August 24, 2020

Hon. Mayor Miguel Pulido
Hon. Mayor Pro Tem Juan Villegas
Hon. Councilmember Vincent Sarmiento
Hon. Councilmember David Peñaloza
Hon. Councilmember Jose Solorio
Hon. Councilmember Phil Bacerra
Hon. Councilmember Nelida Mendoza
City Manager Kristine Ridge
Executive Director Minh Thai
Senior Planner Melanie McCann

On behalf of Santa Ana residents, thank you for your leadership. Included in the following documents are informational items for your consideration regarding Community Choice Energy in Santa Ana and Orange County cities.

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.

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:

- **FREEDOM OF CHOICE:** Santa Ana 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

Irvine's 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**: An Irvine-led JPA puts Irvine 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 Irvine 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 Irvine to lead that effort in a JPA. A single-city CCE risks Irvine's General Fund, while a JPA reduces our liability through partnerships. MRW points to lessons learned from San Diego. San Diego will have over $1B to utilize to develop programs and keep costs down. It's important for Irvine to remember that 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, 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,
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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%
CalCCA Member Totals	4,073,600	10,760	94%	43%