January 24, 2020

Hon. Mayor Lyn Semeta  
Hon. Mayor Pro Tem Jill Hardy  
Hon. Council Member Patrick Brenden  
Hon. Council Member Kim Carr  
Hon. Council Member Barbara Delgleize  
Hon. Council Member Erik Peterson  
Hon. Council Member Mike Posey  
City Manager Oliver Chi  
Contracting & Purchasing Manager Jennifer Anderson

On behalf of Climate Action Campaign, thank you for listening to my public comments. Included in the following documents are informational items for your consideration regarding Community Choice Energy in Huntington Beach.

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.

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

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City of Huntington Beach: Status re: RFI - Community Choice Energy Feasibility Study

City Weblink: https://www.huntingtonbeachca.gov/business/bids-rfps/
Staff Contact: Jennifer Anderson - 714-374-1569 - jennifer.anderson@surfcity-hb.org

The City of Huntington Beach is a proven participant in the movement for Community Choice. Recently, City Council voted to direct staff to approve an RFI for a feasibility study in September. Exactly 36 bids were submitted before the October 18th deadline, with 2 vendors submitting the lowest bids. The 2 vendors have subsequently been interviewed by staff.

**Current Status:** Awaiting City Manager approval to be Agendized before Huntington Beach City Council.

**Invitation# 2019-0818**
Bid Posting Date: September 20, 2019 11:23AM PST
Online Q&A Deadline: October 3, 2019 4:00PM PST
Bid Due Date: October 18, 2019 4:00PM PST
Project Stage: Closed
Response Format: Electronic Only

Prospective Bidders: 36 Vendors
Bid Results: 2 Vendors for $0.00 Bid Amount

Lowest Bid Vendor Information:
~$66,000
MRW & Associates
1736 Franklin St Suite 700, Oakland, CA 94612
Contact: Mark Fulmer
Phone: 510-834-1999 ext. 240

=$52,150
EES Consulting, Inc.
570 Kirkland Way Suite 100, Kirkland, WA 98033
Contact: Diane Running
Phone: 425-889-2700 ext. 203
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
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/

<table>
<thead>
<tr>
<th>CalCCA Members</th>
<th>Customer Accounts</th>
<th>Est Peak Load (MW)</th>
<th>Participation Rate</th>
<th>Minimum RPS</th>
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<tbody>
<tr>
<td>Apple Valley Choice Energy</td>
<td>25,000</td>
<td>100</td>
<td>89%</td>
<td>37%</td>
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<tr>
<td>CleanPowerSF</td>
<td>376,000</td>
<td>510</td>
<td>97%</td>
<td>40%</td>
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<td>Clean Power Alliance</td>
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<td>3,600</td>
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<td>36%</td>
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<td>East Bay Community Energy</td>
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<td>Lancaster Choice Energy</td>
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<td>36%</td>
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<td>MCE</td>
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<td>1,050</td>
<td>86%</td>
<td>60%</td>
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<td>Monterey Bay Community Power</td>
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<td>31%</td>
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<td>Peninsula Clean Energy</td>
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<td>50%</td>
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<tr>
<td>Pico Rivera Innovative Municipal Energy</td>
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<td>96%</td>
<td>57%</td>
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<tr>
<td>Pioneer Community Energy</td>
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<td>89%</td>
<td>33%</td>
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<td>Rancho Mirage Energy Authority</td>
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<td>Sonoma Clean Power</td>
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<tr>
<td>Valley Clean Energy</td>
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<td>219</td>
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<tr>
<td><strong>CalCCA Member Totals</strong></td>
<td><strong>4,073,600</strong></td>
<td><strong>10,760</strong></td>
<td><strong>94%</strong></td>
<td><strong>43%</strong></td>
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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 & Associations 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.

Climate Action Campaign identified potential partner jurisdictions in order by level of interest:

1. Huntington Beach
2. Costa Mesa
3. Newport Beach
4. Tustin
5. County of Orange
6. Yorba Linda
7. Fullerton
8. Lake Forest
9. Santa Ana

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.

05-2020 Staff to draft Implementation Plan for City Council approval

06-2020 Partner cities to agendize and vote on approval of Implementation Plan

08-2020 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.

**01-2021** CCE Agency formed, Board members approved, Staffing begins

**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.