

REPORT TO CITY COUNCIL

DATE: NOVEMBER 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: NATHAN HAMBURGER, CITY MANAGER

BY: LOUIS CELAYA, DEPUTY CITY MANAGER

SUBJECT: DISCUSSION OF DEFAULT ENERGY CHANGE 2021 – CLEAN POWER ALLIANCE (CPA)

At the April 22, 2020, City Council meeting, the City Council discussed the possibility of switching the current energy default tier (Lean Power - 36%) with the Clean Power Alliance (CPA) to next tier levels of Clean Power (50% renewable energy) or Green Power (100% renewable energy). As the COVID-19 pandemic was in its initial stages with future impacts unknown, the City Council elected to reconsider this discussion when COVID-19 crisis had concluded or there was more certainty. This item is being presented due to that fact. The next default consideration period is underway with notification from member agencies to CPA on their desire to switch default energy tiers due by January 1, 2021.

Under the current Lean Power (“Lean”) program, the residential and business accounts receive an estimated cost saving of -1% compared to Southern California Edison (SCE) base rates. Under the Clean Power (“Clean”) renewable rate option (50%), CPA estimates that residential and business customers would still see a minor cost increase of 0.1%, depending on rate tier and usage.

For the average residential and business customers, the table below demonstrates average monthly impacts (average monthly bill) the residential or commercial customer could realize under the tier scenarios per CPA staff

Lean (Residential)	Clean (Residential)	Green (Residential)
1% Decrease	0.1% Increase	7.3% Increase
\$117.65 – Average Monthly Bill	\$118.67 – Average Monthly Bill	\$127.38 Average Monthly Bill
Lean (Commercial)	Clean (Commercial)	Green (Commercial)
1% Decrease	0.1% Increase	8.2% Increase
\$189.94 – Average Monthly Bill	\$191.80 – Average Monthly Bill	\$207.58 - Average Monthly Bill

The City currently is realizing an estimated -1% cost savings for its facilities, parks, medians, and traffic signals accounts while currently enrolled with CPA in the Lean tier. A review of the City accounts, as presented by CPA, currently shows the City annually spends an estimated \$169,283 at its current default tier. For the Clean tier (50% renewable energy) CPA staff estimates the City will realize a small cost increase of approximately 0.1% (\$1,643), bringing the estimated total annual expenditure to an estimated \$170,926. At the Green Power ("Green") renewal rate (100%), CPA estimates a 9% cost increase (\$15,632), bringing the estimated annual expenditure to \$184,915.

If the City elects to change its current renewable tier to a higher tier level, residential and business customers will still have the option to "opt out" and return to SCE. CPA would once again follow their standard notification process and to advise both residential and commercial customers of the change and the ability to opt out. Additionally, it should be noted those previous customers who elected to opt out during the first transition from SCE to CPA, will not need to once again elect to opt out, as their prior election will remain.

Finally, CPA staff has advised if the City elects to move into the Green renewable option, (100%), CPA does offer low-income incentives for those customers who qualify, whereby there will be no price increase to those customer billings. CPA will absorb those costs. However, it should be noted that this low-income incentive option is not available in the Clean renewable (50%) tier option.

As the City Council is aware, the COVID-19 pandemic continues with future recovery impacts still unknown. As presented previously, should the City Council elect not to consider this rate tier change this year, this item could again be reconsidered in the 2021 calendar year to meet the January 1, 2022, notification deadline. It should be noted that two CPA member cities, Malibu and Sierra Madre, switched their default rate to the Green (100%) tier, effective October 2020. Currently the other neighboring cities of Calabasas and Westlake Village remain in the Lean tier (36%).

RECOMMENDATION

City staff is seeking direction from the City Council on the following options:

- 1) Take No Action
- 2) Direct City Staff to Notify CPA to Change the City's Current Energy Default Rate Lean (36%) to Clean (50%), effective October 1, 2021, and direct staff to work with CPA staff on the notification process
- 3) Direct City Staff to Notify CPA to Change the City Current Energy Default Rate Lean (36%) to Green (100%), effective October 1, 2021, and direct staff to work with CPA staff on the notification process

CPA Member Agency Default Selections



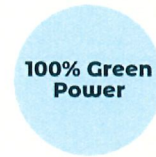
36% Renewable Energy

1. Agoura Hills
2. Arcadia
3. Calabasas
4. Camarillo
5. Hawthorne
6. Paramount
7. Simi Valley
8. Temple City
9. Westlake Village



50% Renewable Energy

1. Alhambra
2. Beverly Hills
3. Carson
4. Claremont
5. Downey
6. Hawaiian Gardens
7. Los Angeles County
Unincorporated
8. Manhattan Beach
9. Moorpark
10. Redondo Beach
11. Whittier



100% Renewable Energy

1. Culver City
 2. Malibu (*effective Oct. 2020*)
 3. Ojai
 4. Oxnard
 5. Rolling Hills Estates
 6. Santa Monica
 7. Sierra Madre (*effective Oct. 2020*)
 8. South Pasadena
 9. Thousand Oaks
 10. Ventura
 11. Ventura County
Unincorporated
 12. West Hollywood
-