



Legislation Text

File #: 20-0235, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Carrie Tai, Community Development Director
Steve S. Charelian, Finance Director
Dana Murray, Environmental Sustainability Manager

SUBJECT:

Receive Update on Clean Power Alliance 100% Green Power Renewable Energy Rates for Municipal Facilities (Community Development Director Tai).

RECEIVE REPORT

RECOMMENDATION:

Staff recommends that the City Council receive an update on the rate estimates associated with the return of 38 City energy accounts to Clean Power Alliance at the 100% Green Power tier.

FISCAL IMPLICATIONS:

The costs associated with the 38 City energy accounts returning to the Clean Power Alliance's (CPA) 100% Green Power tier are approximately \$18,000. However, this cost will be absorbed by savings realized in utility budgets elsewhere due to reduced consumption in municipal facilities resulting from public health closures and recent energy efficiency upgrades (LED ballfield lighting conversions, LED streetlight conversions, etc).

SUMMARY:

The City currently has 151 energy accounts. In May 2019, the City Council adopted Resolution 19-0048 to enroll all City energy accounts into the Clean Power Alliance (CPA) at the 100% Green Power tier. When unanticipated rate increases related to streetlights were announced at CPA's June 2019 Board Meeting, the Mayor, as the primary representative to CPA, directed that the City opt 38 affected accounts out of CPA until rates stabilized. At the same time, the City was in the midst of a streetlight acquisition from Southern California Edison (SCE), resulting in added uncertainty about estimated rates to the City.

In February 2020, the City Council requested that staff provide an update on rate estimates for the CPA 100% Green Power tier for the 38 City energy accounts. The City has since completed the streetlight acquisition from SCE, enough time has passed so rates have stabilized, and an accurate cost estimate is now available.

BACKGROUND:

Since 2017, the City of Manhattan Beach has been a founding Board Member and partnering jurisdiction in the CPA, formerly known as the Los Angeles Community Choice Energy Program (LACCE). CPA includes 32 public agencies across Los Angeles and Ventura counties, working together to bring affordable, clean energy to member communities. Community Choice Energy, also known as Community Choice Aggregation (CCE or CCA), is an association of local governments who procure electricity themselves instead of buying power from the local utility. More than 100 cities and counties in California have already joined CCAs. CPA is the largest CCA program in California.

Joining a CCA allows a city to advance sustainability goals by buying more renewable power than the utility standard, saving residents on their monthly bill with lower rates, and creating local jobs. 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 an investor-owned utility when selecting their electricity provider.
- Sets customer rates that may be lower than investor-owned utilities.
- Develops energy programs to achieve their objectives.

CPA purchases clean power and sells it to customers, while SCE is responsible for delivery, billing, and resolving any electricity service issues. Public agencies who are part of 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 cities achieve their climate action goals and reduce GHG emissions. CPA currently offers customers three energy tiers: 36% Lean Power, 50% Clean Power, and 100% Green Power. The SCE rate is equivalent to CPA's 50% Clean Power rate.

Participation in CPA supports the City's 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. CCAs are a tool local governments can use to meet GHG emissions reduction goals. Further, joining CPA has given Manhattan Beach the opportunity to offer its citizens a renewable alternative to meet their electricity needs. Through CPA, the City has committed to shifting 100% of the City's municipal utility source generation to clean renewable energy, thereby reducing its overall GHG emissions and better positioning the City to achieve renewable energy goals. It has also allowed Manhattan Beach to join other regional jurisdictions in helping the State achieve its clean energy goals while helping lessen the public health impacts of air pollution.

History of Community Choice Energy in Manhattan Beach

Following several years of analysis and public discussions about Community Choice Energy programs (Attachment), the City Council passed an ordinance in December 2017 to implement a CCA in Manhattan Beach and authorized the Mayor to execute a Joint Powers Agreement (JPA) to join the CCA that later became Clean Power Alliance of Southern California.

In February 2018, City Council approved the initial default renewable energy rate at the 50% Clean Power tier for residents, businesses, and municipal accounts, recognizing the opportunity to opt up the tier to 100% Green Power tier in the future.

Municipal Facilities in Manhattan Beach

In May 2019, City Council decided to commit to powering municipal facilities with 100% clean, renewable energy by opting the City's 151 municipal energy accounts up from 50% Clean Power to the 100% Green Power tier. At the time, moving the City's energy accounts to 100% Green Power was anticipated to cost up to \$100,000 annually.

DISCUSSION:

The City's acquisition of streetlights from SCE has been completed and reflected in the City's energy bills. This has enabled calculating premium rate estimates for returning the affected 38 power accounts back to CPA in the 100% Green Power tier. The rate estimates were based on City facility energy usage for July 2019-June 2020.

In May 2019, the City Council approved budgeting up to \$100,000 to shift all City accounts from 50% Clean Power to 100% Green Power. The current rate premium estimate the City has received from CPA is approximately \$82,000/year for all municipal accounts to be at 100% Green Power. Based on rate analyses and energy usage, the rate increases in July 2019 did not exceed the initial May 2019 estimates for the cost of municipal electricity. For the 113 City accounts that are currently on CPA's 100% Green Power Rate, the estimated annual premium is \$34,999. For the 38 affected accounts (TOU-PA, GS-3, and lighting) returning to the CPA 100% Green Power tier, the estimated premium is \$47,002 annually. In the past year, rates have stabilized, and some have gone down, resulting in a lower annual premium for CPA's 100% Green Power tier than initially estimated in May 2019. The updated financial rate estimate premiums are included as an attachment. As with all changing energy rates, these estimates do not reflect any future rate changes that could occur in 2021.

The best estimated cost for returning the 38 accounts to CPA 100% Green Power tier is roughly \$18,000 for FY 2020-2021. After reviewing the City's electricity budget for FY 2020-2021, the Finance Department estimates that the budget will be able to absorb the additional \$18,000. In addition, the budget for electricity was based on an estimate that did not include savings from lowered electricity use at City Facilities during COVID-19 or from energy efficiency improvements such as LED facility, streetlight, and field light retrofits by Public Works occurring this year and resulting in reduced energy usage.

Staff recommends that Council receive the update on rate estimates for the 38 City energy accounts returning to the CPA 100% Green Power tier. According to the City's most recent GHG Emissions Inventory report from April 2019, about 44% of the City's emissions come from electricity used in City buildings, facilities, and streetlights (1,795 metric tons of CO2 emitted annually). Now that the streetlight acquisition is completed and more accurate rates could be estimated from City energy bills, the City is able to re-enroll the 38 energy accounts back to CPA. Based on the 6-month notice required by SCE, the change would take effect in February 2021. This will result in all City facilities, including City-owned streetlights, facility lights, air conditioning, park lights, EV chargers, etc. will once again run on 100% renewable energy, cutting the City's Municipal GHG emissions by more than 40%. This action is in direct alignment with City initiatives to reduce GHG emissions, develop climate adaptation strategies, and create a climate resilient community.

PUBLIC OUTREACH:

The City has provided information on municipal energy rates at 100% Green Power to the public at the May 2019 City Council meeting, and in August 2019. The City continues to work in conjunction with CPA to ensure that the community is well-informed and up-to-date on CPA. Please see the

attached summary of public outreach on CPA in Manhattan Beach. Concurrently, staff regularly updates the City's website with information about CPA at www.citymb.info/cleanpoweralliance [<http://www.citymb.info/cleanpoweralliance>](http://www.citymb.info/cleanpoweralliance). The public can find up-to-date information on Clean Power Alliance's website www.cleanpoweralliance.org [<http://www.cleanpoweralliance.org>](http://www.cleanpoweralliance.org), through monthly public Board Meetings, through the CPA customer service call line 888-585-3788, or by emailing customerservice@cleanpoweralliance.org [<mailto:customerservice@cleanpoweralliance.org>](mailto:customerservice@cleanpoweralliance.org).

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Resolution 19-0048
2. Brief History (Community Choice Energy & Clean Power Alliance in MB)
3. Public Outreach on Clean Power Alliance
4. Annual Rate Analysis Premium for Manhattan Beach