

# Los Angeles Community Choice Energy (LACCE)

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COUNTY OF LOS ANGELES

# Los Angeles Community Choice Energy Overview

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## **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**

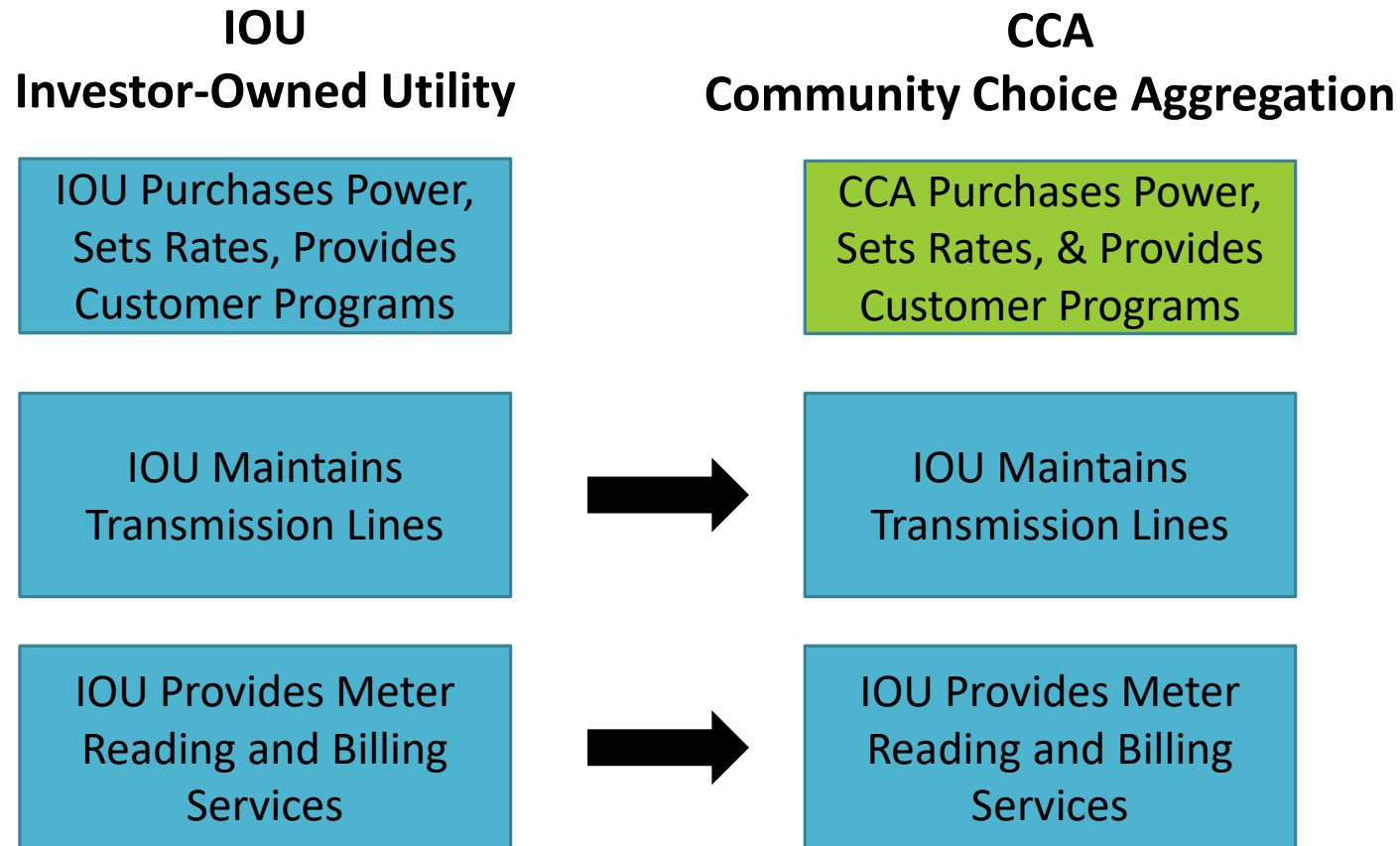
## **5. Risks and Risk Management**

## **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

# Los Angeles Community Choice Energy

## CCA Benefits: Customer Choice and Local Control

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### ■ Customer Choice

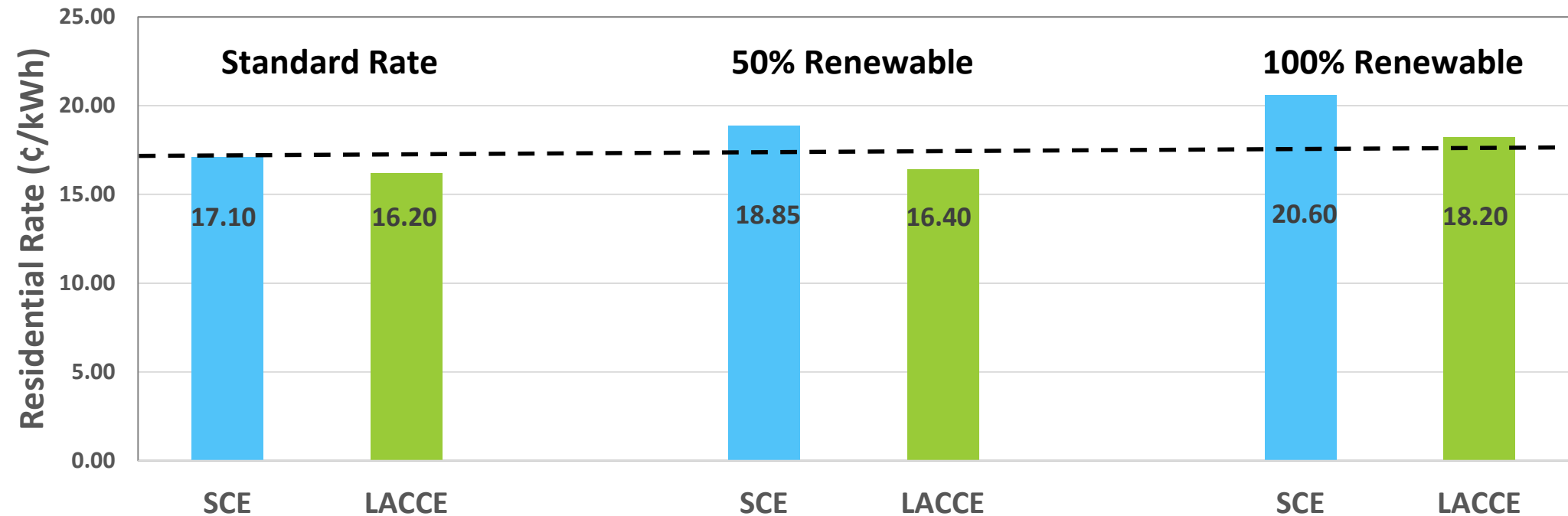
- CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
- Having both CCA and SCE products gives customers choice
- Customers may opt out of the CCA at any time and return to SCE

### ■ 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.)

# Los Angeles Community Choice Energy

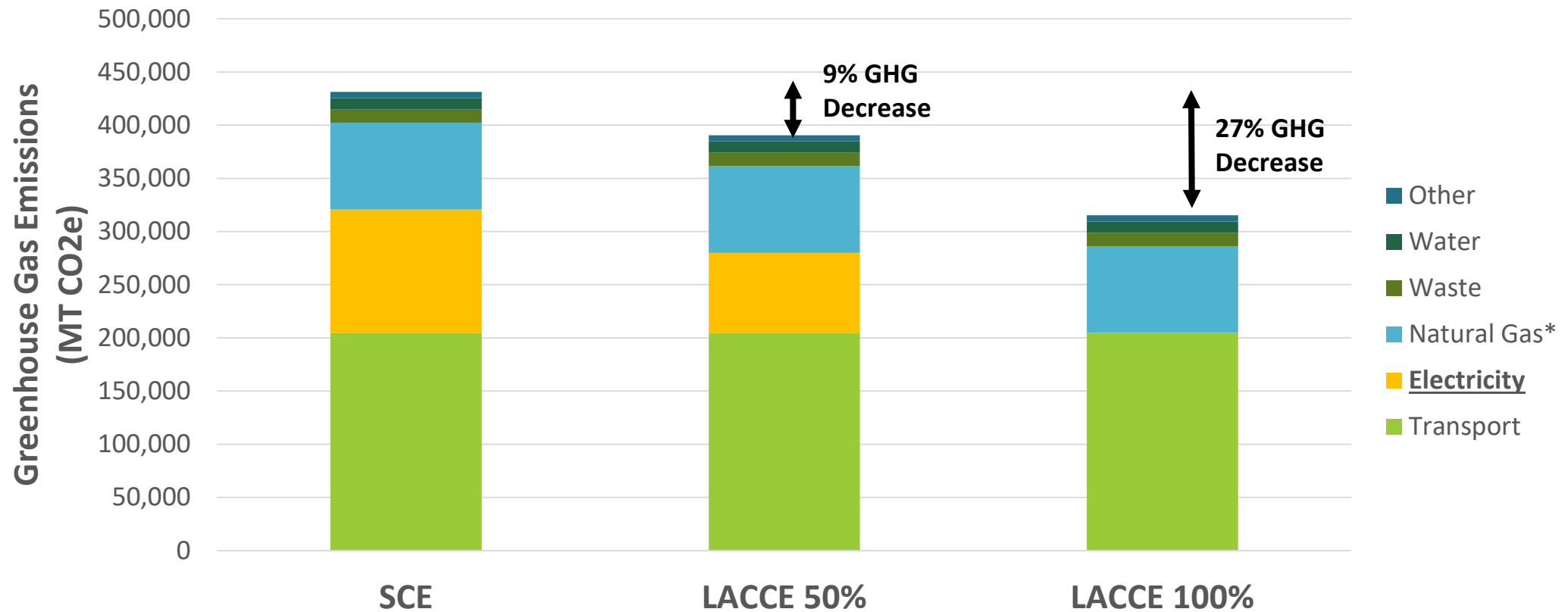
## LACCE Benefits: Rate Savings



- 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.

# Los Angeles Community Choice Energy

## CCA Benefits: Economic Development

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### ■ **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

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- **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

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### ■ **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

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■ **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

# Los Angeles Community Choice Energy

## Joint Powers Agreement

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### ■ 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

# Los Angeles Community Choice Energy

## Joint Powers Agreement

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### ■ 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

# Los Angeles Community Choice Energy

## Risks and Risk Management

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■ **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**

# Los Angeles Community Choice Energy

## Other Key Questions

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### ■ 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

# Los Angeles Community Choice Energy

## Schedule

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### ■ 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



# Los Angeles Community Choice Energy

## Next Steps for Cities

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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

# Los Angeles Community Choice Energy

## Contact Information

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More information/documents can be found at:  
[lacounty.gov/sustainability](http://lacounty.gov/sustainability)