



Legislation Text

File #: 20-0123, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Carrie Tai, AICP, Community Development Director
Dana Murray, Environmental Sustainability Manager

SUBJECT:

Consider Request by Mayor Hersman and Councilmember Stern to Revisit the Default Renewable Energy Tier for Power Customers Under the Clean Power Alliance of Southern California (Community Development Director Tai).

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Staff recommends the City Council discuss and provide direction regarding the request by Mayor Hersman and Councilmember Stern to consider changing the default tier for residential and commercial power accounts under the Clean Power Alliance.

FISCAL IMPLICATIONS:

There are no fiscal implications associated with the recommended action.

BACKGROUND:

The Clean Power Alliance of Southern California (CPA) is a nonprofit entity and a community choice energy (CCE) program, formed through a Joint Powers Authority (JPA). The JPA is made up of 31 public agencies across Los Angeles and Ventura counties, working together to bring affordable, clean energy to our communities.

CPA purchases clean power and sells it to customers, while Southern California Edison (SCE) is responsible for delivery, billing, and for resolving any electricity service issues. The CCE program allows government agencies to buy and generate clean electricity for their residents and businesses by creating a partnership between the municipality and the existing utility provider. Public entities who are part of the CPA have the option to purchase up to 100% renewable/clean electricity - such as solar, wind, bioenergy, geothermal, and hydroelectric - at competitive rates, which helps communities achieve their climate action goals and reduce greenhouse gas emissions. This enables municipalities to buy power from cleaner renewable sources while still using existing utilities (e. g. SCE) to deliver clean electricity to customers.

In December 2017, City Council unanimously approved a motion to become a member of the CPA. Each of the CPA Member Agencies has discretion to select the Default Rate Product (Default) for the

customers in their respective jurisdictions. Prior to service launch, each Member Agency selected a Default Rate. On February 20, 2018, City Council selected the 50% renewable energy tier offered by CPA to power customers (residents and businesses) in the City. The Default established the energy rate product that every customer was automatically enrolled in, unless the customer affirmatively opted to a different rate product or opted-out of CPA service all together.

Although CPA's Joint Powers Agreement contemplates that each Member Agency may change its individual Default Rate Product, the Joint Powers Agreement does not specify a process. A change in the Default Rate Product will impact CPA's fiscal, energy procurement, operational, and customer communication activities, and CPA needs to appropriately plan for these changes. CPA's current rate product options are:

- Lean Power, which provides 36% renewable energy content at a 1-2% discount as compared to SCE base rates
- Clean Power, which provides 50% renewable energy content at a 0-1% discount as compared to SCE base rates
- 100% Green Power, which provides 100% renewable energy content at a 7-9% premium as compared to SCE base rates

In October 2019, the City of Malibu became the first CPA jurisdiction to decide to change its Default when its City Council voted to change its community-wide Default from Clean Power (50%) to 100% Green Power. CPA anticipates that more jurisdictions may also decide to change their Default from their original selections; thus, on February 6, 2020, the CPA Board of Directors approved a Policy for Changes to Default Rate Products. The policy is provided as an attachment. This policy describes the requirements for advance notice by CPA member agencies, customer communications, default transition timeline, and the applicability and frequency of default changes.

For Default product changes to take place in 2020, jurisdictions must notify CPA no later than April 1, 2020. Notification can be provided via email to CPA staff. CPA will implement any change to the Default Rate Product in the month of October following the Member Agency's notification to CPA of the Member Agency's Default Rate Product change pursuant to the attached policy. The transition will take effect on the individual customer's first meter-read date in October 2020.

CPA will notify customers subject to a Member Agency's Default Rate Product change. CPA will lead, with support from the Member Agency, the development and dissemination of customer notices. Any customer accounts subject to a Member Agency's Default Rate Product change shall be sent a minimum of two notifications. A minimum of one notice shall be sent prior to the change going into effect. In addition to the two required notices referenced in Section 4.a. in the attached policy, CPA will coordinate with a Member Agency who wishes to develop and distribute additional customer notices and conduct additional communications such as on-bill messaging, bill inserts, social media campaigns, jurisdictional newsletters, etc. CPA will cover the cost of the required customer notices for the Member Agency's first Default Rate Product change. A Member Agency may change its Default Product no more than one time every two years. A customer may take an Opt Action at any time by notifying CPA.

Pursuant to the Brown Act, the City Council cannot discuss items not on an agenda unless under

limited circumstances. The City Council has developed a process to allow individual Councilmembers to request, with the support of another Councilmember, that items be placed on a future agenda for City Council discussion. At that future meeting, the item is identified on the agenda in full compliance with the Brown Act. Discussion allows an opportunity to the public to provide input and the City Council, as a body, to decide whether City resources (staff time, etc.) should be incurred to present a more comprehensive report at a third City Council meeting. The process:

STEP ONE: During “Future Agenda Items,” a Councilmember may request that an item be placed on the agenda. On February 18, 2020, a Councilmember requested that this item be placed on a future agenda, and a second Councilmember concurred.

STEP TWO: The item was thus placed on this agenda. After discussion, the City Council has the following options: a) Receive and File the report; b) Provide direction to staff; c) Continue the item to a future date.

STEP THREE: If City Council chooses option b) in Step Two above, staff recommends that the City Council discuss and vote on a possible change to the default CPA tier for residential and commercial power customers in the City.

DISCUSSION:

At the request of Mayor Hersman and Councilmember Stern at the February 18, 2020, City Council meeting, staff has placed this item on the agenda for further discussion. Staff recommends that the issue be discussed and voted on by City Council on March 17, 2020.

ATTACHMENT:

1. Policy for Changes