selection process**
  - Open application process for community members who wish to serve on the CAC
  - Members are chosen after interviews with staff and Board Members
  - Members are appointed by the Board at large
  - Members serve at the pleasure of the Board

- **Terms**
  - Term length ranges from 3-4 years
  - Terms are staggered
  - Terms may be renewed, with limits
## Structure and Composition of Existing CACs

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<th>Sonoma Clean Power</th>
<th>Easy Bay Community Energy</th>
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<tr>
<td><strong>Size</strong></td>
<td>7-11 Members</td>
<td>- 11-15 Members</td>
<td>9 Members</td>
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<td><strong>Selection</strong></td>
<td>- Open application process</td>
<td>- Open application process</td>
<td>- Open application process</td>
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<td>- All appointments made by the Board</td>
<td>- All appointments made by the Board</td>
<td>- All appointments made by the Board</td>
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<tr>
<td><strong>Terms</strong></td>
<td>Staggered 4 year terms</td>
<td>Staggered 3 year terms</td>
<td>Staggered 4 year terms</td>
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Qualifications

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<th>East Bay Community Energy</th>
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<td>- Geographically diverse</td>
<td>- Balanced and diverse group on the Board</td>
<td>- No specific areas of expertise are listed.</td>
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<td>- Must have background in: electricity, community outreach, or policy advocacy</td>
<td>- Must have expertise in management, administration, finance, contracts, infrastructure development, renewable power generation, power sales and marketing, energy conservation, public policy development, or public relations.</td>
<td>- Individuals sitting on the committee must represent a diverse cross-section of interests, skill sets and geographic regions.</td>
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<td>- Must work or reside in service area</td>
<td>- Majority of members must represent the interests of customers as rate payers.</td>
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### Duties and Powers

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<td></td>
<td>- Advisory only</td>
<td>- Advisory only</td>
<td>- Advisory only</td>
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<td></td>
<td>- Provide feedback on</td>
<td>- Review budgets,</td>
<td>- Advise the Board on</td>
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<td>policy and operational</td>
<td>rates, policies</td>
<td>all subjects related to</td>
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<td>objectives</td>
<td>and programs</td>
<td>the operation of the CCA</td>
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<td></td>
<td>- Engage in community</td>
<td>- Prepare reports</td>
<td>program</td>
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<td>outreach</td>
<td>for the Board</td>
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<td>- Assist with legislative advocacy</td>
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Choices for Cities and Customers

- Cities may choose which of the three rates their customers will be opted into when service begins
  - Base Rate: ~33% renewable – approximately 6% lower cost than SCE
  - Mid-Level: ~50-60% - approximately 4% lower cost than SCE base rate
  - Top-Tier: 100% - approximately 5% higher cost than SCE base rate

- Once customers are opted into the default rate set by their city, they will have the option to change to a rate of their preference.

- This process ensures flexibility for member cities and choice for their customers.
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Schedule

- **Open enrollment period – 6 months**
  - No cost for cities to join

- **Phases**
  - Phase 1 – January 2018 – County municipal accounts
  - Phase 2 – Q2 2018– County and city commercial and industrial accounts
  - Phase 3 – Q3/4 2018– All County and city residents
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Customer Notifications

- **LACCE is required to send four notifications to customers who will be enrolled into LACCE service:**
  - Two notifications will be sent prior to service commencement, and two will be sent after service has begun.
  - Customers may opt out of LACCE service and remain with SCE at no cost if they respond to one of the four notifications.
  - After the notification period, customers may opt out of LACCE at anytime, provided they pay a very small administrative fee (about $5.00)

- **In addition to the required notifications, LACCE intends to conduct an intensive outreach effort to incoming customers to ensure they are aware of the benefits of LACCE service.**
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Letters of Support

- Climate Resolve
- Environmental Defense Fund
- Global Green USA
- Grid Alternatives
- Emerald Cities Collaborative
- Los Angeles Business Council

and many more in process!
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Contact Information

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More information/documents can be found at:
lacounty.gov/sustainability