



**SPECIAL MEETING AGENDA
RENEWABLE ENERGY COUNCIL**

TUESDAY, MAY 16, 2017

7:00 p.m.

Amedee O. "Dick" Richards, Jr. City Council Chambers
1424 Mission Street, South Pasadena, CA 91030



Council Chair: William Kelly

Councilmembers: Andrew Eaton, William Glauz, Kim Hughes,
Alexander Kung, Charles Li, Carl Marziali, and Daniel Snowden-Ifft
City Council Liaisons: Mayor Pro Tem Michael Cacciotti, Councilmember Richard Schneider
Staff Liaison: Jenna Shimmin, Senior Management Analyst

PUBLIC COMMENTS AND SUGGESTIONS

Time reserved for those in attendance who wish to address the Council. All attendees should be aware that the Council may not discuss details or vote on non-agenda items. Your concerns may be referred to staff or placed on a future agenda. Note: public input will also be taken during all agenda items.

BUSINESS ITEMS

- 1) Roll Call
- 2) Approval of June 13, 2016 Meeting Minutes (5 minutes)
- 3) Consider a recommendation to the City Council for South Pasadena to join the County of Los Angeles Community Choice Energy JPA (30 minutes)
- 4) Update from staff on the Renewable Energy Request for Proposals (15 minutes)
- 5) Other Business (5 minutes)
- 6) Council Communications (2 minutes)
- 7) Staff Liaison Communications (2 minutes)
- 8) Next Meeting Date (2 minutes)
- 9) Items for a Future Agenda (2 minutes)
- 10) Adjournment

STATE OF CALIFORNIA)
CITY OF SOUTH PASADENA)
COUNTY OF LOS ANGELES)

I declare under penalty of perjury, that I am an employee of the City of South Pasadena, and that I posted this Agenda on the bulletin board in the courtyard of the City Hall at 1414 Mission Street, South Pasadena on 5-11-17, as required by Law.

Date: May 11, 2017 Signature:

**SOUTH PASADENA RENEWABLE ENERGY COUNCIL
MEMORANDUM**

TO: Renewable Energy Council Members
FROM: Jenna Shimmin, Senior Management Analyst
DATE: May 11, 2017
SUBJECT: Los Angeles Community Choice Energy

The City has asked the Renewable Energy Council to make a recommendation on whether or not South Pasadena should join Los Angeles Community Choice Energy (LACCE), a new community choice aggregation program. Community Choice Aggregation (CCA), authorized in California under AB 117 (2002) and SB 790 (2011), allows local governments, including counties and cities, to purchase electricity in the wholesale power market and sell it to their residents and businesses at competitive rates as an alternative to electricity provided by an investor owned utility (IOU). CCA is not a municipal utility, as the IOU will continue to provide transmission and distribution services, power line maintenance, and even customer billing services. The goal of a CCA is to offer the local public more choices about where their energy comes from. Electricity customers in jurisdictions that become part of the CCA are automatically enrolled, but have the right to opt out and continue to get power purchased by the IOU (Southern California Edison in this case).

In California, Marin Clean Energy was the first CCA program, followed by Sonoma Clean Power. They have been able to save their customers money on electricity costs, while also providing higher levels of renewable energy content. Other areas, including Lancaster, San Francisco, and San Mateo County, have formed, or are in the process of forming, CCA programs as well.

The County of Los Angeles CCA team has formed a Task Force made up of municipal, labor, and industry stakeholders to help guide development and governance of a regional CCA. LACCE's business plan states that the program will be able to save money for customers on power that meets California's current renewable portfolio standard, while providing a product with 50 percent renewable energy content, compared to the cost from SCE. Power with a higher percentage of renewable energy content, will cost more than what SCE currently provides for a lower level of renewable energy content. Recently the LA County Board of Supervisors approved the formation of a JPA for CCA, which will be officially formed once the first city elects to join. The County will also provide up to \$10 million for a startup loan that will be recovered in the CCA rates.

The available materials describing the development of the program to date can be found at the following link: <http://green.lacounty.gov/wps/portal/green/lacce>.

Attachments:

Memo on the Updated LACCE Proforma
LACCE March 3, 2017 Public Meeting Presentation
CCA Rates and Power Supply Comparison Report
LA Times Article "Public energy programs offer lower rates — at first"

April 4, 2017

TO: Gary Gero, Matt Skolnik, Gary Saleba, Colin Cameron
FROM: Anne Falcon
SUBJECT: Updated LACCE Proforma

Introduction

You requested updated rates for two scenarios:

- Conservative participation rates based on the LACCE Business Plan
- More likely case with participation rates similar to what has been experienced by other CCAs.

In both cases, it is assumed that in Phase 1, 100% of LA County's facilities will participate in LACCE.

Updated Information

This analysis evaluates the cost and resulting rates of operating LACCE, and compares these rates to an updated rate forecast for SCE. The analysis begins with a 20-year forecast of electrical loads and customers, incorporates several power supply resource portfolio options, and allows for the sensitivity testing of input assumptions. The following information was updated from the Business Plan:

- *SCE rates and PCIA forecast* – The LACCE financial model was updated based on SCE most recent rates, including the PCIA dated January 1, 2017.
- *Loads & Participation Rates* – An additional load scenario was included which assumes 85% non-domestic and 95% domestic participation rates.
- *Power Supply Costs* – Power supply costs were updated to reflect most recent market and contract data for renewable and non-renewable resources.
- *Budget* – Budget updates based on new staffing assumptions were included.

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LACCE customers will see no obvious changes in electric service other than a lower price and increased renewable resources in their power supply resource mix. Customers will pay the power supply charges set by LACCE and no longer pay the costs of SCE power supply. In addition to paying LACCE's power supply rate, LACCE customers will pay the SCE delivery (wires) rate and all other non-power supply related charges on the SCE bill to include Franchise Fees and Utility User Taxes.

LACCE will establish rates sufficient to recover all costs related to operation of the CCE. It is anticipated that LACCE's rate designs initially will mirror the structure of SCE's rates so that rates similar to SCE's can be provided to LACCE's customers. In setting rates, the Plan's financial analysis assumes the customer phase-in schedule noted above and assumes that the implementation costs are largely financed via a start-up loan.

Updated rates are calculated based on the following power Supply scenarios:

- RPS Bundled – LACCE rates with the same share (28 percent) of renewables as SCE's current power supply.
- 50% Green Bundled Rate – LACCE rates with 50 percent renewable power.
- 100% Green Bundled Rates – LACCE rates with 100 percent renewable power

Resulting Rates

Exhibit 1 provides the updated estimated rates for each portfolio scenario for the Conservative case.

| Exhibit 1 Conservative Case Indicative Rate Comparison in ¢/kWh | | | | | |
|---|------------------|-------------------|------------------------|------------------------------|-------------------------------|
| Rate Class | Customer Type | SCE Bundled Rate* | LACCE RPS Bundled Rate | LACCE 50% Green Bundled Rate | LACCE 100% Green Bundled Rate |
| Residential | Domestic | 17.2 | 16.3 | 16.5 | 18.3 |
| GS-1 | Commercial | 16.6 | 15.8 | 16.0 | 17.7 |
| GS-2 | Commercial | 15.7 | 14.9 | 15.1 | 16.7 |
| GS-3 | Industrial | 14.2 | 13.5 | 13.7 | 15.1 |
| PA-2 | Public Authority | 12.4 | 11.8 | 11.9 | 13.2 |
| PA-3 | Public Authority | 10.8 | 10.3 | 10.4 | 11.5 |
| TOU-8 Secondary | Domestic | 12.6 | 12.0 | 12.1 | 13.4 |
| TOU-8 Primary | Commercial | 11.5 | 10.9 | 11.1 | 12.3 |
| TOU-8 Substation | Industrial | 7.5 | 7.1 | 7.2 | 8.0 |
| Total LACCE Rate Savings | | | 5.2% | 4.0% | (6.2%) |

*SCE bundled average rate based on Table 3 in Advice 3515-E-A.

Exhibit 2 provides the updated estimated rates for each portfolio scenario assuming increased participation.

| Exhibit 2 Most Likely Case Indicative Rate Comparison in ¢/kWh | | | | | |
|---|------------------|-------------------|------------------------|------------------------------|-------------------------------|
| Rate Class | Customer Type | SCE Bundled Rate* | LACCE RPS Bundled Rate | LACCE 50% Green Bundled Rate | LACCE 100% Green Bundled Rate |
| Residential | Domestic | 17.2 | 16.3 | 16.5 | 18.4 |
| GS-1 | Commercial | 16.6 | 15.8 | 15.9 | 17.7 |
| GS-2 | Commercial | 15.7 | 14.9 | 15.1 | 16.8 |
| GS-3 | Industrial | 14.2 | 13.5 | 13.6 | 15.2 |
| PA-2 | Public Authority | 12.4 | 11.8 | 11.9 | 13.2 |
| PA-3 | Public Authority | 10.8 | 10.3 | 10.4 | 11.5 |
| TOU-8 Secondary | Domestic | 12.6 | 12.0 | 12.1 | 13.5 |
| TOU-8 Primary | Commercial | 11.5 | 10.9 | 11.0 | 12.3 |
| TOU-8 Substation | Industrial | 7.5 | 7.1 | 7.2 | 8.0 |
| Total LACCE Rate Savings | | | 5.3% | 4.1% | (6.3%) |

*SCE bundled average rate based on Table 3 in Advice 3515-E-A.

LACCE customers are likely to see rates that on average are between 5.2% and 5.3% lower than SCE in the portfolio meeting RPS standards, 4.0% to 4.1% lower than SCE with 50% renewable power supply and 6.2% to 6.3% higher than SCE with 100% renewable power supply.

Los Angeles Community Choice Energy (LACCE)

Public Meeting

March 3, 2017



Los Angeles Community Choice Energy

Welcome

Gary Gero, Chief Sustainability Officer
County of Los Angeles

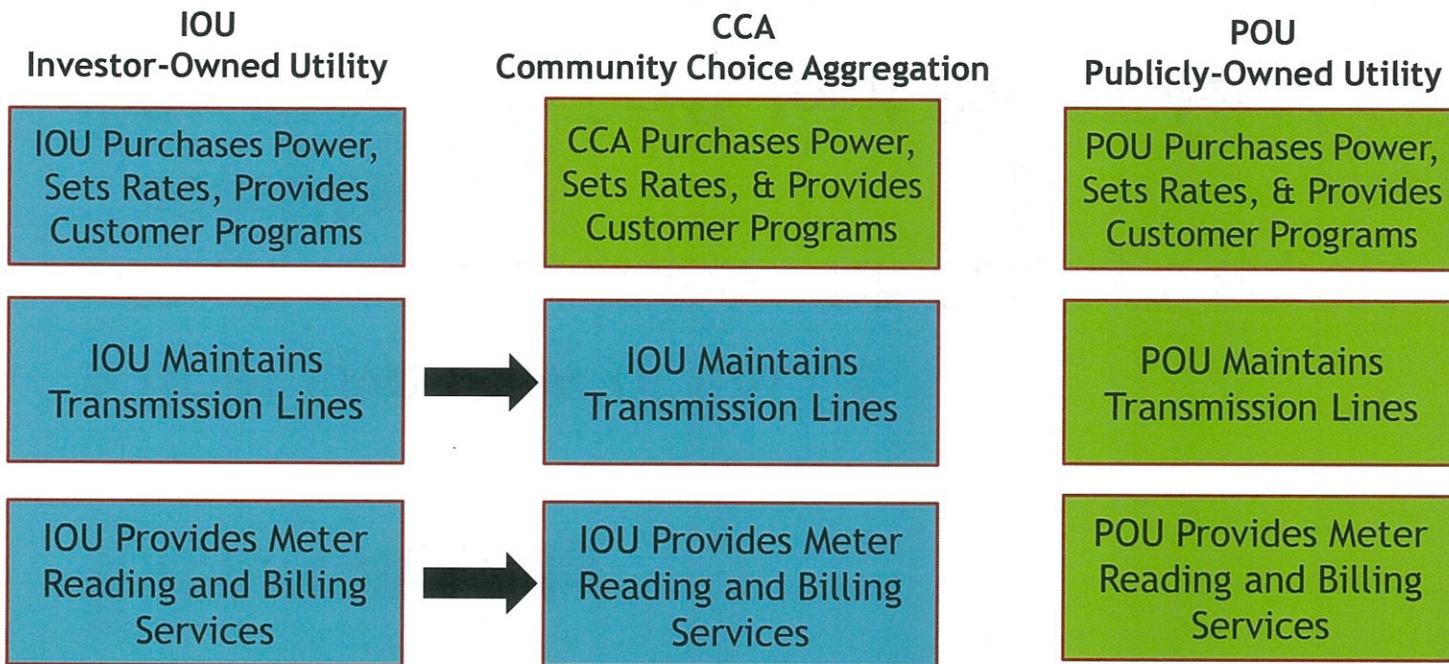
Los Angeles Community Choice Energy

Today's Agenda

- ▶ Brief Overview of LACCE
- ▶ Technical Discussion with County's expert consultants
- ▶ Review of the Draft Joint Powers Agreement
- ▶ Overview of the Schedule
- ▶ Questions & Answers

Los Angeles Community Choice Energy

Community Choice Aggregation (CCA): A Hybrid Approach to Utility Operations



Los Angeles Community Choice Energy

Potential LACCE Program Offerings

1. Green Tiers (cities may choose their own default option):
 - A. 30% renewables
 - B. 50% renewables
 - C. 100% renewables

2. Customer Programs
 - A. Net Energy Metering/Feed In Tariffs
 - B. Energy Efficiency and Demand Response
 - C. Electric Vehicle Programs
 - D. Business Development rates

3. Local Renewable Energy Resource Development /
Distributed Energy Resources (DER)

Los Angeles Community Choice Energy

LACCE Benefits: Rates

| Indicative Rate Comparison in ¢/kWh | | | | | | |
|---|------------------|------------------------|---------------|------------------------------|----------------|-------------------------------|
| Rate Class | SCE Bundled Rate | LACCE RPS Bundled Rate | SCE 50% Green | LACCE 50% Green Bundled Rate | SCE 100% Green | LACCE 100% Green Bundled Rate |
| Residential | 17.1 | 16.2 | 18.85 | 16.4 | 20.6 | 18.2 |
| Small Commercial | 16.6 | 15.7 | 18.35 | 15.9 | 20.1 | 17.7 |
| Medium Commercial | 15.8 | 15 | 17.55 | 15.2 | 19.3 | 16.9 |
| Large Commercial | 14.5 | 13.8 | 16.25 | 13.9 | 18 | 15.5 |
| Small Public Authority | 12.6 | 12 | 14.35 | 12.1 | 16.1 | 13.4 |
| Large Public Authority | 10.4 | 9.9 | 12.15 | 10 | 13.9 | 11.1 |
| Small Industrial | 13.1 | 12.4 | 14.85 | 12.6 | 16.6 | 14 |
| Medium Industrial | 11.7 | 11.1 | 13.45 | 11.2 | 15.2 | 12.5 |
| Large Industrial | 7.5 | 7.1 | 9.25 | 7.2 | 11 | 8 |
| Total LACCE Rate Savings Over SCE Standard Rate | | 5.4% | | 4.1% | | -6.3% |
| Savings Over Comparable SCE Rate | | 5.4% | | 13% | | 12% |

- Rates are taken from the LACCE Business Plan
- LACCE rates include considerable financial reserve

Los Angeles Community Choice Energy

LACCE Benefits: Economic Development

■ Total Electricity Savings

- A 5.4% rate reduction saves LACCE customers \$20 million/year
- This \$20 million rate reduction is estimated to create 200 new jobs in LA County.
- In aggregate, these benefits could add \$16 million to the County's economy.

■ Power Supply Construction Projects

- Construction of one 50 MW solar project in County could create 1,500 jobs during construction and 15 full-time permanent jobs.
- LACCE will need many of these local energy generation projects at full build-out.

Los Angeles Community Choice Energy

LACCE Benefits: Customer Choice and Local Control

- **Customer Choice**

- CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
- Having both CCA and SCE products gives customers choice

- **Local Control**

- CCAs enable communities to invest locally; ratepayer funds can be used to support local projects instead of being sent to SCE
- CCAs have local control over their power supply, rates, and customer programs (e.g., energy efficiency, solar incentives, EV incentives, etc.)

Los Angeles Community Choice Energy

Introductions and Discussion

- ▶ New additions to the LACCE consultant team
 - ▶ **Barbara Boswell** - former Executive Director of Lancaster Clean Energy (LCE)
 - ▶ **Bill Carnahan** - former Executive Director of the Southern California Public Power Authority (SCPPA)

Los Angeles Community Choice Energy

LACCE Joint Powers Agreement (JPA)

Overview

- ▶ Negotiating Process
- ▶ Recitals
- ▶ Governance
 - ▶ Board of Directors
 - ▶ Voting Structure
 - ▶ Special Voting
- ▶ Committees



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LACCE JPA Negotiating Process

- ▶ In December 2016, we held a public workshop to get ideas and input on elements of an LACCE JPA
- ▶ Since January 2017, the County has held negotiating sessions with interested cities every two weeks
- ▶ Over 50 cities expressed interest in participating in LACCE, and dozens actively participated in the JPA negotiations
- ▶ Cities were encouraged to bring up any issue or point of contention they wished. Many did and we held robust discussions.
- ▶ The draft JPA reflects the broad consensus of the County and cities.

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Cities Expressing Interest in LACCE

| | | |
|---------------|----------------------|-----------------------|
| Agoura Hills | Hawthorne | Paramount |
| Alhambra | Hermosa Beach | Pico Rivera |
| Artesia | Hidden Hills | Redondo Beach |
| Baldwin Park | Huntington Park | Rolling Hills Estates |
| Bell | Industry | Rosemead |
| Bell Gardens | Inglewood | San Dimas |
| Beverly Hills | La Mirada | San Fernando |
| Bradbury | La Verne | Santa Clarita |
| Calabasas | Lakewood | Santa Fe Springs |
| Carson | Lawndale | Santa Monica |
| Cerritos | Long Beach | Sierra Madre |
| Claremont | Lomita | South El Monte |
| Commerce | Lynwood | South Pasadena |
| Compton | Malibu | Torrance |
| Covina | Manhattan Beach | West Covina |
| Culver City | Monterey Park | West Hollywood |
| Diamond Bar | Montebello | Westlake Village |
| Duarte | Norwalk | Whittier |
| El Segundo | Palmdale | |
| Glendora | Palos Verdes Estates | |

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LACCE JPA: Recitals

- ▶ The starting point of negotiation was the Recital language used in the JPA that governs East Bay Community Energy (EBCE) in Alameda County
- ▶ Most of the EBCE language was kept, but some modifications were made based on discussions with cities
- ▶ The LACCE Recitals reflect the County and cities commitment to lower cost, greener, and more local energy, and stable and skilled local workforce.

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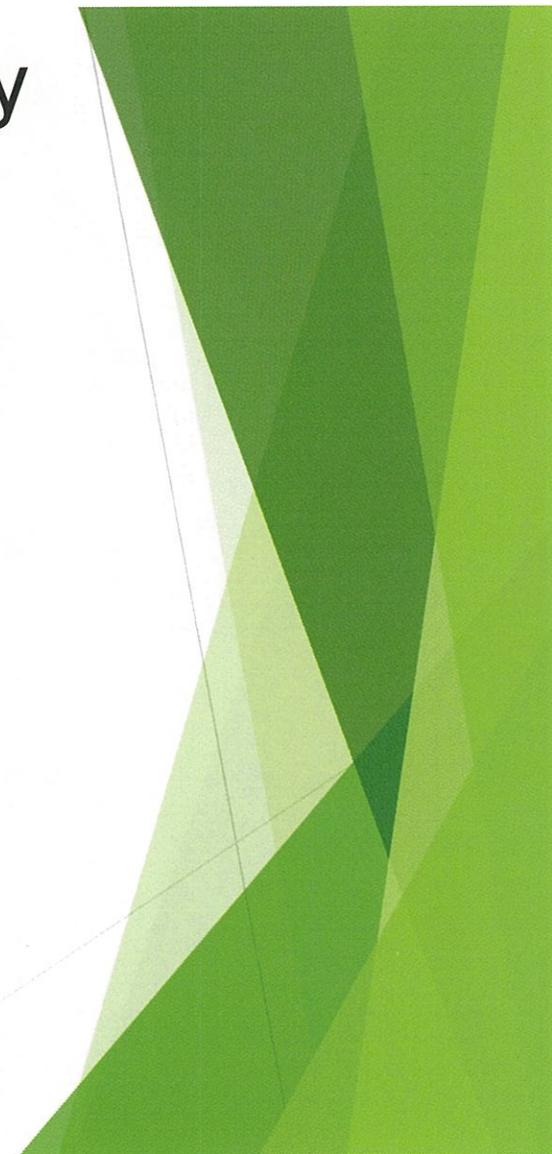
LACCE JPA: Recital Examples

- ▶ Develop an electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SCE, and one that supports the achievement of the parties' greenhouse gas reduction goals and the comparable goals of all participating jurisdictions
- ▶ Recognize the value of current workers in existing jobs that support the energy infrastructure of Los Angeles County and Southern California (e.g. union and prevailing wage jobs, and local workforce development). The Authority, as a leader in the shift to a clean energy, commits to ensuring it will take steps to minimize any adverse impacts to these workers to ensure a "just transition" to the new clean energy economy
- ▶ Ensure that low-income households and communities are provided with affordable and flexible energy options, including the provision of energy discounted rates to eligible low-income households

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LACCE JPA: Board of Directors

- ▶ Each member of the JPA shall appoint a Director, who must be an elected official or member of the governing board of that jurisdiction
- ▶ Members are allowed to appoint up to two Alternate Directors.
- ▶ Alternate Directors may be:
 - ▶ Elected official
 - ▶ Appointed official (commissioners)
 - ▶ Staff member
 - ▶ Member of the public, provided they meet certain qualifications



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Alternate Director: Member of the Public

- ▶ Any alternate Director that is a member of the public must have demonstrated knowledge in energy-related matters through significant experience in either:
 - ▶ 1) an electric utility or company, agency, or nonprofit providing services to a utility
 - ▶ 2) a regulatory agency or local government body overseeing an electric utility or a company, agency, or nonprofit providing services to such an agency
 - ▶ 3) an academic or nonprofit organization engaged in research and/or advocacy related to the electric sector.

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LACCE JPA: Voting Structure

- ▶ One member, one vote.
- ▶ Most items require a simple majority of the Directors present to vote in the affirmative for approval.
 - ▶ Some items require a 2/3s majority vote.
- ▶ Directors may ask for a “weighted vote” in which a members’ voting share is weighted based on the size of their electricity load.
- ▶ To initiate a weighted vote, at least three Directors must request it.

Los Angeles Community Choice Energy

LACCE JPA: Special Voting Requirements

- ▶ Specific items require a supermajority of Directors (2/3) to vote in the affirmative for approval:
 - ▶ Change the designation of the Treasurer or Auditor of the Authority
 - ▶ Issue bonds or other forms of debt
 - ▶ Exercise eminent domain
 - ▶ Amend of the JPA
 - ▶ Adopt or amend the bylaws
 - ▶ Remove a member for cause

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LACCE JPA: Committees

- ▶ Permissive language is included to allow the LACCE Board to form any other committees it deems necessary
- ▶ Negotiations resulted in two required, standing committees
 - ▶ Executive Committee
 - ▶ Finance Committee

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LACCE JPA: Permissive Committee Language

▶ Section 5.9:

- ▶ **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

Los Angeles Community Choice Energy

LACCE JPA: Standing Committees Executive Committee

- ▶ **Executive Committee.** The Board shall establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the Executive Committee's such authority as the Board might otherwise exercise, except that the Board may not delegate authority regarding certain essential functions, including but not limited to, approving the fiscal year budget or hiring or firing the Executive Director, and other functions as provided in the Operating Policies and Procedures. The Board may not delegate to the Executive Committee or any other committee its authority under Section 3.2.12 to adopt and amend the Operating Policies and Procedures.

Los Angeles Community Choice Energy

LACCE JPA: Standing Committees

Finance Committee

- ▶ **Finance Committee.** The Board shall establish a finance committee consisting of a smaller number of Directors. The primary purpose of the Finance Committee is to review and recommend to the Board:
 - ▶ A funding plan;
 - ▶ A fiscal year budget;
 - ▶ Financial policies and procedures to ensure equitable contributions by Parties;
 - ▶ Such other responsibilities as provided in the Operating Policies and Procedures.

Los Angeles Community Choice Energy

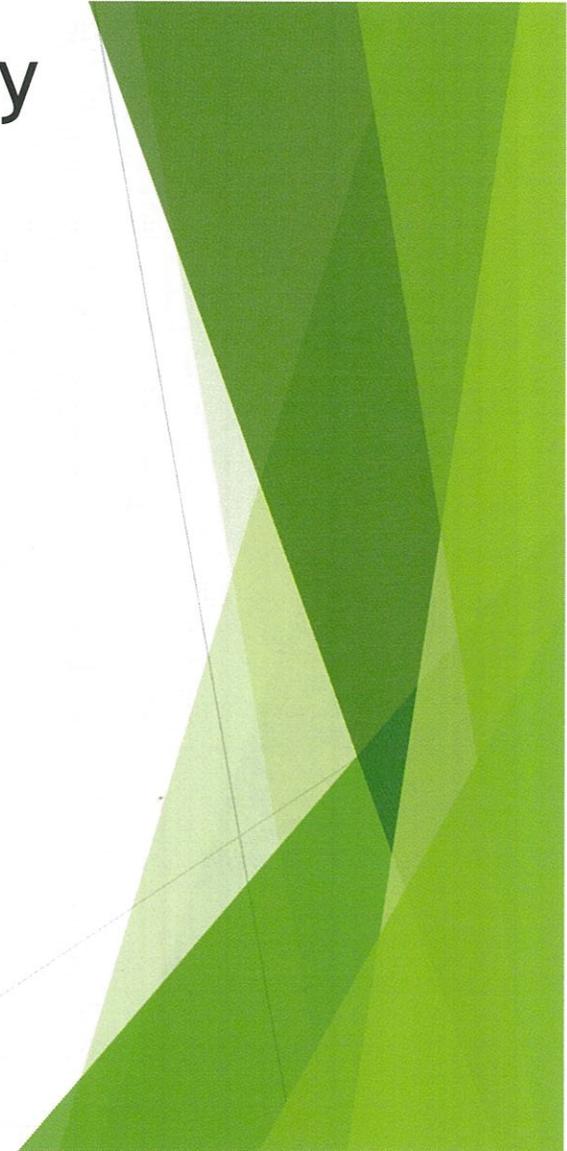
JPA and Enrollment Schedule

- ▶ **March 13, 2017** - Written comments due from the public
- ▶ **By end of March 2017** - County and cities meet to review public comments, make revisions to the LACCE JPA based on those comments, and make any other changes as needed.
- ▶ **April 2017** - LACCE JPA, enabling ordinance, and supporting Board report presented to Board of Supervisors (date tbd) and cities begin process of adopting enabling ordinance and JPA to join LACCE.
- ▶ **Fall 2017** - Initial LACCE participants finalized.

Los Angeles Community Choice Energy

Implementation Schedule

- ▶ To ensure a smooth launch and rollout, the LACCE team has had discussions with SoCal Edison to determine the best approach.
- ▶ Phased rollout:
 - ▶ Phase 1, January 2018 (about 2,000 accounts)
 - ▶ Los Angeles County municipal facilities
 - ▶ Phase 2, July 2018 (about 200,000 accounts)
 - ▶ City municipal facilities
 - ▶ City and County commercial and industrial customers
 - ▶ Phase 3, January 2019 (about 1.5 Million accounts)
 - ▶ City and County residential customers





QUESTIONS & ANSWERS

Los Angeles Community Choice Energy

Contact Information

Gary Gero

Chief Sustainability Officer

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213-974-1160

More information/documents can be found at:

<http://green.lacounty.gov/wps/portal/green/lacce>

March 29, 2017

CCA Rates and Power Supply Comparison

CCA Power Products

The following figure compares the power products offered by each IOU with those offered by the CCA's operating in their service territory. "Renewable share" refers to the percentage of each provider's power supply that is sourced from RPS-eligible generation resources. "GHG-Free Share" includes all power from the "renewable share" category as well as the share of power sourced from GHG-free but RPS-ineligible resources such as nuclear and large hydroelectric power. Finally, the "alternative products" category lists the "opt-up" options available through each provider. These are premium products that customers voluntarily pay a premium to receive. Acronyms in the figure are as follows:

| Acronym | Name | Organization Type |
|---------|----------------------------|------------------------------|
| PG&E | Pacific Gas and Electric | Investor-Owned Utility |
| MCE | Marin Clean Energy | Community Choice Aggregation |
| SCP | Sonoma Clean Power | Community Choice Aggregation |
| CPSF | Clean Power San Francisco | Community Choice Aggregation |
| PCE | Peninsula Clean Energy | Community Choice Aggregation |
| SCE | Southern California Edison | Investor-Owned Utility |
| LCE | Lancaster Choice Energy | Community Choice Aggregation |

| Organization | Renewable Share | GHG-Free Share | Alternative Products |
|--------------|-----------------|----------------|----------------------------|
| PG&E | 30% | 60% | 50% RPS, 100% RPS |
| MCE | 52% | 76% | 100% RPS, 100% Local Solar |
| SCP | 36% | 77% | 100% RPS |
| CPSF | 40% | 63% | 100% RPS |
| PCE | 50% | 75% | 100% RPS |
| SVCE | 50% | 100% | 100% RPS |
| SCE | 25% | 33% | 50% RPS, 100% RPS |
| LCE | 35% | 35% | 100% RPS |

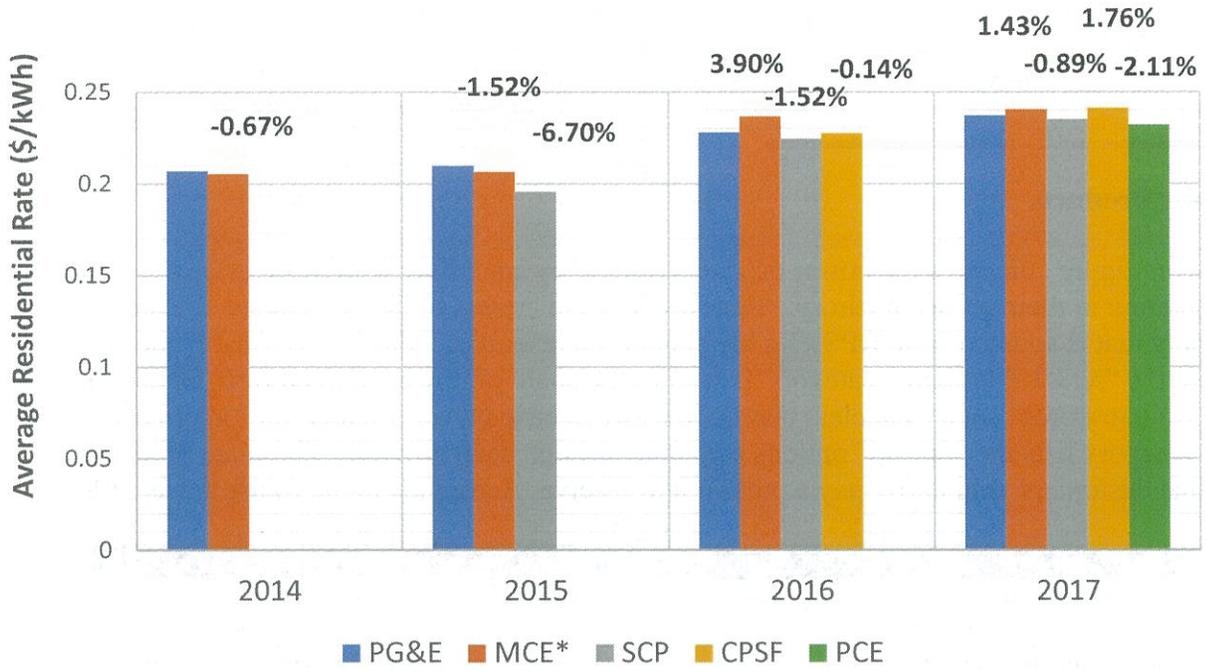
CCA-IOU Rates Comparison

The following figure compares rates of each CCA with their incumbent IOU over the period from 2014-2017. The comparison is made for an average single-family residential customer with a monthly energy usage of 467 kWh. Data is sourced from "Joint Rate Comparisons" issued jointly by the CCA and IOU each year. Each of these comparisons is provided as a snapshot during each year. However, rate changes are made periodically throughout the year, but are not always accompanied by publicly issued rate comparisons. Notably, customers of Marin Clean Energy (MCE) have enjoyed rates that are lower than PG&E 70% of the time MCE has been in operation¹ (MCE has been operational since 2010, but rate

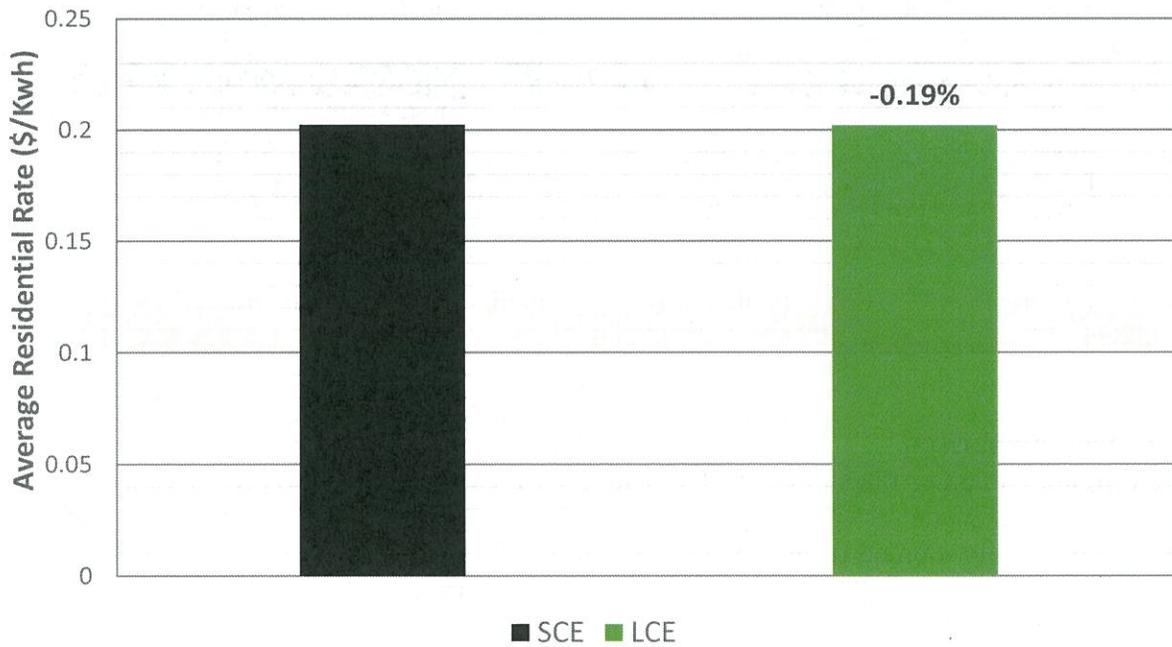
¹ Weisz, Dawn. San José City Council Meeting, 3/21/2017. Transcript page. 59, accessed on 3.29.2017 at: http://sanjose.granicus.com/DocumentViewer.php?file=sanjose_dbff294038b3a25959a7d6a127b97e6d.pdf&view=1

comparisons for the years 2010-2014 are not available). Data labels indicate the percentage difference between the CCA's rates and the IOU's for the given year.

PG&E-CCA Historic Rate Comparison



SCE-CCA Historic Rate Comparison



Public energy programs offer lower rates — at first

Cost advantage from operations such as what L.A. County has OKd tends to decline.

April 30, 2017 By Ivan Penn

Southern California Edison customers looking to cure their power-bill pain might find some relief in Los Angeles County's new government-run energy program — but the track records of similar public energy efforts show that the initial cost advantage doesn't last.

From California to Massachusetts, the kinds of community energy programs that L.A. County approved this month lowered electricity bills 5% to 40% when they began.

But after an initial honeymoon period, the savings have tended to shrink.

In many cases, the electricity-cost difference between the old utility and the newer competing public program has declined to a few cents a month on customers' bills. In some cases, the cost advantage for the new rivals has disappeared altogether.

And California's investor-owned utilities just tossed another complication into the mix.

Customers who leave the traditional utilities are required to pay a fee for electricity bought on their behalf that no longer is needed, and now the utilities — Southern California Edison, San Diego Gas & Electric and Pacific Gas & Electric — want to increase it, according to a proposal filed with regulators Tuesday. Increasing the fee included with each month's bill would further reduce any cost difference.

Still, proponents of the government-run operations, called Community Choice Aggregation programs, or CCAs, contend that they offer benefits to all electricity users beyond cost savings.

The public programs replace some of the functions performed by traditional, investor-owned utilities such as Edison.

The government-run operations take on the role of purchasing power as well as developing their own sources of electricity, such as by placing solar panels atop roofs or canopies on parking lots.

In doing so, they compete against the utilities in securing power contracts and finding suitable spots for developing sustainable power projects.

But Edison, SDG&E and PG&E still must collect money from all utility customers to pay for maintenance of power lines, substations and other resources that help make up the electric grid.

"They're responsible for system reliability," said Steve Hoffman, a retired president of power company NRG West. "All of those costs are still going to be borne by CCA customers."

Much of the economic benefit to consumers comes from the utility — government-run or investor-owned — that can secure the best deal and save consumers money.

But there's an additional benefit: As the government-run energy programs push for more clean energy, Edison and other investor-owned utilities increasingly must consider that consumers might want wider use of solar or wind power rather than fossil fuel sources such as natural gas or coal.

"CCAs do provide pressure on the utilities," Hoffman said.

How well is public power performing?

About half a dozen states allow community choice aggregation programs, including California, Illinois, Massachusetts, New Jersey, Ohio and Rhode Island.

In Illinois, utility customers participate in the government programs at a higher rate than in any other state. About 60% of the state's utility customers are enrolled in community energy programs, down from as high as 80% when the initial savings was a third of the cost at the investor-owned utility.

Illinois offers utility customers broad flexibility to switch between the investor-owned utilities and the government-run programs.

As older, higher-priced contracts ended, investor-owned utilities negotiated better deals that let them offer more competitive prices to retail customers.

"Basically, [the investor-owned utilities] had a high-note mortgage and refinanced it at a lower rate," said Mark Pruitt, principal at the Illinois Community Choice Aggregation Network.

Chicago was the biggest Illinois town to join the public power push. But only two years later, in 2015, city officials decided to get out of the business of supplying energy and returned about 750,000 households, or about 2 million people, to the investor-owned utility because prices had become more competitive.

Scott Tess, environmental sustainability manager for Urbana, Ill., said the majority of the utility customers in the college town are enrolled in the government program. He said it sometimes is difficult to see savings from month to month because electricity usage and prices fluctuate.

"There are quarters of the year where we haven't competed as well," Tess said. "It's actually hard to see \$5 or \$10 savings per month. It's actually year to year that you see the savings."

Greening the Cape

In Cape Cod, Mass., where Maggie Downey runs Cape Light Compact, the nation's oldest community choice aggregation program, about 65% of ratepayers have stayed with the public energy plan even though it isn't always the cheapest.

Over the 15 years that the Cape Light Compact has operated, a residential customer would have paid on average about \$6.30 more a year for electricity but also would have gotten increasingly clean options, culminating with the recent introduction of a 100% renewable energy selection.

"It brings in more choices," said Downey, whose program serves 207,000 customers. "We never say we're the lowest price. If we bought today, the price could change. The price could go up."

Giving customers the ability to choose clean energy is one of the major benefits of community energy programs, beyond any potential savings, proponents argue.

In Marin County

About 255,000 utility customers are part of California's oldest community energy program that began in Marin County in May 2010. That's 83% of the eligible customers in the service area.

Over the life of the program, electricity costs for those customers were cheaper than PG&E about 70% of the time.

“Right now, our rates are barely less than theirs,” said Jamie Tuckey, a spokeswoman for the program in Northern California, dubbed MCE. “But it’s less.”

The typical MCE residential customer pays about \$97.75 a month for electricity from 50% renewable energy sources such as solar power, which means the program already meets the state’s mandate that utilities get half their power from clean sources by 2030.

That compares with a typical PG&E customer bill of \$98.30 a month for an electricity mix of about 33% from renewable sources, including about 13% from solar.

MCE and PG&E also offer 100% clean energy options. MCE’s 100% clean energy program increases monthly costs by about \$4 to a typical residential bill, while PG&E’s comparable program adds about \$13.

“We’ve seen their rates reduce. They’re also even offering 100% renewable option,” Tuckey said.

“I think a lot of that,” she said, “is spurred by the competition that CCAs are creating in California.”

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