



Los Angeles Community Choice Energy

Summary of Public Meeting
Discussions: December 7, 2016

Purpose

- To solicit feedback from cities and key stakeholders on LACCE formation and design
- Inform interested cities on the next steps to participate in LACCE

Note: Summaries of input from participants have purple titles.

Today's Agenda

- Brief CCA Overview
- Discussion of LACCE Goals
- Discussion of JPA Options
- Consideration of Barriers and Solutions
- Consideration of Benefits
- Next Steps

Today's Agenda

● Brief CCA Overview

- Discussion of LACCE Goals
- Discussion of JPA Options
- Consideration of Barriers and Solutions
- Consideration of Benefits
- Next Steps

CCA Overview

- 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
 - Develop and operate generation assets
 - Sell electricity to their residents and businesses
 - Provide customer programs such as energy efficiency and renewable energy incentives
- Can offer more competitive rates, potentially greener and more local energy as an alternative to electricity provided by an investor-owned utility (IOU)

CCA Overview

- CCA takes over from the IOU the acquisition and sale of electricity to residential and commercial customers
- IOU will continue to provide transmission and distribution services, and power line maintenance
- IOU may be retained for customer billing services

LACCE Business Plan Review

- LACCE is a viable option for LA County and eligible cities
 - Can provide cleaner power at a lower cost
- LACCE has potential for significant GHG emissions reduction for the region
- Board of Supervisors has stated that the County should proceed with forming LACCE

Comparison of LACCE vs. SCE Rates

Indicative Rate Comparison in Cents/kWh

| Rate Class | SCE Bundled Rate | LACCE RPS Bundled Rate | SCE 50% Green Rate | LACCE 50% Green Rate | SCE 100% Green Rate | LACCE 100% Green Rate |
|---|------------------|------------------------|--------------------|----------------------|---------------------|-----------------------|
| Residential | 17.1 | 16.2 | 18.85 | 16.4 | 20.6 | 18.2 |
| Small Commerical | 16.6 | 15.7 | 18.35 | 15.9 | 20.1 | 17.7 |
| Medium Commerical | 15.8 | 15.0 | 17.55 | 15.2 | 19.3 | 16.9 |
| Large Commerical | 14.5 | 13.8 | 16.25 | 13.9 | 18.0 | 15.5 |
| Small Public Authority | 12.6 | 12.0 | 14.35 | 12.1 | 16.1 | 13.4 |
| Large Public Authority | 10.4 | 9.9 | 12.15 | 10.0 | 13.9 | 11.1 |
| Small Industrial | 13.1 | 12.4 | 14.85 | 12.6 | 16.6 | 14.0 |
| Medium Industrial | 11.7 | 11.1 | 13.45 | 11.2 | 15.2 | 12.5 |
| Large Industrial | 7.5 | 7.1 | 9.25 | 7.2 | 11.0 | 8.0 |
| Estimated Savings Over Comparable SCE Rates | - | 5% | - | 13% | - | 12% |

Today's Agenda

- Brief CCA Overview
- **Discussion of LACCE Goals**
- Discussion of JPA Options
- Consideration of Barriers and Solutions
- Consideration of Benefits
- Next Steps

Suggested JPA Goals for the Community Choice Aggregation (CCA)

Environmental

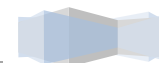
- Achieve 100% renewable energy
 - More clean energy
 - Improve LA County's green portfolio and power profile
 - Move the "needle" from 1% to 20+% solar energy by 2020 in Los Angeles County
 - Reduce number of and output from traditional power plants
 - Significant reductions in regional greenhouse gas (GHG) emissions
- Establish sustainable communities with energy independence
- Better align energy efficiency programs and achieve significant improvements in energy efficiency
- Support local energy resources
- Test, validate, pilot, and deploy new and more efficient clean technologies to drive economic, environmental, and health benefits
- Develop better solutions for energy storage
- Identify and agreed-to environmental priorities

Energy Costs

- Reduce energy costs
- Lower rates for residential, industrial, and business customers – only way to sell CCA to some stakeholders
- Financial cost savings will help drive the achievement of the climate and environmental goals among some stakeholders
- Cost savings for customers will simultaneously improve the environment, people's health, the local economy, and local control of our future directions.

System Reliability

- SMART grid
- Incentives for distributed clean energy for more resilient grid



Local Economic Benefits

Local Economic Impact and Infrastructure

- Economic innovation
- Local energy resources and local distribution of energy infrastructure

Employment and Business Incentives for Local Hiring

- Create local green jobs that are meaningful
- Build a skilled workforce in green technology
- Local hires by including local hire provisions
 - Veterans
 - Disadvantaged businesses and community hiring
 - Local contractors doing the work
 - Local small and family-owned businesses to sustain green jobs with local hire provisions

Government Priorities and Goals

Accountability

- Sustainability and system reliability – long-term utility
- Identification of and agreed-to priorities
 - Achievement of CCA objectives for green energy efficiency
 - Reduce GHG
 - Achieve Department of Energy Resources goal of 100% renewable energy in 10 years; conduct annual reviews of progress
 - Execute and achieve strategic planning, including:
 - Design of the energy portfolio
 - Integrated Resource Plan
 - Roadmap for energy resource deployment
 - Ownership and liability of assets and infrastructure
 - Local generation with long-term purchase agreement of ownership by JPA to provide rate stability and economic benefits
 - Economic and workforce development goals
 - Environmental justice under the Clean Air Act



- Procurement and contracting policies
- Evidence driven: Open data and data analytics

Transparency, Equity, and Inclusiveness

- Represent all constituents equally
 - Ensure low-income communities of color are included in conversation around CCA
- Greater transparency between community and energy providers
- Empower communities to make choices about their energy
- Local control – cities have a voice (important for cities to understand their options so that municipalities will be motivated to participate)
 - Community ownership, representation, and participation in governance structure and processes



Today's Agenda

- Brief CCA Overview
- Discussion of LACCE Goals
- **Discussion of JPA Options**
- Consideration of Barriers and Solutions
- Consideration of Benefits
- Next Steps

Joint Powers Agreement (JPA) Overview

- A Joint Powers Authority is established by the member agencies, but the new agency is legally independent of them
- Shares powers common to the member agencies for the purposes described in the joint powers agreement
- New agency typically has officials from the member agencies on its governing board

Why JPA?

- For a CCA program, forming a JPA codifies the inter-agency agreement between the cities and the county
- Shields member agencies from liability
- Allows the program to be run independent of its member jurisdictions

JPA Recitals

- Nearly identical language in the JPAs that govern:
 - Marin Clean Energy (MCE)
 - Sonoma Clean Power (SCP)
 - Peninsula Clean Energy (PCE)
- East Bay Community Energy (EBCE) has more robust language related to local economy and jobs

Recitals

(MCE, SCP, PCE, and EBCE)

- Reduce GHG emissions
- Provide eclectic power at a competitive cost
- Promote energy reduction programs
- Stimulate and sustain the local economy
- Promote long-term electric rate stability and energy security through local control
- Promote development and use of a wide range of renewable energy sources

Recitals

(EBCE)

- Demonstrate quantifiable economic benefits to the region
 - Examples: Union jobs, prevailing wage jobs, local workforce development
- Recognize the value of workers in existing jobs that support the energy infrastructure of the region
- Deliver clean energy programs and projects using a stable, skilled workforce

Governance Structure: Committees

- Permissive or Required?

Permissive: The Board of Directors may establish any standing committee that the Board deems appropriate.

Required: Committees are explicitly established in the JPA.

Committee Formation Examples

| SONOMA CLEAN POWER | PENINSULA CLEAN ENERGY | EAST BAY COMMUNITY ENERGY | MARIN CLEAN ENERGY |
|---|---|---|--|
| <i>Required and Permissive</i> | <i>Permissive</i> | <i>Required and Permissive</i> | <i>Required and Permissive</i> |
| <ul style="list-style-type: none"> - Business Operations Committee (R) - Ratepayer Advisory Committee (R) | <ul style="list-style-type: none"> - Citizen Advisory Committee (P) - Executive Committee (P) | <ul style="list-style-type: none"> - Executive Committee (R) - Community Advisory Committee (R) | <ul style="list-style-type: none"> - Executive Committee (R) - Technical Committee (P) |

Governance Structure: Board Representation

- Elected officials or individuals appointed by the city/county's governing body
- Option for an alternate (elected or staff)?

Board Representation Examples

| SONOMA CLEAN POWER | PENINSULA CLEAN ENERGY | EAST BAY COMMUNITY ENERGY | MARIN CLEAN POWER |
|--|---|--|--|
| <ul style="list-style-type: none"> - 1 Director, 1 Alternate | <ul style="list-style-type: none"> - 1 Director, 1 Alternate | <ul style="list-style-type: none"> - 1 Director, 1 Alternate | <ul style="list-style-type: none"> - 1 Director, 1 Alternate |
| <ul style="list-style-type: none"> - Both must be elected officials | <ul style="list-style-type: none"> - Director must be elected - Alternates may either be elected or be staff from jurisdictions | <ul style="list-style-type: none"> - Both must be elected officials | <ul style="list-style-type: none"> - Both must be elected officials |

Governance Structure: Voting Shares

- County Board of Supervisors has instructed staff to negotiate a JPA that has “meaningful representation of participating cities”
- MCE, SCP, PCE, and EBCE all achieve this in slightly different ways

Governance Structure:

Voting Shares Examples

| SONOMA CLEAN POWER | PENINSULA CLEAN ENERGY | EAST BAY COMMUNITY ENERGY | MARIN CLEAN ENERGY |
|--|--|--|--|
| <ul style="list-style-type: none"> - Majority vote of the Board of Directors | <ul style="list-style-type: none"> - Majority vote of the Board of Directors | <ul style="list-style-type: none"> - Majority vote of the Board of Directors | <ul style="list-style-type: none"> - Majority and weighted vote combined (50-50). |
| <ul style="list-style-type: none"> - Option to call for a weighted vote, with majority vote still needed to approve items | <ul style="list-style-type: none"> - Option to call for a weighted vote, with majority vote still needed to approve items | <ul style="list-style-type: none"> - Option to call for a weighted vote, with majority vote still needed to approve items | |
| <ul style="list-style-type: none"> - 1 Director needed to call the weighted vote. | <ul style="list-style-type: none"> - 1 Director needed to call the weighted vote. | <ul style="list-style-type: none"> - 3 Directors needed to call the weighted vote. | |

Marin Clean Energy Voting Shares

Exhibit D To the Joint Powers Agreement Marin Clean Energy

- Voting Shares -

This Exhibit D is effective as of September 5, 2014.

| Party | kWh (2012/2013*) | Section 4.9.2.1 | Section 4.9.2.2 | Voting Share |
|----------------------|-------------------------|------------------------|------------------------|---------------------|
| City of Belvedere | 9,994,582 | 3.57% | 0.22% | 3.79% |
| Town of Corte Madera | 62,434,038 | 3.57% | 1.37% | 4.94% |
| Town of Fairfax | 25,243,755 | 3.57% | 0.55% | 4.12% |
| City of Larkspur | 64,305,616 | 3.57% | 1.41% | 4.98% |
| City of Mill Valley | 69,799,730 | 3.57% | 1.53% | 5.10% |
| City of Novato | 287,916,733 | 3.57% | 6.30% | 9.87% |
| City of Richmond | 592,422,483 | 3.57% | 12.96% | 16.53% |
| Town of Ross | 13,130,391 | 3.57% | 0.29% | 3.86% |
| Town of San Anselmo | 47,399,387 | 3.57% | 1.04% | 4.61% |
| City of San Rafael | 343,628,078 | 3.57% | 7.52% | 11.09% |
| City of Sausalito | 48,773,652 | 3.57% | 1.07% | 4.64% |
| Town of Tiburon | 41,631,066 | 3.57% | 0.91% | 4.48% |
| County of Marin | 330,875,250 | 3.57% | 7.24% | 10.81% |
| County of Napa | 348,095,521 | 3.57% | 7.61% | 11.19% |
| | 2,285,650,282 | 50.00% | 50.00% | 100.00% |

*Data Provided by PG&E

Potential Regional Organization

Single Regional JPA

- A single JPA that could accommodate all eligible cities under single umbrella
- Economy of scale will reduce administrative and power supply costs
- County has already studied the feasibility of this approach

Multiple Sub-Regional JPAs

- Cities are exploring non-County options
- Future potential to share resources among multiple Los Angeles and other CCAs
- Create a "JPA of JPAs"

Small Group Discussions

- Go to assigned rooms (same as CCA Goals)
- Discuss governance structure options
 - Pros/Cons of other JPAs in place
 - Pros/Cons of 1 JPA versus multiple JPAs
- Discuss other JPA considerations:
 - Recitals
 - Committees
 - Board representation
 - Board voting shares
- Outline potential regional organization for LA County
- Select a different person from your group to share your thoughts

Pros/Cons of JPA Models

This discussion explored the features that participants liked (pros) and disliked (cons) about JPA agreements in other counties: Marin, Sonoma, Peninsula, and Alameda – all in the Bay area. They then identified any features that might be applicable to Los Angeles County. Most discussion groups focused on what they liked about the different preambles versus the “Cons” of specific preambles.

| | Pros | Cons | Applicable Considerations for LA County |
|-----------------------------|--|--|---|
| General Observations | <p>Authority</p> <ul style="list-style-type: none"> ■ Larger stakeholders have more power ■ Cities have more power as compared to County governing system ■ Delegation of efforts and budgets to lead agencies ■ Collaboration with other key players (other CCAs, IOUs, etc.) ■ Individual localities are protected from certain liabilities that they otherwise would be responsible for | | <ul style="list-style-type: none"> ■ A JPA will create (more) collaboration with non-profit organizations (NGOs) and other private entities regarding environmental education campaigns and energy projects. <ul style="list-style-type: none"> ○ This collaboration can ease the skepticism and criticism of these private entities in regard to a JPA or individual localities’ positions on environmental/energy issues. ■ Brown Act for transparency ■ Board considerations: <ul style="list-style-type: none"> ○ Community representatives to filter up to the Board ○ Delegated authority to executive committee ○ Appoint alternate members to Board ■ Determine how to split the profits ■ Build resource procurement costs and components into the budget ■ Impact on services and product delivery ■ JPAs under an umbrella JPA <ul style="list-style-type: none"> ○ Lowering rates? |
| | <p>Board</p> <ul style="list-style-type: none"> ■ Requirement of “multiple-member call to vote” on an issue <ul style="list-style-type: none"> ○ This can prevent one single member from needlessly ■ A Citizen’s Advisory Committee will bring public oversight to the implementation of the JPA. ■ Weighted voting not based on energy “load”/amount of locality | <p>Board</p> <ul style="list-style-type: none"> ■ Requirement of “multiple-member call to vote” on an issue <ul style="list-style-type: none"> ○ This approach can prevent a member with a minority viewpoint from calling to vote on an important | |



| Pros | Cons | Applicable Considerations for LA County |
|---|---|--|
| <ul style="list-style-type: none"> ○ calling to vote on matters that <u>only</u> they disagree/agree with | <p>“progressive” effort that they are leading and historically a contrary “conservative” effort has been successful.</p> <ul style="list-style-type: none"> ■ Lack of knowledgeable experts to run the Board | <ul style="list-style-type: none"> ○ Re-investing in green technology? ■ Voting and decision-making considerations: <ul style="list-style-type: none"> ○ Voting method depends on what they vote on ○ Who makes these decisions? ■ A JPA might be able to emphasize “Just Transition” issues that arise in regard to environmental and energy issues in LA County. |
| <p>Financial</p> <ul style="list-style-type: none"> ■ Cost savings ■ Competitive costs ■ “Economy of scale” (proportionate saving in costs gained by an increased level of production) <p>Environmental</p> <ul style="list-style-type: none"> ■ Environmental incentives ■ Meeting climate action plan goals quicker ■ Reduce GHGs ■ Energy efficiency programs <p>Local Business Model Adaptation</p> <ul style="list-style-type: none"> ■ Maximize options for member cities (i.e., tailored rates for cities based on their desired goals and outcomes) ■ Local generated and distributed model | | |

| Pros | Cons | Applicable Considerations for LA County |
|--|---|---|
| <p>Local Economic Development</p> <ul style="list-style-type: none"> ■ Local jobs/workforce ■ Local power generation ■ Address disadvantaged communities <p>Workforce Development</p> <ul style="list-style-type: none"> ■ Local jobs/workforce ■ Career development ■ Apprenticeship training <p>Green Technology</p> <ul style="list-style-type: none"> ■ Green technology innovation incentive <p>Environmental Justice</p> <ul style="list-style-type: none"> ■ Address disadvantaged communities, as well as all communities <p>Other</p> <ul style="list-style-type: none"> ■ Cafeteria style programs with overlaps | | |
| Marin | <ul style="list-style-type: none"> ■ Voting structure ■ Weighted, combined with the permissive aspects: 50% + 50% | <ul style="list-style-type: none"> ■ Weight based on revenue rather than power usage ■ Board members make decisions |
| Sonoma | <ul style="list-style-type: none"> ■ Sonoma Clean Power Authority (SCPA) is ahead of Marin County in some aspects: http://www.scpa.org | |
| Peninsula | <p><i>No specific comments were made about the Peninsula model</i></p> | |



| | Pros | Cons | Applicable Considerations for LA County |
|---------------------------------|--|------|---|
| Alameda | <ul style="list-style-type: none"> ■ Weighted voting ■ Focus on living/family wage ■ Localization of workforce | | |
| Other Models to Consider | <ul style="list-style-type: none"> ■ Inyo-Mono's Integrated Regional Water Management Plan (IRWMP) ■ Carson model with large Board ■ Long Beach model with community representation | | |



Pros/Cons of 1 JPA versus Multiple JPAs in LA County

| | Pros | Cons |
|---|---|--|
| <p>Simplified Structure:</p> <p>1 JPA in LA County</p> | <ul style="list-style-type: none"> ■ Standardized ■ Economy of scale ■ Centralization of certain operations, such as contract and procurement, resulting in efficiencies ■ The work is already done. ■ Minimal or no resources required by cities ■ Every individual power has an opportunity to disagree with an effort that could negatively affect its own interests. ■ If the participants of the JPA are cohesive, the large body has more bargaining power on development projects and can be given a better range of development options. ■ Having a bigger broader body can increase the JPA's bargaining power to drive down costs of energy. ■ Administration of energy projects/programs might be easier because governments of larger cities that can afford consultants and other resources to develop initiatives, projects, or programs can share their expertise with disadvantaged or smaller governments that cannot afford these resources. | <ul style="list-style-type: none"> ■ Some issues/problems of certain regions might not be recognized or considered important because issues/problems of more powerful regions might be seen as more of a priority. ■ A single JPA might not recognize the differences among cities and, thus, lack incentives for all to participate: <ul style="list-style-type: none"> ○ Larger cities might dominate ○ Less control for smaller cities ■ A single JPA could result in a complicated administrative system. ■ Asset ownership is more complex. ■ If all eligible cities (n=82) participated in the JPA, decisions might be harder to make as an entire body because there are so many members. ■ A large number of cities might create challenges in coordination efforts and streamlining the roll-out of projects/programs. <ul style="list-style-type: none"> ○ These delays from trying to get a large number of entities to agree might stunt innovative development of green projects/programs. |



| | Pros | Cons |
|--|--|--|
| <p>Tiered Structure:</p> <p>Multiple JPAs under one larger JPA (South Bay, Long Beach, and LA County)</p> | <ul style="list-style-type: none"> ■ Each JPA can address the specific needs of a specific region and, hence, focus on local energy priorities. ■ Certain processes can be streamlined and decisions can be made easier if there are less members in a JPA and if those members have more in common because of close geographic proximity to one another. ■ More local control ■ More control for cities: cities can decide to participate ■ SCE rates for weighted voting structure ■ Locally representative strategies ■ Multiple JPAs would allow for different models of governance ■ Maybe a longer term option, depending on how many JPAs are formed initially in LA County | <ul style="list-style-type: none"> ■ Control over energy resources in certain geographic regions can be controlled and used by only certain localities within that region. <ul style="list-style-type: none"> ○ This situation can create a concentration of power for members of JPAs in particular regions with better access to infrastructure or funding resources (e.g., Antelope Valley's resources versus coastal cities' resources). ■ Establishing multiple JPAs for different regions can take a long time. ■ Multiple JPAs divide, restrict, or create challenges in collaboration efforts on a County-wide scale. ■ It is more complicated to determine how to split profits versus re-investing profits (e.g., generation charges) ■ Local requirements may differ and ignore representational differences (LADWP versus SCE rates for weighted voting). ■ Multiple JPAs could result in higher overhead costs overall. ■ Cities may participate in LA County CCA/JPA negotiations and have influence in the negotiations, but ultimately choose not to join. ■ A tiered structure is more complex. |



JPA: Agreement Components

Preamble and Recitals

Labor Perspective

Local hiring initiatives to help the local economies

- Local jobs/workforce
- Local disadvantaged hiring
- Prevailing wage or family sustaining wage
- Labor compliance
- Strong labor language
- JPA to enforce need for a local skilled workforce
- Workforce development (local)
- Hiring:
 - Local individuals
 - Veterans
 - Women
- Sonoma Clean Power Authority (SCPA) model supports labor

Educational collaborations

- Foundational training for providers on environmental technology
- High school and community college programs/collaborations
- Apprenticeship training for:
 - New work skills
 - Career development

Economic Benefits Perspective

- Economic development
- Competitive cost
- Local power generation and distribution



Environmental Perspective (see “JPA Goals for CCA” and “Stakeholders’ Benefits” for more ideas)

- Local generated energy and energy storage, including solar battery storage (Note: Community Choice Aggregation version 2 (CCA 2.0) will stipulate to procure energy from within the County.)
- Environmental justice
- Address needs of disadvantaged communities
- Energy efficiency programs
- Foundational training for providers on environmental technology
- Green technology improvements and innovation
- Integrated resource program
- Language supporting Renewable Energy Certificates
- Procure energy from within County
- Reduce GHGs

Customization and Collaboration across Member Cities with LA County

- Collaboration with other key players (other CCAs, IOUs, etc.)
- Maximize options for member cities (i.e., tailored rates for cities based on their desire)

Infrastructure, Ownership, and Liability

- Importance of defining asset and equipment ownership and liability
- Infrastructure investment concerns
- Need for local distribution infrastructure
- Renewable Portfolio Standards (RPS)
- Local Portfolio Standards (LPS)
- Cost issues

Board and Board Policies

- Definition of membership
- Community representation
- List policies



Governance

Voting Rights – mostly questions raised versus preferences regarding preferred voting models

- Considerable discussions about the Marin 50/50 model and the “Option to Call a Weighted Vote” model.
 - Tendency to be more supportive of Marin County model
 - Considerable discussions about voting block
- Interest and debate regarding:
 - Weighted voting based on power usage or revenue
 - Community representation with voting rights
 - Regional voting
 - Governance structure organized by local COGs
 - Caucusing voting (privileges)
 - Group voting by like-interests or regions
- The focus was much more on whether load was an appropriate metric and the implications for using the load size.
 - Importance to define goals to be accomplishment and criteria for a weighted vote
 - How many directors are needed to choose to do weighted vote?
 - How will consumption loads be calculated (daytime versus nighttime)?
 - Concerns that voting by load would de-incentive members from conducting energy efficiency programs (because this would reduce their load and reduce their vote)
 - They asked whether population would be a better metric than load
 - Some cities said that they would need to know the participants, and the corresponding load sizes before they could say which voting model they prefer.
- Other models suggested:
 - Inyo-Mono's Integrated Regional Water Management Plan (IRWMP)
 - Carson model with large Board
 - Long Beach model with community representation
 - Sonoma Clean Power Authority (SCPA)

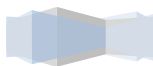


Suggested Committees – Note: Suggested options are not mutually exclusive.

- Option A: County JPA with committees representing regions
- Option B: County JPA with committees – below are listed the types of committee suggested across the four group discussions; most groups only proposed 3-4 committees
 - Executive Committee (some groups thought this should be required)
 - Advisory Committee
 - Technology Committee
 - Operations Committee
 - Marketing Committee
 - Customer Service Committee
 - Environmental Committee
 - Local Portfolio Standards Committee
 - Community Stakeholder Advisory Committee (two groups thought this would be important if not required)
- Option C: Allow both Standing and Permissive Committees
- Option D: Inclusion of Labor DAC

Delegation of Authority to Committees (Note: Few groups had time to discuss this aspect.)

- Need for legal counsel for decision-making process and authority
- Chair of Committee should have power to delegate tasks to committee members.
- Chair of Executive Committee or Executive Power of JPA should have power to delegate tasks to committees.
- Ensure “skin in the game” versus dominated by corporations



Today's Agenda

- Brief CCA Overview
- Discussion of LACCE Goals
- Discussion of JPA Options
- **Consideration of Barriers and Solutions**
- Consideration of Benefits
- Next Steps

Barriers and Solutions

The following discussions occurred in a modified open forum. In some cases, where the conversations overlapped, the identified barriers and solutions were integrated to show the inter-connectivity of the issues.

Marketing and Education

Identified Barriers

Communications and Outreach

- Can we reach diverse audiences?
- Language barriers
- Lack of definition about who is responsible for marketing and education
- Who is trusted?

Education

- Concerned about over-reliance on social media versus comprehensive educational programs

Customers

- Customer retention
- Skepticism about the energy targets and benefits

Identified Solutions

Communications and Outreach

- Learn from past marketing efforts to determine effective approaches for this initiative
- Engage existing institutions who deliver the message best
- Create clarity and prioritization of messaging
- Consistency and ongoing communications -- transparency
- Relevant messaging for various constituents
- Define who is responsible for marketing and education

Education

- Tours of renewable energy facilities
- Comprehensive tools for education, not just social media
- Education programs about job training for specific purposes (e.g., energy efficiency)



Effective Partnerships, Governance, and Entrenched Interests

Identified Barriers

Partnerships

- Formation of bad partnerships
- Partner participants being singled out or “ganged” up by other participants
- Lack of defining who takes the lead and who should step up to make it happen

Entrenched Interests

- CCAs might repeat the efforts of the entrenched interests.
- Local portfolio standard aspirations may be too restrictive.
- Existing infrastructure providers may be reluctant to work together.
- Regulatory bias

Identified Solutions

Governance

- A number of governance issues require more discussion:
 - Timeline for setting up the JPA
 - Level of governance
 - Number of JPAs
 - Benefits versus costs
 - Performance voting structure
 - Amount of oversight and bureaucracy planned

JPA Options

- Cafeteria plan approach
- Establishment of smaller JPAs
- Leveraging the strengths of individual entities

Greater Clarity

- Definition of roles and responsibilities
- Inclusion of education and training programs

Communications

- Marketing to the needs of the community



- Protection for individuals to prevent “bullying” in the governance structure
- Improved transparency and inclusiveness with open communications

Finance, Rates, and Business Model

Many of the representatives who participated in this discussion represented various cities and financial institutions. One of them had first-hand knowledge of Barclays Bank’s involvement with private investors in Sonoma Clean Power Authority (SCPA).

- The ideal model would have joint public-private financing
- There was a discussion of the financing by JPA members and local governments, similar to Marin’s and Sonoma’s SCPA models.
 - Pros for SCPA model are that there is a recourse.
 - CCA has no recourse.
- Things to clarify in any JPA are:
 - Risk assessment and liability
 - Mitigation of uncertainty
 - Clarity regarding who owns the assets
 - Use of local energy versus outsourcing of energy
 - Energy providers handling the financing (e.g., SCPA and Marin County)

Financial And Rate-Related Decisions

- Purchasing power
- Reinvestment of revenues
- Rate schedule (St., 50%, 100%) or other schedules?

Uncertainty of Business Model

- Power Charge Indifference Adjustment (PCIA) is not stable; therefore, the JPA must allow energy consumers/rate payers to buy and sell energy within their local/regional areas.
- JPA should balance the need for long-term contract stability versus short-term contract cycles affected by market innovation.
- Business model/contract that allows participants to “opt-in/opt-out” because of market innovations and developments might present better option for certain localities.
- Request for Offer approach might reduce risks of owning energy infrastructure.
- Allow changes and modifications to account for the dynamics of the current market structure.



Decision-Making and Priorities

This discussion focused primarily on issues to be addressed pertaining to decision-making and setting priorities.

Goal-Setting

- Goal-setting
- Priorities of Greenhouse Gas (GHG) Emission reductions
- Agreeing on hierarchy of priorities
- Clarification of roles of management structure with regional JPA

Structural and Staffing Decisions

- JPA management structure
- Hiring of staff (JPAs)
- Labor practices

Local and Regional Needs

- Localized energy generation and storage
- Customization of programs according to regional needs

Product and Service Offerings

- Product offerings

Inclusiveness and Diversity

Identified Barriers

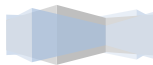
- Local interests, making it difficult to achieve consensus and make decisions
- Lack of access to:
 - Resources
 - Technical experts
 - Format/organization

Identified Solutions

- Lead with equity; prioritize disadvantaged
- Issue policies related to:



- Requests for Proposals (RFPs) and Requests for Services (RFSs) that include community benefits agreements for:
 - Local hires
 - Disadvantaged workers
- Guidelines for:
 - Utilization
 - Procurement
 - Representation
- Achieve accountability through public reporting
- Focus on community benefits; balance the scale to achieve the desired benefits
- Establish clear decision-making rules



Today's Agenda

- Brief CCA Overview
- Discussion of LACCE Goals
- Discussion of JPA Options
- Consideration of Barriers and Solutions
- **Consideration of Benefits**
- Next Steps

Stakeholder Benefits

| Benefits | Residents | Business | Labor | Environment | Economy | Cities | LA County | Other |
|--|-----------|----------|-------|-------------|---------|--------|-----------|---------------------------|
| Local Management Focus | ✓ | ✓ | | | ✓ | ✓ | | DACs |
| <ul style="list-style-type: none"> Local control Market transformation | | | | | | | | |
| Local Economy and Green Businesses | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| <ul style="list-style-type: none"> Local economic benefits Attract green businesses Green marketing (i.e., businesses will be able to market themselves as “green”) New career paths (local and area hiring) | | | | | | | | |
| Environmental | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| <ul style="list-style-type: none"> Address climate change Lower CO² and greenhouse gas (GHG) emissions; alignment of GHG reduction goals Accelerated path to reach California’s State Emissions Standards (and goals) Promotion of green businesses and green initiatives Increase community awareness of the need to conserve energy Incentivize green technology and innovation Decarbonize transportation | | | | | | | | |
| Data Driven | | | | | ✓ | ✓ | ✓ | Program administration by |

| Benefits | Residents | Business | Labor | Environment | Economy | Cities | LA County | Other |
|--|-----------|----------|-------|-------------|---------|--------|-----------|------------------------|
| <ul style="list-style-type: none"> Data integration | | | | | | | | CPUC |
| Energy Costs and Rates | ✓ | ✓ | | | | ✓ | ✓ | |
| <ul style="list-style-type: none"> Lower rates due to greater bargaining power Lower costs Power sources less expensive now | | | | | | | | |
| Energy Reliability and Sustainability | ✓ | ✓ | | | ✓ | ✓ | ✓ | Benefits public safety |
| <ul style="list-style-type: none"> Protecting the power grid Resiliency Resiliency to keep operations in business | | | | | | | | |
| Innovation | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| <ul style="list-style-type: none"> Resiliency to develop new innovations Energy rate-payers can also be producers due to new technologies | | | | | | | | |
| New Collaborative Business Model | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| <ul style="list-style-type: none"> Supports and fosters “Energy Democracy” Localities and its constituents (or public in general) have more control over energy development Flexibility of energy options for end-users and energy providers Fosters better (energy) regulation collaboration and collaboration on future policy issues other than energy (e.g., water policies) | | | | | | | | |



Today's Agenda

- Brief CCA Overview
- Discussion of LACCE Goals
- Discussion of JPA Options
- Consideration of Barriers and Solutions
- Consideration of Benefits
- **Next Steps**

Next Steps for Interested Cities

- Review the LACCE Business Plan and direct any questions to the County
- Begin reviewing the draft JPA document and the CCA-enabling ordinance that each city must adopt to participate in LACCE
- Participate in the County-led JPA negotiations scheduled to begin on January 10, 2017

Next Steps for Los Angeles County

- Continue to conduct outreach to interested cities and stakeholders
- Lead JPA negotiations with interested cities
- Continue to hold public meetings

Contact Information

Gary Gero

Chief Sustainability Officer

ggero@ceo.lacounty.gov

213-974-1160

More information/documents can be found at:

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