

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

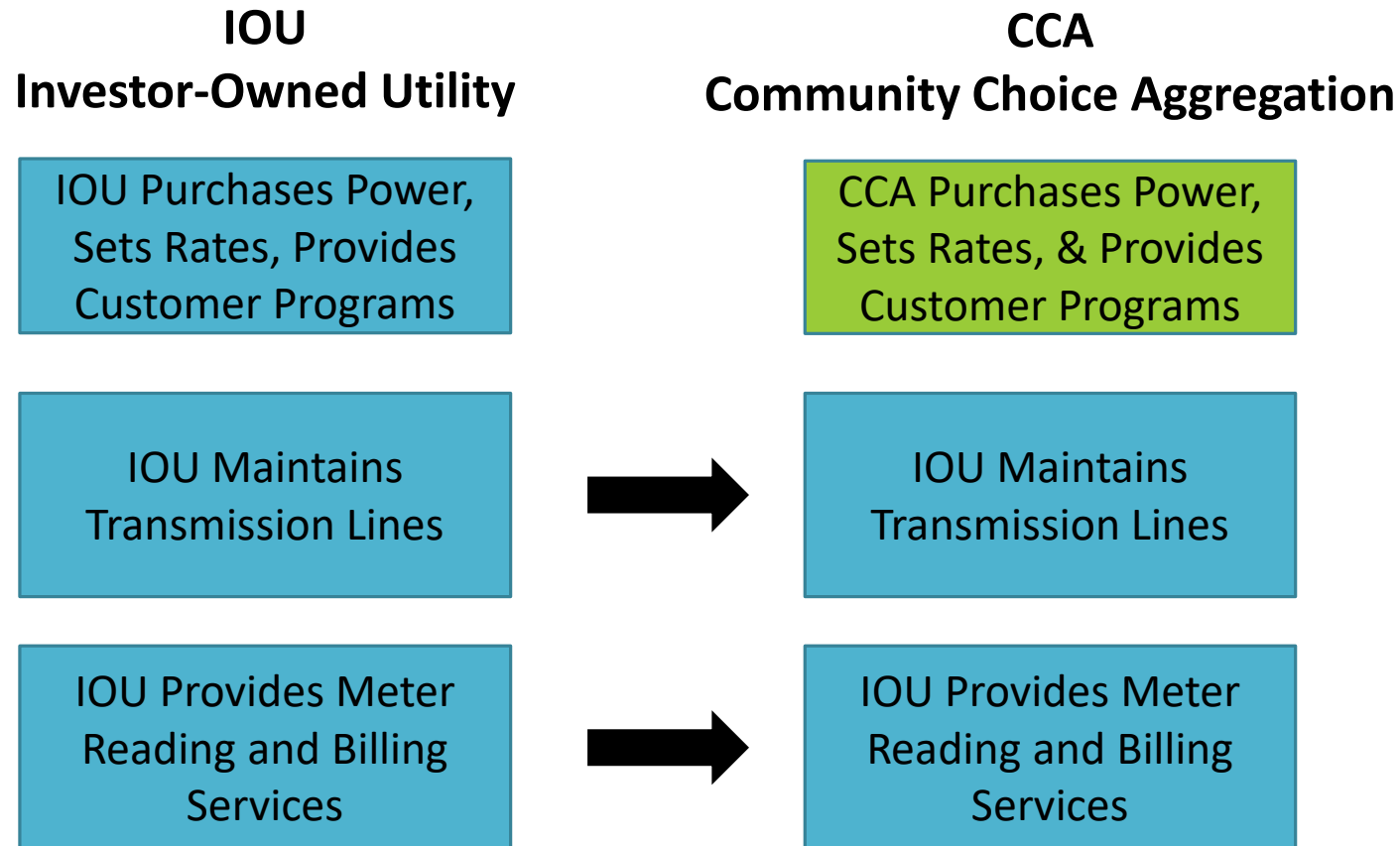
5. Risks and Risk Management

5. Schedule for CCA in L.A. County

6. Next Steps for Cities

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

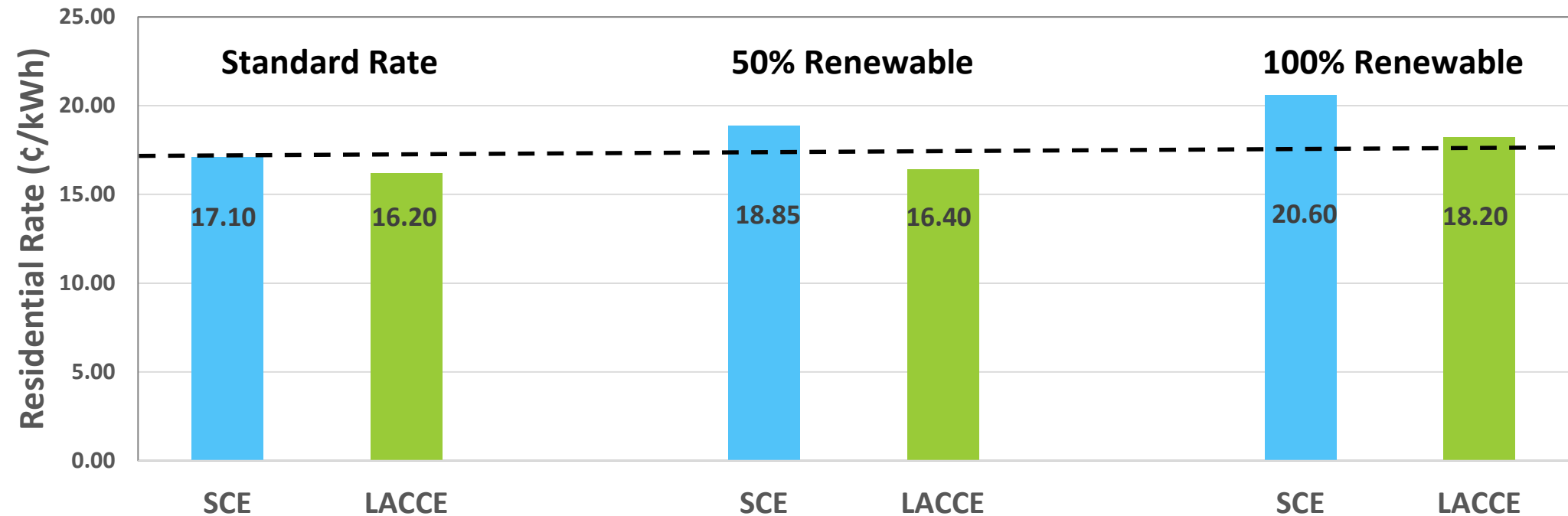
- CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
- Having both CCA and SCE products gives customers choice
- Customers may opt out of the CCA at any time and return to SCE

■ Local Control

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

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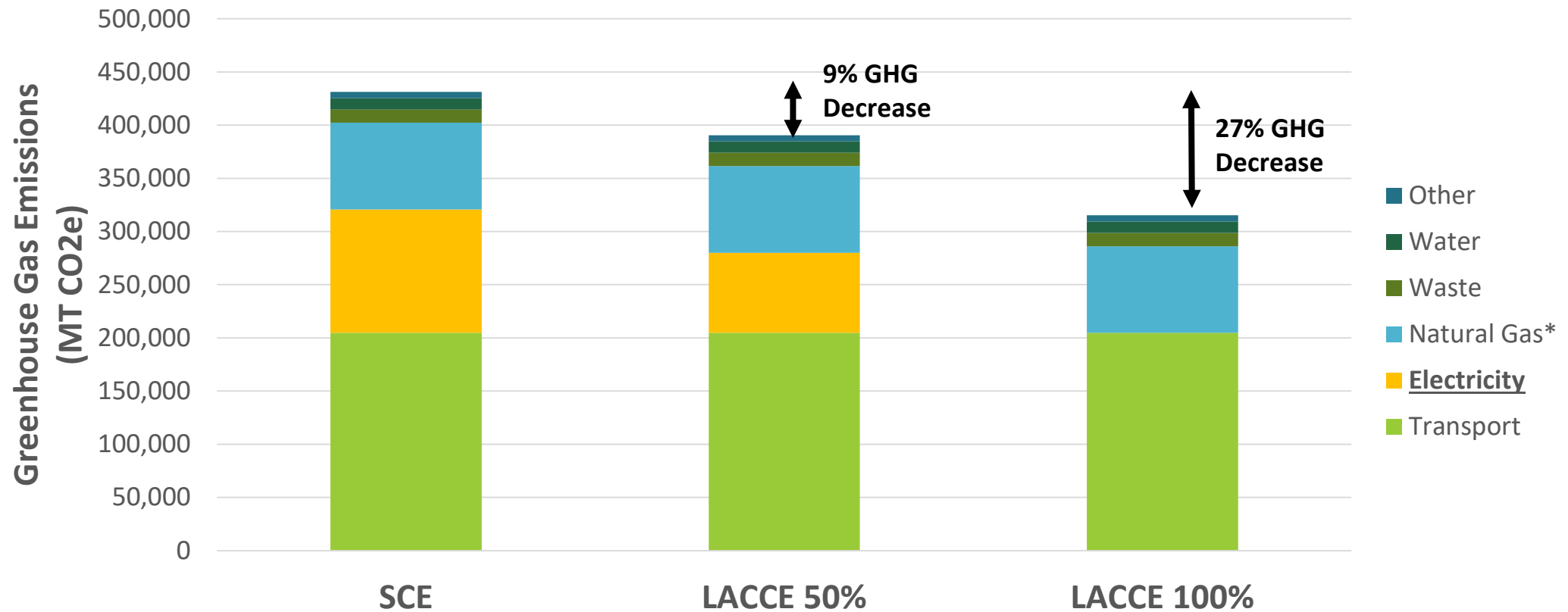
LACCE Benefits: Rate Savings



- Rates are taken from the LACCE Business Plan
- LACCE rates include considerable financial reserve

LACCE Benefits: GHG Emissions

Example: Average City in Los Angeles



*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.

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

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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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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Other Key Questions

■ Franchise Fee

- The Franchise Fee is unaffected
- Collected by SCE and distributed to cities

■ Utility User Tax (UUT)

- UUT is a tax on customer's total electrical bill
- Therefore, a city's UUT revenue will decrease in proportion to the total savings their customers receive from LACCE

■ Customer Programs

- LACCE will develop and implement customer programs (EE, PV, EV, etc)

■ Customer Billing

- SCE still bills customers for their electrical use
- The bill from SCE will include a line item noting LACCE power charge

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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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Next Steps for Cities

1. Adopt enabling ordinance and JPA agreement
2. Designate Board Director and alternate(s)
3. Evaluate your constituents' priorities for services and programs
4. Assist with public outreach and noticing

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Contact Information

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