



## REPORT TO CITY COUNCIL

**DATE:** FEBRUARY 14, 2018

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** GREG RAMIREZ, CITY MANAGER 

**BY:** LOUIS A. CELAYA, DEPUTY CITY MANAGER 

**SUBJECT:** CLEAN POWER ALLIANCE REQUEST – SELECTION OF DEFAULT RENEWABLE RATE TIER

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On February 5<sup>th</sup>, the City received a request from the Clean Power Alliance (Alliance), formally the Los Angeles Community Choice Energy, for member cities to select a preliminary, non-binding indication as to what default Renewable Rate Tier they wish to set. The Alliance is looking for a preliminary selection by February 16, with a final determination to be made by March 1, 2018. As you recall when the Alliance began the Community Choice Aggregation program, the initial renewable energy rate tiers available started at 33%, 50% and 100%. The Alliance staff and consultants are recommending increasing the base tier from 33% to 36% renewable in order to stay ahead of Southern California Edison (SCE), who are expected to be at 34% renewable levels in 2018. The default offering tiers would then be 36%, 50%, 100% respectively.

As discussed at their February 1, 2018, Alliance Board meeting, Alliance staff and the consultants need members to indicate their preliminary selection by February 16, 2018, with their final selection by March 1, 2018. Having this information will allow the Alliance to understand the overall program profile and begin procuring energy resources so that the Board can set rates at its April meeting.

Attached is a memorandum from the Alliance which provides more in-depth information on the request and net bill discount information from SCE plans. If the City Council elects to accept the recommendation of the Alliance staff, the default renewable offering tiers would begin at 36%, 50%, 100%, respectively when the program is rolled out in Agoura Hills. Residents, as before, will have the option to opt-out of the program entirely and stay with SCE, or elect to participate at higher tiers.

### RECOMMENDATION

Staff respectfully recommends the City Council provide direction to staff on the default renewable rate tier offering request, and direct staff to advise the Clean Power Alliance staff of its decision.

Attachment: Clean Power Alliance – February 5, 2018 Memorandum (Selection of default Renewable Rate Tier)

# CLEAN POWER ALLIANCE

DATE: February 5, 2018

TO: Clean Power Alliance Board Directors

FROM: Gary Gero

SUBJECT: Selection of Default Renewable Rate Tier

## Background

Within the Clean Power Alliance (CPA) structure, each individual city and county member has the authority to set the default renewable energy tier that will be offered to residents and businesses within their jurisdiction. The method by which each member makes this determination is entirely within their own city's purview as there are no legal requirements governing this selection.

As discussed at the February 1, 2018 Board meeting, staff and our consultants need members to indicate their preliminary selection by February 12, 2018 and make their final selection by March 1, 2018. Having this information will allow us to understand the overall program profile and begin procuring energy resources so that the Board can set rates at its April meeting.

However, we have now learned that SCE estimates its base renewable energy percentage for 2018 to be 34%. Therefore, we intend to ask the Board to approve that the base product for 2018 be 36% instead of the 33% previously approved. When deciding on your default offering, therefore, the three tiers would be 36%, 50%, and 100%.

## Discussion

Each CPA member will need to select one of three renewable energy tiers as the default product into which their residents and businesses will automatically be enrolled. This default product is the product that customers will receive if they do not make any opt-out, opt-up or opt-down selections. The three products are:

Clean Power Alliance Plan	Net Bill Discount from SCE Standard Plan	Net Bill Discount from SCE Comparable Plan
36% Renewable	4%	4%
50% Renewable	3%	12%
100% Renewable	-7%	10%

The Clean Power Alliance is the Community Choice Energy program for the counties of Los Angeles and Ventura and the cities of Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Camarillo, Carson, Claremont, Culver City, Downey, Hawaiian Gardens, Hawthorne, Malibu, Manhattan Beach, Moorpark, Ojai, Paramount, Rolling Hills Estates, Santa Monica, Sierra Madre, Simi Valley, South Pasadena, Temple City, Thousand Oaks, West Hollywood, and Whittier.

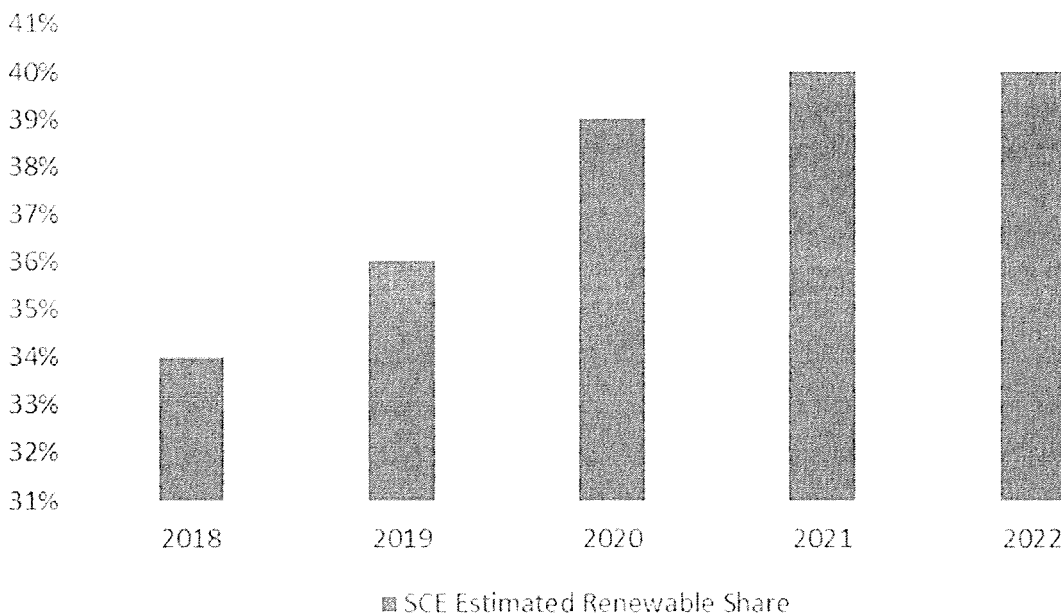
If a city or county selects 36% renewable as its default tier, then the customer would automatically be enrolled in the 36% renewable product unless the customer opts-up to either the 50% renewable or 100% renewable products or the customer opts-out to stay with SCE.

On the other hand, if the default product is set to 50% renewable, then the customer would automatically be enrolled in the 50% renewable product unless the customer opts-up to the 100% renewable products, opts-down to the 36% renewable product or the customer opts-out to stay with SCE.

Finally, if the default product is set to 100% renewable, then the customer would automatically be enrolled in the 100% renewable product unless the customer opts-down to either the 36% renewable or the 50% renewable products or the customer opts-out to stay with SCE.

It is important to note that the base 36% Renewable product, and the rates necessary to support it, will increase each year to stay ahead of Southern California Edison’s percentage of renewable energy (see figure 1 below) so that CPA’s lowest offering is always slightly greener than SCE’s. For instance, in 2019 it may be 38% and in 2020 it may be 42% since the comparable SCE renewable percentage for those years is expected to be 36% in 2019 and 40% in 2020. As such, the rate will similarly adjust slightly upwards each year to reflect the increasing level of renewable energy provided. On the other hand, the 50% and 100% Renewable will allow the CPA members to keep the initially default renewable percentage constant for several years which will mean that these customers will have greater rate stability.

Figure 1: SCE Annual Percentage of Renewable Energy



**Selection of Default Product**

As part of the process towards launch of Phases 2 and 3, CPA staff are requesting a preliminary non-binding indication of the likely default choice for each member community by February 12, 2018. We are also asking for final binding commitments by March 1, 2018. Please provide your preliminary and final responses by email to Gary Gero at [ggero@ceo.lacounty.gov](mailto:ggero@ceo.lacounty.gov) with a copy to Ellen Dux at [ellen@lacce.org](mailto:ellen@lacce.org).

## **Appendix A**

### **Frequently Asked Questions**

#### **Will all customers in the City get the same default tier?**

Yes, unless the customer opt-up, opt-down or opt-out.

#### **Is there any coal or nuclear power in my power?**

CPA will not sign any contracts that include energy from coal or nuclear power resources.

#### **Why does the city need to make this decision?**

CPA will launch your non-residential loads in June of 2018. In anticipation of this launch, CPA needs to know what kind and how much of each type of power the cities need so adequate amounts can be purchased for future use by the cities.

#### **Can my city change the default option in the future?**

Yes, we expect that we will ask cities once a year if they would like to change their default option.

#### **What types of default product options do the other CCA's offer?**

The other CCA's have offerings similar to the ones being offered CPA, though some do not offer a base (36%) tier but start at 50%. See Appendix B for a chart of CCA offerings.

#### **Does the CPUC or SCE have to approve these default options**

No, this selection only needs to be approved by your city.

#### **Are the rates noted in this memo the final rates for service starting in June 2018?**

No, the stated rates are indicative based upon CPA's best estimates of future power costs. Final rates will not be known until power contracts are finalized for 2018 deliveries. These power contracts and final rates should be completed by April 2018 for approval by the CPA Board. But it is very likely that final rates will offer the same percentage differences as should in the indicative rates included in the attached memo.

#### **Can our city change its mind on the selection of default product options between our initial February 15 submission and the final determination at the March 1, 2018 CPA Board meeting?**

Yes.

#### **How long will this rate comparison between CPA and SCE hold?**

SCE changes rates annually at the beginning of the year. In addition, additional smaller rate changes can occur during the year. However, it is expected that this rate comparison will hold until January 2019, at which time it is likely that both SCE and CPA will change rates.

**Are CPA customers still eligible for SCE programs, such as energy efficiency and renewable energy incentive programs?**

Yes, CPA customers remain eligible for SCE rebate programs since those are funded by Public Purpose Program fees. Those fees will still be paid on SCE bills as part of the SCE transmission and distribution portion of the bill.

**If a customer has solar panels and is on a net energy metering rate, will they still get that rate when enrolled in the CPA program?**

Yes, CPA will offer Net Energy Metering rates that are the same or better than those currently offered by SCE.

**Are CPA customers still eligible for CARE, FERA and Medical Baseline discounts?**

Yes. CARE, FERA and Medical Baseline is available to CPA customers as well as SCE customers and provides the same discount regardless of enrollment with CPA or SCE. Customers enrolled in CPA continue to receive their CARE, FERA and Medical Baseline discount within their SCE delivery charges; there is no need to reapply with CPA. New CARE, FERA and Medical Baseline enrollments or renewals must still be done through SCE's customer service center or website.

**How will CPA procure power to meet the selected Default Products?**

CPA will have short and long-term contracts with a variety of power suppliers to meet the energy needs of the CPA customers. The exact proportion of renewable resources varies with time, based on demand and availability. CPA will provide detailed information about the power supply in the annual Power Content Label reporting.

**How can the City be sure that CPA is actually procuring 36%, 50% or 100% renewable energy on the customer's behalf?**

CPA is required to report to the California Public Utilities Commission and California Energy Commission on an annual basis to verify the amount of renewable energy delivered to our customers. This is the same standard used by other California utilities, such as SCE, for verification purposes.

Appendix B

Product Offerings by CCAs

	Product 1	Product 2	Product 3
<b>Clean Power Alliance</b>	36% Renewable	50% Renewable	100% Renewable
<b>SCE Service Area</b>			
<b>Apple Valley Choice Energy</b>	Core Choice (36% Renewable)	More Choice (50% Renewable)	
<b>Lancaster Choice Energy</b>	Clear Choice (36% Renewable)	Smart Choice (50% Renewable)	
<b>Pico Rivera Innovative Municipal Energy</b>	PRIME Power (50% Renewable)	Prime Future (100% Renewable)	
<b>PG&amp;E Service Area</b>			
<b>CleanPowerSF</b>	Green (40% Renewable)	Super Green (100% Renewable)	
<b>East Bay Community Energy</b>	Bright Choice (More Renewable than PG&E)	Brilliant 100 (100% Renewable)	
<b>Marin Clean Energy</b>	Light Green (50% Renewable)	Deep Green (100% Renewable)	Local Green (100% Local Renewable)
<b>Monterey Bay Community Power</b>	MBChoice (30% Renewable)	MBGreen+ (Customer Choice renewable share)	MB Share (Donate to low income and local GHG reduction)
<b>Peninsula Clean Energy</b>	ECOplus (50% Renewable)	ECO100 (100% Renewable)	
<b>Redwood Coast Energy Authority</b>	REPower (42% Renewable)	REPower+ (100% Renewable)	
<b>Silicon Valley Clean Energy</b>	Green Start (50% Renewable)	Green Prime (100% Renewable)	
<b>Sonoma Clean Power</b>	Clean Start (42% Renewable)	EverGreen (100% Renewable)	