

Los Angeles Community Choice Energy (LACCE)

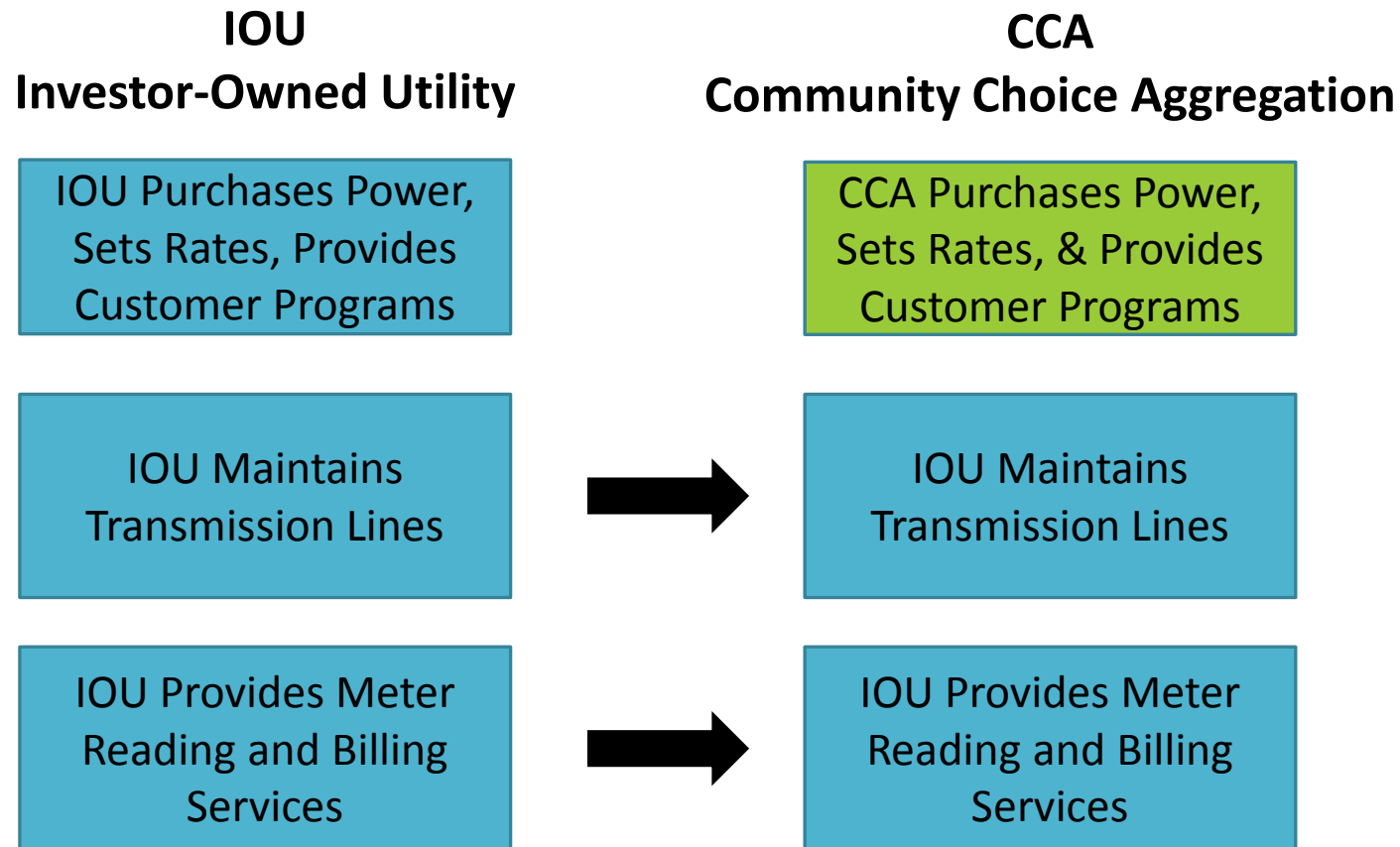
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COUNTY OF LOS ANGELES

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**

Los Angeles Community Choice Energy

Community Choice Aggregation (CCA): A Hybrid Approach to Utility Operations



Cities in Operational CCA Programs

Sonoma Clean Power

- Santa Rosa
- Sonoma County
- Mendocino County
- Town of Windsor
- Sebastopol
- Petaluma
- Cloverdale
- Cotati
- Town of Sonoma
- Rohnert Park
- Fort Bragg

Silicon Valley Clean Energy

- Cupertino
- Los Gatos
- Mountain View
- Santa Clara County
- Los Altos Hills
- Los Altos
- Campbell
- Gilroy
- Morgan Hill
- Sunnyvale
- Monte Sereno
- Saratoga

Peninsula Clean Energy

- San Mateo County
- City of San Mateo
- Atherton
- Belmont
- Brisbane
- Burlingame
- Colma
- Daly City
- Foster City
- East Palo Alto
- Hillsborough
- Menlo Park
- Half Moon Bay
- Millbrae
- Pacifica
- Portola Valley
- Redwood City
- San Bruno
- San Carlos
- Woodside
- South San Francisco

Lancaster Choice Energy

- Lancaster
- Pico Rivera
- San Jacinto

Marin Clean Energy

- Mill Valley
- Walnut Creek
- County of Marin
- Richmond
- Benicia
- San Rafael
- El Cerrito
- Town of Ross
- Larkspur
- Sausalito
- Town of San Anselmo
- County of Napa
- San Pablo
- Town of Tiburon
- Novato
- Belvedere
- Town of Corte Madera
- Town of Fairfax

Clean Power San Francisco

- San Francisco

Apple Valley Choice Energy

- Apple Valley

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CCA Benefits: Customer Choice and Local Control

■ Customer Choice

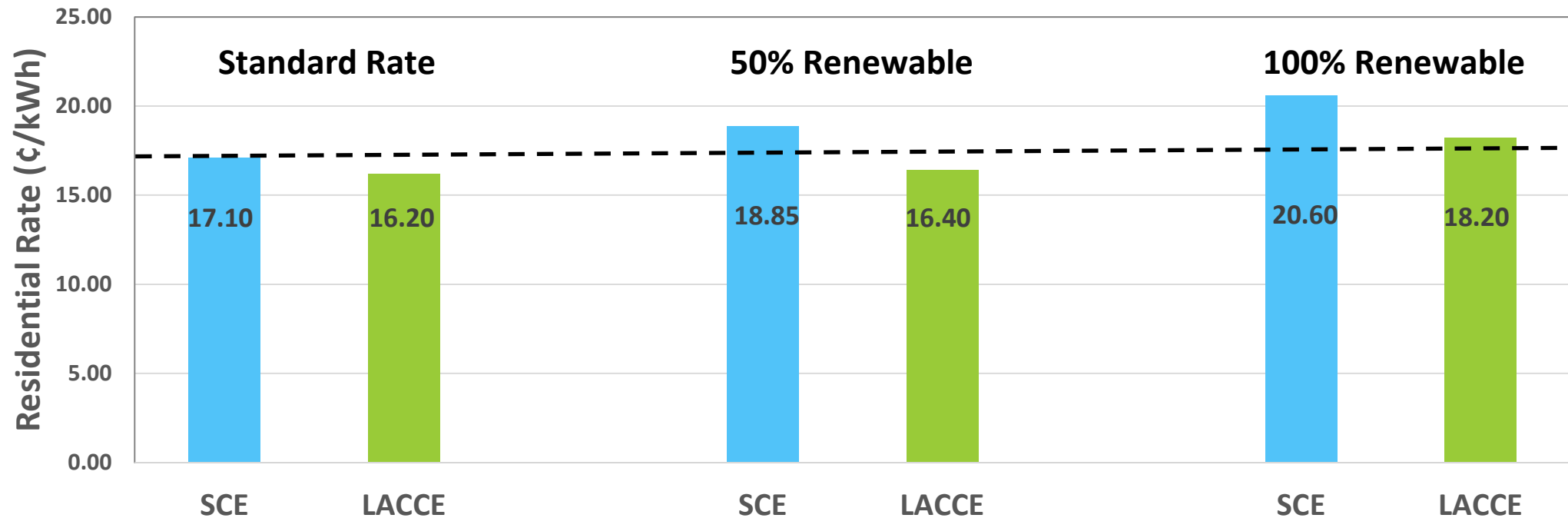
- CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
- Having both CCA and SCE products gives customers choice
- Customers may opt out of the CCA at any time and return to SCE

■ 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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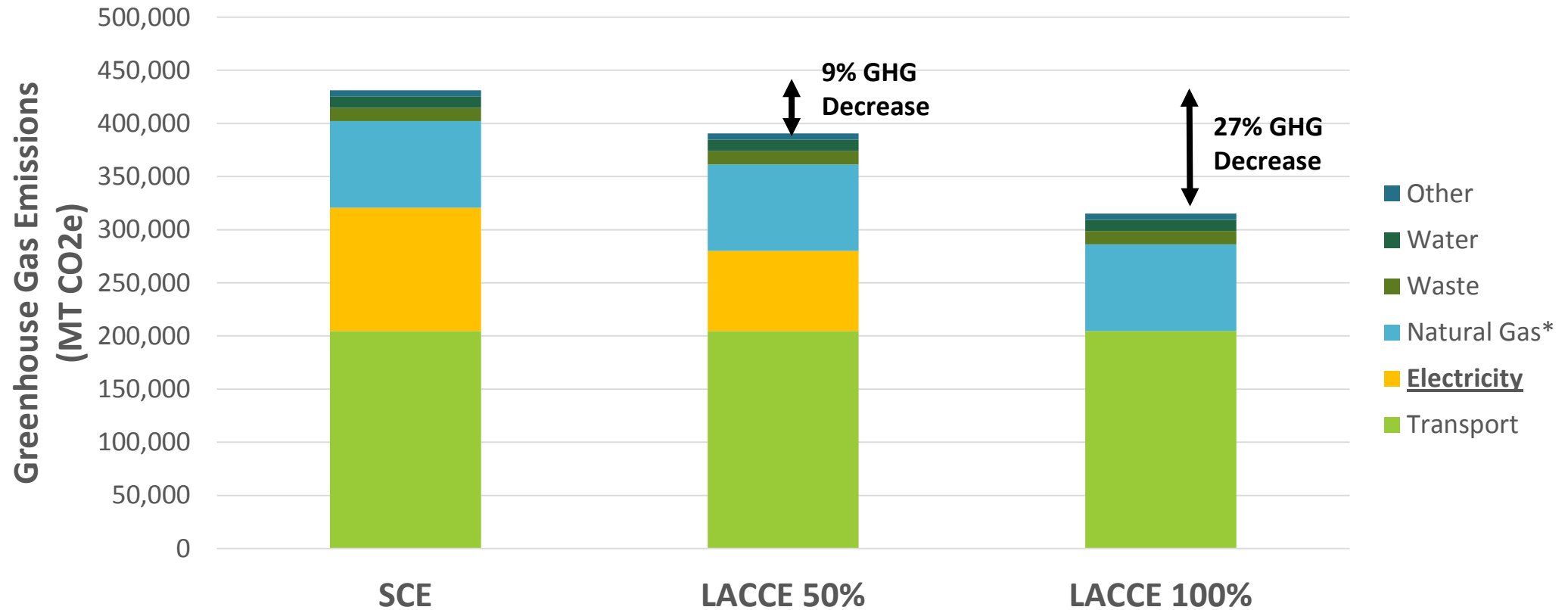
LACCE Benefits: Rate Savings



- 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.

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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.

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Risks and Risk Management

- **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**

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Joint Powers Agreement – Environmental Goals

- **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

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- **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

LA County Board of Supervisors

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 cities-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

LA County Board of Supervisors

April 18, 2017 Action

- **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

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Structure and Composition of Existing CACs

	Peninsula Clean Energy	Sonoma Clean Power	Easy Bay Community Energy
Size	7-11 Members	- 11-15 Members	9 Members
Selection	<ul style="list-style-type: none">- Open application process- All appointments made by the Board	<ul style="list-style-type: none">- Open application process- All appointments made by the Board	<ul style="list-style-type: none">- Open application process- All appointments made by the Board
Terms	Staggered 4 year terms	Staggered 3 year terms	Staggered 4 year terms

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Qualifications

	Peninsula Clean Energy	Sonoma Clean Power	East Bay Community Energy
Qualifications	<ul style="list-style-type: none">- Geographically diverse- Must have background in: electricity, community outreach, or policy advocacy- Must work or reside in service area	<ul style="list-style-type: none">- Balanced and diverse group on the Board- 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.- Majority of members must represent the interests of customers as rate payers.	<ul style="list-style-type: none">- No specific areas of expertise are listed.- Individuals sitting on the committee must represent a diverse cross-section of interests, skill sets and geographic regions.

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Duties and Powers

	Peninsula Clean Energy	Sonoma Clean Power	East Bay Community Energy
Duties and Powers	<ul style="list-style-type: none">- Advisory only- Provide feedback on policy and operational objectives- Engage in community outreach- Assist with legislative advocacy	<ul style="list-style-type: none">- Advisory only- Review budgets, rates, policies and programs- Prepare reports for the Board	<ul style="list-style-type: none">- Advisory only- Advise the Board on all subjects related to the operation of the CCA program

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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!

Los Angeles Community Choice Energy

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