

**SPECIAL MEETING MINUTES
RENEWABLE ENERGY COUNCIL
May 16, 2017**

1. **Roll Call** - The meeting was called to order at 7:01 p.m. Present were Chair William Kelly and Council Members Andrew Eaton, Kim Hughes, Carl Marziali (arrived at 7:11pm), and Daniel Snowden-Ifft. Absent were Council Members William Glauz and Alexander Kung, and Charles Li. Staff Liaison Jenna Shimmin, Mayor Cacciotti (arrived at 8:00pm), and City Councilmember Dr. Schneider were present.
2. **Minutes** – Minutes from the June 13, 2016 meeting were approved (Hughes, Eaton, 4-0, Councilmember Marziali not present at time of vote).
3. **Discussion and Consideration of a recommendation to the City Council regarding South Pasadena joining the LA County Consumer Choice Energy JPA**– City Councilmember Diana Mahmud gave a brief background on her participation in the negotiations with Los Angeles County for the formation of a Joint Powers Authority (JPA) for the LA County Consumer Choice Energy (LACCE). She introduced Gary Gero, the Chief Sustainability Officer for LA County. He explained that the County has created the JPA and is waiting for the first city to join in order for it to become active. Once the first city joins, other cities will have 180 days to join in order to have the set up costs covered by the County. After this time there may be a fee to join.

Chair Kelly stated that he has several questions regarding money/rates, etc. His first question was regarding Southern California Edison's (SCE) exit fees, and whether the Power Charge Indifference Adjustment (PCIA) has been factored into the initial analysis, as other agencies state they only recover 60% of portfolio costs. What percent of the PCIA would be covered in the rates, and how does that compare to the Portfolio Allocation Method (PAM)? Gary Gero replied that that LACCE commission doesn't believe the PAM is a solution. Investor owned utilities (IOU), like SCE, were asked to work with Community Choice Aggregations (CCA) to come up with a solution, which the utilities have tried to side skirt. Currently the PCIA has the rate payers directly paying the IOU; whereas PAM requires the CCA to take on part of the IOUs portfolio, which limits the CCA's ability to wholly purchase power anywhere on the market. PCIA may need some adjustment, but not as much as PAM states.

Chair Kelly asked how will the LACCE compete with any legislation that may be passed allowing users to purchase their own power directly (direct access). He stated that the Public Utility Commission is holding a meeting on Friday at which they may move to retail choice, and asked how that would affect things.

Mr. Gero responded that for both matters it would depend on the wording of the legislation, etc. He emphasized that CCAs are becoming more prominent and so retail choice may be on the back burner while they develop and grow.

Commission Hughes asked if there may be a future cost incurred from the SB692 transmission accessibility issues and out of state connectivity. She also inquired about EV rates and exclusivity agreements.

Mr. Gero responded that SB618 is the current focus, and they haven't thought that far ahead in regards to SB692, because it is currently in the development phases. It is more important to understand loads and transmission needs at this time. As far as her other points, he explained that the County won't be making all the decisions when it comes to special rates and such. The JPA members will have a say, and so nothing that detailed has been decided, only broad goals. LA County administers the Southern California Regional Energy Network, and their desire is to move their funds under the JPA, which will help fund efficiency programs/measures.

Renewable Energy Councilmember Eaton asked who determines which of the varying percentages of renewables in the power supplied is used.

Mr. Gero responded that JPA members can decide to meet the needs of their individual cities, and individual users can opt for a higher percentage.

Renewable Energy Councilmember Snowden-Ifft stated that the REC looked at solar systems but city facilities don't have a load large enough to warrant them. He asked if there would be any incentives under the CCA. He also asked if the CCA would pay customers for over generation.

Mr. Gero responded that there currently aren't specifics worked out yet, that is up the JPA members to establish. However, there are broad goals established, one of which is to have 40MW of solar systems in the LACCE service area. He also explained that CCAs in Northern California pay for over generation at the rate that the customer would have paid to use the energy, and so that is a possibility.

Renewable Energy Councilmember Marziali asked if this rate would be for both residential and commercial customers to which Mr. Gero responded that yes it would be.

City Councilmember Mahmud explained that more prominent cities will join early and will help set policies that later joiners will have to follow with little to no say. Most early joiners will also be entering to reduce their Green House Gas emissions.

Chair Kelly stated that power is currently at record low prices. He asked how switching to longer contracts would affect pricing. He also explained that long term contracts are more typical and asked how they would be addressed.

Mr. Gero responded that renewables are still expected to decrease in price, with the exception of gas. The intent is to have maximum flexibility and would probably avoid longer term contracts. There will be experts on staff who will analyze what the best combination would be for their portfolio. He believes that some cities may simply enter to see what works for them and be able exit if need be until they are comfortable with the program. So for now they believe that mid-term contracts are better for the onset.

Chair Kelly asked if they would use all source solicitation to which Mr. Gero responded that is LA County's preference, but it would ultimately be up to the JPA members as a whole.

Renewable Energy Councilmember Hughes asked how equipment costs would be addressed, which aren't set costs like SCE exit fees are, to which Mr. Gero responded that they don't anticipate taking over things like meter reading, customer service, etc. This means that SCE would still be paid for these services, at least at the onset.

Renewable Energy Councilmember Hughes asked if there would be any tools to gives residents and businesses that are engaging, easier to comprehend and would educate them on the changes.

Mr. Gero responded that there is money in the budget specifically for engagement. The state requires a certain level of announcement and notification. From what he's seen,

successful cities have lines of communication of their own, as opposed to messaging from the LACCE. Most entities that have adopted this had minimal engagement at the onset because of the opt-out ability, and found it better to engage once they were at the point of actually delivering power to users.

Renewable Energy Councilmember Hughes asked if it was common to see utilities with a utility tax resist the change.

Mr. Gero responded that there are 70 cities in CCAs and none of them have seen issues with a utility user tax, but they have seen a reduction of revenue associated with the decreased rates. City Councilmember Mahmud added that SCE would still have to pay the franchise fee.

Renewable Energy Councilmember Marziali asked what the IOU's reactions to the CCA has been so far.

Mr. Gero explained that state legislation requires neutrality in regards to CCAs. However, SCE has been cooperative, and they have even adopted a team to help with the transition. Renewable Energy Councilmember Snowden-Ifft asked if there are any downsides to delaying the City's entry.

Mr. Gero responded that any city that joins in the first 180 days has no upfront costs. After that, any new additions will have to pay for entry costs.

Renewable Energy Councilmember Hughes asked if the LACCE would be able to go out and issue bonds.

Mr. Gero explained that as a government agency they'll have the right, but will need a bond rating. One of their staff members is close to finalizing this.

Renewable Energy Councilmember Hughes stated that the LACCE is very innovative and she thinks that the community would fully embrace it, as they would like to see the higher amount of renewables. There will need to be education early on, possibly an article in the South Pasadena Review, on the city's website, etc.

Chair Kelly agreed with Renewable Energy Councilmember Hughes, as he feels it would be a new concept for many people, and they don't understand the way the energy system works. Outreach would need to clearly state what will change, what will stay the same, what the savings will be and what all the costs will be.

Mr. Gero stated that currently SCE has \$12 billion in revenue, around \$4.5 billion is for energy, and the remainder is for distribution and transmission. For LACCE procurement is around 15% cheaper, and so even with the need to cover any of SCEs costs bills will come to around 5% cheaper aggregated.

Renewable Energy Councilmember Marziali stated that communication will be very important, as customers will need to know things such as to call SCE if there's an outage since they will still be maintaining the lines. He's concerned there's a deterrent for individuals to install solar at their homes and instead simply pay for the 100% renewables energy.

Mr. Gero responded that there has been an uptake in participation of those programs in CCA areas.

Chair Kelly asked why the CCAs cost more in one section of a rate graph that was presented, to which Mr. Gero responded that Pacific Gas & Electric (PG&E) is 30% renewables versus the CCA which has the lowest content of 50% renewables. Also, the PG&E rates displayed are an annual average, and so they may have been higher than the CCA rates at some point in the year.

Renewable Energy Councilmember Hughes asked if the rates are going to aggregate tiers, to which Mr. Gero responded that those policies haven't been set yet, but should be determined sometime in August or September.

Renewable Energy Councilmember Snowden-Ifft asked if the city has the ability to control the option to opt in or out, as he's concerned the community may have an initially negative reaction and wouldn't opt into the program.

Mr. Gero responded that all users are opted in from the onset, and have the option to opt out if they choose. City Councilmember Mahmud added that there would be a phased in roll out of the program. Unincorporated LA County areas and County facilities would be the first to use the CCA energy, then city municipal facilities beginning July 2018, and finally all users in a JPA member city by January 2019. The benefit of joining now is getting in on the ground floor of policy setting.

Renewable Energy Councilmember Marziali stated that we need to be careful of using lower rates as a carrot, and should instead push the cleaner power aspect. Chair Kelly added that we should also promote the local economic benefits.

Renewable Energy Councilmember Hughes commented that this opens the door to experimentation and innovation which may open up opportunities for local specific projects.

Motion to recommend that the city council explore the opportunity to enter the LACCE JPA (Hughes, Marziali, 5-0).

4. **Update on the Renewable Energy RFP** – Staff Liaison Shimmin explained that the Request for Proposals regarding Renewable Energy projects closed on April 13th. There were four submissions received from Climatec, Opterra, Siemens, and Ameresco. Staff is currently working to schedule interviews with all four vendors the week of May 22nd. It has been recommended to have an REC member on the interview panel. It was discussed by the Council that if the interviews were pushed back a week, one of them would be able to assist.

5. **Other Business**– N/A

6. **Council Communications** –

Renewable Energy Councilmember Hughes advised staff that the upcoming water and sewer rate study should be kept in mind when outreach is being done for these kind of things, and we should be thoughtful of the timing.

City Councilmember Dr. Schneider advised the REC that the City Council would soon have the contract for the rate studies brought before them for approval.

Mayor Cacciotti advised the REC that Public Works recently purchased a Chevrolet Bolt. He went to an alternative fuels car show in Long Beach and is looking to get the entire city fleet electrified or using alternative fuels.

7. **Staff Liaison Communications** – N/A

8. **Next Meeting Date**– Staff Liaison Shimmin stated she would schedule something after the RFP vendor interviews had been completed, possibly June 19th or 20th.

9. **Items for a Future Agenda** – N/A

10. **Adjournment** – Councilmember Hughes motioned to adjourn the meeting at 8:20 p.m., Renewable Energy Councilmember Snowden-Ifft seconded. Ayes: All, Nays: None.

William J. Kelly
William Kelly, Chair

Aug 31, 2017
Date