



Legislation Text

File #: ORD 17-0022, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Anne McIntosh, Community Development Director
Dana Murray, Environmental Programs Manager

SUBJECT:

Introduction of Ordinance No. 17-0022 Authorizing the Implementation of a Community Choice Aggregation (CCA) Program in the City; Adoption of a Resolution Approving the Execution of a Joint Powers Agreement (JPA) to Establish the Los Angeles Community Choice Energy (LACCE) Program Within the City; and Appointing a City Director and Alternate Director to Represent the City (Community Development Director McIntosh).

INTRODUCE ORDINANCE NO. 17-0022

(PLEASE NOTE THAT THE APPOINTMENTS TO THIS BOARD WILL BE CONSIDERED DURING AGENDA ITEM NO. 14)

RECOMMENDATION:

It is recommended the City Council:

1. Introduce an enabling Ordinance approving a Joint Powers Agreement to join the Los Angeles Community Choice Energy (LACCE) Joint Powers Authority, and implementing a Community Choice Aggregation program that provides electricity citywide; and
2. Appoint one City Councilmember to serve on the Los Angeles Community Choice Energy Authority Board on behalf of the City; and
3. Appoint alternate Boardmembers: One City Councilmember or City Staff to serve as alternate to take the place of the primary appointment when he/she is unavailable, and one City Staff to serve as second alternate to take the place of the primary appointment and first alternate when they are unavailable.

City Council Appointments to the LACCE Board will be made under Item 14 in the Agenda.

FISCAL IMPLICATIONS:

There is no fiscal impact to the City associated with introducing the enabling Ordinance to implement

a CCA and approving the LACCE JPA. As a separate legal entity, LACCE will operate independently and indemnify and hold its member cities harmless from liability that may result from its operation. If at a future date the City wishes to terminate its membership with LACCE, it may do so as long it provides 180-day notice. Any termination initiated by the City may be subject to costs or liabilities associated with any power purchased to serve City customers prior to the notice of departure. For example, if LACCE has purchased power as part of a multi-year contract to serve City customers, the City would be responsible for any difference in the contract price and the price LACCE resells the unused power for, if any.

BACKGROUND:

California Assembly Bill 117 passed in 2002, established the ability for local governments to form a non-profit Community Choice Aggregation (CCA) organization to purchase electricity from power producers for sale to their constituents. More than 70 cities and counties in California have already joined seven CCAs. A CCA:

- Negotiates wholesale rates for electricity through contracts with power producers.
- Takes control of decision making regarding sources of electrical power to achieve sustainability goals, such as the reduction of Greenhouse Gas (GHG) emissions.
- Provides customers with an alternative to Southern California Edison (SCE) when selecting their electricity provider.
- Sets customer rates that may be lower than SCE.
- Develops energy programs to achieve their objectives.

Participation in LACCE supports the City's Strategic Goal to "Enhance, Preserve, and Protect the Environment and Health of Our Beach Community." The City has a goal to reduce its GHG emissions, and a long history of supporting efforts that lead to climate protection. Community Choice is a tool local government can use to meet GHG emissions reduction goals. Further, joining LACCE would give the City an opportunity to offer its citizens a renewable alternative to meet their electricity needs.

On June 17, 2014 City Council voted to oppose AB 2145 because the legislation would make it difficult for local governments to pursue Community Choice energy programs as an alternative to traditional utility power generation. The City of Manhattan Beach sent an additional opposition letter in August 2014, stating its continued opposition to AB 2145 and its amendments. The proposed bill did not pass, and the original legislation enacting Community Choice programs remains in place.

On October 21, 2014, the City Council unanimously adopted a resolution to authorize staff to participate in the pre-development exploration and feasibility phase of Community Choice Aggregation in Manhattan Beach.

In September 2016, the LA County Board of Supervisors approved a motion to conduct negotiations with interested cities to form a LACCE Joint Powers Agreement (JPA). The LACCE JPA will govern, operate, and be liable for the LACCE program. It will have its own staff and will report to a board of directors made up of representative members of the JPA. Cities have a 180-day window (June 27 through December 27, 2017) to join the JPA and secure their own enabling CCA ordinance. Those cities that do not meet the deadline may still join at a later date, but will not have the same membership privileges that cities who meet the deadline will have.

On October 3, 2017, City Council received a status update on CCA programs the City Council directed staff to bring back an enabling ordinance to implement a CCA, to approve the Joint Powers Agreement to join the Los Angeles Community Choice Energy Authority CCA (LACCE), and to appoint a City Council Member and up to two alternates to serve on the LACCE Board on behalf of the City.

DISCUSSION:

Joining LACCCE would shift more of the City's utility source generation to clean renewable energy, thereby reducing its overall greenhouse gas emissions and better position the City to achieve renewable energy goals. It would allow Manhattan Beach to join other regional jurisdictions in helping the State achieve its goals to power 50 percent of the state's electricity consumption using renewable energy by 2030 and help lessen the public health impacts of air pollution.

Once Manhattan Beach joins LACCE, all its residents and businesses are automatically enrolled in the CCA program. However, residents can opt out of LACCE and return to receiving power generated from SCE's portfolio at any time.

LACCE will negotiate contracts for power supply and offer renewable electricity at competitive rates, while SCE will deliver that power through its existing utility lines. SCE continues to bill the customer, maintain power lines, and handle new service requests and emergencies; and customers will continue to pay SCE's distribution rate. Customers will see no change how they receive their electricity bills from SCE, although it will likely be lower under the LACCE program. The date that the LACCE program begins actually purchasing power will depend on the California Public Utilities Commission's (CPUC) acceptance of the LACCE Implementation Plan and the time needed for Southern California Edison to transfer its customer accounts to LACCE. LA County anticipates that a phased rollout will occur no later than January 2018, with priority given to municipal members and followed by large commercial and industrial facilities, and finally to all other LACCE customers.

LACCE Joint Powers Agreement (JPA)

The LACCE JPA was drafted and circulated for input and comment by 56 participating cities who actively participated in County-lead JPA review meetings. The recitals contained in the final version of the LACCE JPA are all-encompassing and meet the objectives of all 56 cities and those interests of the LACCE JPA are all-encompassing and meet the objectives of all 56 cities and those interests expressed by environmental and labor groups. The County Board of Supervisors approved the final version of the LACCE JPA during their meeting of April 18, 2017.

LACCE Board Appointment

Currently, the LACCE Board meetings have been held on the first Thursday of each month in the afternoon. The JPA allows each member city to occupy one seat on the LACCE Board by appointing one primary Council Member and up to two alternates to fill in for the primary when unavailable. Although the JPA allows for up to two alternates, due to potential Brown Act implications, it is recommended that a maximum of only one other City Council Member be selected as an alternate in this case. Therefore, the composition of the alternates may be one Council Member and one non-Council Member (i.e. City staff); or the alternates may consist of two non-Council Members.

PUBLIC OUTREACH/INTEREST:

Most recently, the City provided information on CCAs, and specifically LACCE, to the the public while

tabling at two Manhattan Beach Farmer's Markets in October 2017. Prior to program launch, a CCA program must perform the required noticing to the community regarding the options and incentives available by participating in the program and allow for members of the community to opt out if desired. The City of Manhattan Beach will work in conjunction with LACCE to ensure that the community is well-informed and up-to-date on the process.

Public outreach on this topic actually began several years ago, however. On March 29, 2014, the City hosted a community forum as part of its Earth Hour initiative to discuss options that would bring the City of Manhattan Beach to 100% renewable energy by 2025. One of the options presented by a representative from Sonoma County was Community Choice Aggregation. The topic was well received by the community, with over 100 members in attendance.

ENVIRONMENTAL REVIEW

Implementation of LACCE would shift the percentage of the City's utility source generation to clean renewable energy, thereby reducing its overall greenhouse gas emissions and better positioning the City to achieve some of its Climate Action goals. It would allow Manhattan Beach to join other regional jurisdictions in helping the State achieve its goals to power 50 percent of the state's electricity consumption using renewable energy by 2030 (according to the California Air Resources Board). In addition, fewer emissions created from clean energy generation in the Los Angeles region lessens the public health impacts of air pollution, which is particularly harmful to young children, the elderly, and individuals with respiratory diseases or asthma (Centers for Disease Control and Prevention).

LEGAL REVIEW

Special Counsel Approved as to Form the Los Angeles County's Joint Powers Agreement and Ordinance.

Attachment/Attachments:

1. Ordinance No. 17 -0022
2. October 3, 2017 - Update on Various Community Choice Aggregation Programs that Enable Cities to Purchase Electricity from Renewable Energy Sources
3. LACCE FAQs
4. LACCE Overview for Cities