

MOTION BY SUPERVISORS DON KNABE AND
SHEILA KUEHL

September 8, 2015

In recent months, ten cities in the South Bay and Westside have adopted resolutions in support of establishing Community Choice Aggregation (CCA), including Torrance, Carson, Redondo Beach, Santa Monica, Hermosa Beach, Manhattan Beach, Beverly Hills, West Hollywood, Palos Verdes Estates and Lomita. The Counties of Santa Barbara, Ventura and Orange have also recently expressed interest in CCAs. On March 17, 2015, the Board instructed the Internal Service Department's (ISD) County Office of Sustainability (COS) to look into the feasibility of establishing Community Choice Aggregation in the County of Los Angeles, and to submit a written report back to the Board of Supervisors. On June 24, 2015, the Director of ISD submitted the requested report (CCA Report).

The California legislature adopted Community Choice Aggregation legislation in 2002 that set forth the process by which cities and counties in California can form nonprofit entities that purchase electricity from wholesale power generators on behalf of their communities. A CCA replaces the existing, investor-owned utilities (e.g., Southern California Edison, Pacific Gas & Electricity) in obtaining electricity and designing retail

--MORE--

MOTION

SOLIS	_____
RIDLEY-THOMAS	_____
KUEHL	_____
KNABE	_____
ANTONOVICH	_____

electricity rates for end-use customers. A CCA relies upon existing electric distribution infrastructure managed by investor-owned utilities to transport electricity to customers. Under the terms of the enabling legislation, the CCA becomes the de facto electricity provider for the community's residents: all customers are transitioned into the CCA and must opt out to remain with the investor-owned utility.

The CCA Report highlights the many potentially significant financial and environmental benefits of CCAs to Los Angeles County and its residents. Because CCAs are non-profit entities, they are able to provide their customers with less-expensive energy than for-profit investor-owned utilities. Moreover, CCAs may choose to provide power that is greener than that of investor-owned utilities, who are currently required to provide 20 percent green energy, rising to 33 percent by 2020. Additionally, CCAs can, through their rate structure and incentives programs, encourage customers to install renewable energy-producing infrastructure on-site by compensating customers for power that they return to the grid. Thus, CCAs can be a win-win for communities they serve by providing cleaner, less expensive electricity.

The CCA Report summarizes the programmatically and financially successful experiences of Marin County and Sonoma County in establishing their CCAs, known as Marin Clean Energy (MCE) and Sonoma Clean Power (SCP), respectively. Marin Clean Energy was established in 2010 and initially served 8,100 customers. After its full first year of operation, MCE paid off its loan for pre-launch costs, and saw positive change in net revenue from year to year, all while offering its customers greener electricity at rates that were in most instances cheaper than those offered by the existing investor-owned utility. MCE has since grown to include Napa County and the City of Richmond, and now serves 125,000 customers-as MCE's success has gained

--MORE--

the attention of neighboring communities, more and more of them are petitioning to join the CCA.

Sonoma Clean Power became the second CCA in California when it launched in 2014. After incurring debt during its first year to cover start-up costs, SCP's revenues from the sale of electricity have grown substantially, and SCP expects to fully recover its start-up costs within the first few years of operation. Like Marin Clean Energy, Sonoma Clean Power offers its customers electricity that is cheaper and comprised of a higher percentage of renewable energy than the existing investor-owned utility.

Closer to home, the City of Lancaster is in the final stages of launching its own CCA, known as Lancaster Community Energy (LCE), with expected service to residential customers scheduled for 2016. The Lancaster CCA anticipates that its power will be greener and cheaper than that provided by Southern California Edison.

The experiences of Marin, Sonoma, and Lancaster show that CCAs are a viable option for local governments to provide cleaner energy at rates that are nearly always less expensive than the rates offered by the existing investor-owned utility. The Marin Clean Energy example, in particular, holds promise as a potential development, implementation and expansion model for the County. The Marin County Board of Supervisors took initial steps in 2008 to create Marin Clean Energy, conducted the technical analysis to confirm the viability of MCE's business model and after a successful launch and program operations, expanded to other local entities. Los Angeles County should now proceed with our Community Choice Aggregation analysis using this model.

--MORE--

WE, THEREFORE, MOVE that the Board of Supervisors instruct the Interim Chief Executive Officer and the Director of the Internal Services Department to:

1. Utilize up to \$300,000 from the ISD's Fiscal Year (FY) 2015-2016 Final Changes Budget to hire a Community Choice Aggregation consultant through ISD's Energy Support Services Master Agreement (ESSMA), who shall conduct a preliminary technical analysis on the feasibility of establishing a CCA program for the County's unincorporated areas, with potential expansion to other local entities.
2. Submit a written report to the Board of Supervisors by February 1, 2016 that includes:
 - a. A preliminary technical analysis of the feasibility of establishing a CCA in the County's unincorporated areas, including the costs (start-up, short-term and long-term), benefits, and risks to the County.
 - b. An analysis of the financial viability of a local CCA, including an assessment of (i) energy supplies required for all customer classes (residential, commercial, industrial users) and (ii) the availability of sufficient green energy supplies.
 - c. A preliminary analysis that compares end-user monthly rates across rate classes and levels of green energy desired between a CCA and Southern California Edison, our local investor-owned utility.
 - d. Key decision points, next steps and issues that the Board of Supervisors must consider before making a decision to move forward with the formation of a Los Angeles County CCA, including options for financing start-up and initial operational costs, a proposed governance structure,

--MORE--

potential green energy and rate tiers and planning, implementation and rollout timelines.

3. Delegate authority to the Chief Executive Officer or the Director of the Internal Services Department, or their respective designees, to execute agreements and documents, in standard forms pre-approved by the California Public Utility Commission and/or Southern California Edison, for the purposes of acquiring, utilizing, storing and protecting the confidentiality of energy consumption data needed to perform the CCA technical analyses.

WE, FURTHER, MOVE that the Board of Supervisors instruct the Interim Chief Executive Officer and the Interim Director of ISD to create, lead, and convene regular meetings of a new Community Choice Aggregation Implementation Workgroup comprised of County representatives, representatives from other jurisdictions that have shown interest in joining a County CCA program, representatives from organized labor, and other stakeholders, in order to:

- a. Assess the feasibility of other jurisdictions joining a County CCA program;
- b. Provide information and guidance to other jurisdictions on the potential timeline and necessary steps to join a County CCA.
- c. Determine if a County CCA can advance workforce training and hiring objectives that align with County goals.

The Interim CEO and the Director of ISD should provide bi-monthly reports to the Board of Supervisors on the status of the preliminary technical analysis and the deliberations of the Task Force until the final CCA Technical Analysis Report is submitted to the Board.

#