



City of Culver City

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Staff Report

File #: 16-932, Version: 1

Update on the County of Los Angeles Community Choice Energy Business Plan, Status of Regional Community Choice Aggregation Programs, and Approval of Community Choice Aggregation Goals and Objectives

Meeting Date: May 8, 2017

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Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☒ No ☐

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (05/02/2017); (E-Mail) Gary Gero, Chief Sustainability Officer of the County of Los Angeles (05/04/2017); (E-Mail) Joe Galliani of South Bay Clean Power (05/04/2017); (E-Mail) Damon Hannaman of SCE (05/04/2017); (E-Mail) The Culver City Chamber of Commerce (05/04/2017); (E-Mail) GovDelivery List Subscribers of Sustainability Subcommittee of the City Council, Sustainability / Environmental Issues and Public Notifications (05/02/2017).

Department Approval: John Nachbar, City Manager (05/04/17), Charles D. Herbertson, Public Works Director (04/27/17)

RECOMMENDATION

Staff recommends the City Council 1) Review the County of Los Angeles Community Choice Energy Business Plan; and 2) Direct staff on how to proceed with exploration of the formation of a Community Choice Aggregation (CCA) organization; and 3) approve a list of CCA goals and objectives, as requested by the Westside Cities Council of Government; and 4) provide additional direction to the City Manager as appropriate.

BACKGROUND/DISCUSSION

Current Electricity Market in Culver City: Investor Owned Utilities

Investor Owned Utilities (IOUs), such as Southern California Edison (SCE), are regulated by the California Public Utilities Commission (CPUC). By 2020, IOU's are required to have 33% of their electricity be produced by renewable sources (the Renewable Portfolio Standard or "RPS"). The last CPUC 2016 Quarterly Report on RPS revealed that the State's IOU's have taken measures to comply with the RPS and are poised to achieve their 33% target by 2020. Currently, SCE operates at a RPS level of 28%. Passage of California Senate Bill 350 increased the RPS requirement to 50% by 2030. According to the CPUC, the top two sources of RPS production in California are wind (36%) and geothermal (25%). The CPUC also establishes an IOUs shareholder rate of return on their equity. SCE's shareholder rate of return averages from 9% to 11%.

Community Choice Aggregation

California Assembly Bill 117, passed in 2002, established the ability for local governments to form a non-profit Community Choice Aggregation (CCA) organization to purchase electricity from power producers for sale to their constituents. A CCA:

- Negotiates wholesale rates for electricity through contracts with power producers.
- Takes control of decision making regarding sources of electrical power to achieve sustainability goals, such as the reduction of Greenhouse Gas (GHG) emissions.
- Provides customers with a choice when selecting their electricity provider.
- Sets customer rates that may be lower than the IOU.
- Develops energy programs to achieve their objectives.

The following steps are required to establish a CCA:

1. Prepare of a Technical Feasibility Study (an optional measure that may take the form of a Business Plan);
2. Gauge the level of community support for a CCA;
3. Determine which of the three types of CCA organizations to form: Joint Powers Agreement (JPA), individual city, or commercially managed service;
4. Develop an Implementation Plan that is certified by the CPUC.

If sufficient community support exists, a city may form a CCA by adopting an ordinance and submitting a CCA Implementation Plan to the CPUC to consider certifying. After CCA formation, the IOU (in Culver City's case, SCE) continues to distribute the electricity, maintain the delivery infrastructure, meter and invoice customers, and provide customer service. Ongoing activities of the CCA include development of energy policies and programs, periodically releasing Requests for Proposals to power generators to procure electricity for its constituents, and establish retail customer rates that are approved by the CPUC. The CCA will also perform such functions as provide customer service support for its energy programs, incur debt for capital projects, market its programs, and lease or purchase property.

If Culver City were to form a CCA, all SCE customers in Culver City would be automatically enrolled into the CCA program at a predetermined RPS tier level established by the governing body. However, they would have 60 days to opt-out and restore their SCE service, if desired, at no cost. After 60 days, however, customers who opt-out of the CCA will be charged a small fee to restore

their SCE service.

Existing CCAs in California:

There are currently five operational CCAs in California: Marin Clean Energy (2010), Sonoma Clean Power (2014), Lancaster Choice Energy (2015), Clean Power San Francisco (2016), and Peninsula Clean Energy (2016). Marin, Sonoma, and Peninsula operate as JPAs; Lancaster and San Francisco operate as individual city CCAs. The two largest CCAs, Marin and Sonoma, provide 33%, 50% and 100% RPS options to their customers, and already exceed the State's minimum RPS standard at customer rates that are lower than their IOUs. In Marin and Sonoma, customer participation in their CCAs is 75% to 80%.

There are also several emerging CCAs in California in various stages of formation: Silicon Valley Clean Power (a JPA starting service in 2017), Apple Valley Choice Energy (an individual city CCA starting service in 2017), Hermosa Beach (an individual city CCA currently considering options for beginning service), Central Coast Power (a JPA currently completing a feasibility study), Redwood Coast Energy Authority (a JPA currently developing its CCA program), San Diego (an individual city CCA currently completing a feasibility study), San Jose Clean Power (an individual city CCA currently developing a business plan), East Bay Community Energy (currently forming a JPA), Monterey Bay Community Power (currently forming a JPA), Solana Beach (an individual city CCA who has hired a consultant to prepare an implementation plan).

Lancaster is currently the only CCA to have started service in Southern California where SCE is the IOU. In late 2016, the CPUC certified Hermosa Beach's Implementation Plan, making that city the second CCA in SCE territory.

In conjunction with South Bay Clean Power (SBCP), a citizen-led environmental group, the County of Los Angeles (County) presented a preliminary report to the Mayor and Members of the County Board of Supervisors (BOS) that evaluated three of the existing CCAs' experiences: their costs, benefits and risks associated with formation of a CCA, financing options and formation types. They also reached out to cities in the South Bay and on the Westside in order to gauge their level of interest in forming a CCA. On September 15, 2015, the BOS directed County staff to prepare a preliminary technical analysis and feasibility study, which would become known as the County of Los Angeles Community Choice Energy Business Plan ("Business Plan"). The Business Plan is a detailed investigation of the development of a CCA within incorporated and unincorporated cities within the County, a report on CCA costs/benefits, risks, key decision points, and if deemed feasible, an Implementation Plan for submission to the CPUC for certification. The BOS also directed County staff to form a task force that includes a representative from each of the participating cities.

During its meeting on September 28, 2015, the City Council adopted a non-binding resolution to participate in preparation of the Business Plan. Participation in the Business Plan was at no cost to the participating cities and if formed, the cities are not obligated to become a member of the County CCA. The cities of Hermosa Beach, Manhattan Beach, Santa Monica, Redondo Beach, Torrance, Carson, Beverly Hills, Malibu, Palos Verdes and Palos Verdes Estates, Rolling Hills Estates, Lomita, West Hollywood and Culver City comprised the fourteen pilot cities who participated in preparation of the Business Plan ("the Pilot Cities"). The Business Plan was delivered to the County on July 28, 2016. (See "CLA CCE Business Plan", attached.) On April 17, 2017, the County received a Business Plan Update, which updated the information in the Business Plan to reflect current market prices,

regulatory fees, and operational plans. (See “CLA CCE Business Plan Update”, attached)

DISCUSSION:

Los Angeles Community Choice Energy (LACCE) is the program name identified by the County for their CCA. The County hired Bevilaque-Knight (BKI), a certified Green Business in Los Angeles, as their primary consultant to complete the Business Plan in conjunction with EES Consulting, at a cost of \$300,000. EES is a professional electrical and hydroelectric engineering firm and BKI provides their customers cleaner, more efficient, and more resilient electricity supply solutions. BKI’s work focuses on the development of new technologies that reduce GHG emissions, water use, and increase generation of renewable energy. As the County’s lead consultant, BKI completed the Business Plan on June 30, 2016.

The Business Plan concludes the following:

- A countywide CCA is technically and financially feasible.
- Cities who join the LACCE are not at financial or liability risk as it would operate as a separate legal entity.
- \$10 million in startup costs are required to form the LACCE.
- Photovoltaic solar panels have reduced in cost over the past few years and as a result, construction of a solar farm is now only slightly more costly than a natural gas fired plant.
- Predicts that photovoltaic solar panel manufacturing costs will continue to decrease.
- Due to a glut of natural gas on the market, its cost is at an all-time low.
- Several sites within the County are suitable for the construction of a local solar farm. (However, it does not identify those locations.)
- If formed, the LACCE will reduce in-County power generation-related GHG emissions by as much as 25%. Countywide, the GHG emission reduction for all sectors (transportation, manufacturing and all other industries) would be 7% if all customers selected the 50% RPS tier, and 14% if all customers selected the 100% RPS tier. (In 2014, electric power generation was the State’s third-largest GHG emitting sector, amounting to 20%).
- Through construction of clean energy generation plants within the County, the LACCE will add hundreds of local jobs, generate over \$24 million in additional GDP, and provide local control over power supply and energy programs.
- With a portfolio matching SCE’s current base portfolio, which at 28% meets the State’s current RPS standards, LACCE customers would have a rate that is 5.3% lower than SCE’s rate. The LACCE customer rate at the 50% RPS tier would be approximately 4.1%-4.2% lower than SCE’s existing base rate with only 28% RPS. Customers who select the 100% RPS tier would pay 6.3% more than the SCE’s existing base rate with 28% RPS. (These numbers have been updated to reflect the information provided in the Business Plan Update.) (See “CCA Governance Matrix and Customer Rate Comparisons”, attached).
- Lower customer rates are attributed to a CCA’s non-profit status. Specifically, unlike an IOU, a CCA does not pay taxes, does not generate a return to shareholders, and currently obtains its financing at an interest rate of 4% compared to 8% for an IOU.
- Countywide, existing production of renewable energy available statewide would support total LACCE customer enrollment into the 50% RPS tier. However, new renewable generation plants

would need to be constructed to create enough renewable energy for all LACCE customers to enroll in the 100% RPS tier. (Note that currently, only 10% of existing CCA customers in California sign up for the 100% RPS tier.)

- No reasonable set of risk-related circumstances exist that would result in LACCE's rates being higher than SCE's, for comparable RPS tiers.

The County hired ARC Alternatives to perform an independent, third-party peer review of the Business Plan. The principals at ARC have over 50 years of experience in energy engineering and energy program management. They state in their peer review that *"based on our review of the underlying models, our conclusion is that the analytical approach is reasonable, that there are no material misrepresentations, and that the overall results reported in the Business Plan have been drawn on sound models and assumptions."* (See "Third Party Review of CLA CCA Business Plan", attached).

During their meeting of September 27, 2016, the BOS reviewed the Business Plan and directed County staff to proceed with the steps necessary to form the LACCE CCA. This included directing County staff to negotiate a Joint Powers Agreement (JPA) with all interested cities countywide within six months that provides meaningful local representation of participating cities on the LACCE governing board.

Joint Powers Agreement (JPA)

A County LACCE JPA was drafted and circulated for review and comment by staff of the participating cities. After considering the comments and conducting a workshop to receive additional input, six key elements of the LACCE JPA remained to be negotiated. Those six key elements were refined with direct input from many of the participating cities through a series of workshops that concluded the end of March. In addition to the fourteen pilot cities who participated in creation of the Business Plan, all other County cities were invited to join the LACCE JPA discussions. 56 total cities actively participated in the County-lead meetings. The recitals contained in the LACCE JPA are all-encompassing to meet the objectives of all 56 cities and interests expressed by environmental and labor groups. The BOS approved the LACCE JPA during their meeting of April 18, 2017. (See "LACCE JPA Agreement", attached.)

After the County and one other governing body have executed the JPA, the LACCE will be formed. Then, the County will provide a six month "open enrollment" period during which time any jurisdiction may join as an initial member of the LACCE at no cost to them.

County LACCE Timeline:

Negotiate LACCE JPA	January-March 2017
County BOS Approved Final JPA for the LACCE:	April 18, 2017
County BOS Adopts Ordinance forming the LACCE:	April 2017
Open Enrollment Period for Cities to Join LACCE:	May-October 2017
Submit Implementation Plan to CPUC for certification:	June, 2017
LACCE Phase 1 Launch (County facilities):	January 2018
LACCE Phase 2 Launch (City Municipal facilities, City/County commercial/industrial):	July 2018

LACCE Phase 3 Launch (City/County residential):

January 2019

LACCE's first phase includes providing electrical service to LA County municipal facilities (January 2018); the second phase is six months later and adds City municipal facilities, and City and County commercial and industrial customers (July 2018); and the third and last phase will be to add City and County residential customers (January 2019). The primary purpose in phasing-in the program is to provide time to address any issues that may arise and to continuously refine program details prior to its launch countywide.

The County has indicated that cities who join LACCE during the "open enrollment" period (prior to October 2017) may do so at no cost. However, cities who join LACCE after October 2017 may be subject to an enrollment fee. The next step if the City desired to join LACCE would be to 1) adopt an enabling ordinance (see "Model City Enabling Ordinance", attached), 2) adopt the LACCE JPA agreement, 3) designate a Board Director and alternate(s), 4) if participating in the Phase 2 Launch, acquire and provide load data for City municipal facilities, 5) evaluate constituent's priorities for services and programs and 6) assist the County with public outreach and noticing.

CCA Governance Options:

Culver City has several options for joining a CCA. Joining LACCE is one option. The City may also choose to form a different, regional JPA in partnership with other cities. It might also elect to form a single city CCA, similar to Lancaster (2015) and Hermosa Beach (2016). Culver City could also choose to do nothing. The attached table highlights the differences between joining the LACCE JPA, forming an individual city CCA, or forming a regional JPA. (See "CCA Governance Matrix and Customer Rate Comparisons", attached.)

Advantages and Disadvantages of CCA Governance Types:

LACCE JPA:

The most likely area of difference amongst the 82 cities that are eligible to join LACCE is each entity's desired balance between the goals of A) reducing customer rates and B) generating cleaner, yet currently more expensive, renewable power. Cities may also differ in their level of interest in or commitment to:

- Reducing GHG emissions.
- Job creation.
- Generation of local power that is distributed through microgrids.
- Adoption of programs that incentivize installation of rooftop solar panels and battery supply systems.
- Offering a lower tier rate to electric vehicle owners to encourage their use.
- Implementing programs that improve energy efficiency.
- Establishing reduced rates for low-income families.

The various LACCE participants would need to work-out their differences through discussions at the JPA Board. It is not yet known which cities will participate.

- Advantages: County provides a \$10 million loan to cover the startup costs that is repaid by LACCE. County assumes all risk and County staff oversees the program accompanied by a well-qualified consultant team. City participation is minimal. If a large amount of cities join, offers the lowest customer rates due to economies of scale. Joining LACCE early would allow Culver City to influence the direction of LACCE, which has the potential to be the largest CCA in the United States.
- Disadvantages: Potential for reduced program development and customer rate control. City objectives may compete with the other participating cities. If all 56 the participating cities joined, the City would have a 1.56% weighted vote, determined by its electric load relative to the other participating cities.

Regional JPA:

Culver City could form a different CCA through a JPA agreement with other cities.

South Bay Clean Power

SBCP is a citizen-based organization advocating for a regional approach. SBCP holds periodic stakeholder meetings, which are attended by representatives from the 14 Pilot Cities who participated in the LACCE study. As it is not a city or power provider, SBCP would not be a member of the CCA. However, it has been advocating for the Pilot Cities to coordinate with each other to form a regional CCA. For example, it has distributed sample language for a JPA agreement. (See “SBCP JPA Agreement,” attached.) The SBCP proposed JPA differs from the LACCE JPA, such as inclusion of a Community Advisory Committee comprised of community members that may receive a salary for their service, whose chair will have a non-voting seat on the JPA Board and be tasked with oversight of the JPA Board and CCA operations. The SBCP JPA agreement serves as a basis for discussion amongst cities, but interested cities would have to negotiate the final SBCP JPA agreement amongst themselves.

SBCP has engaged a consultant, Samuel Golding of Community Choice Partners, to draft a business plan that explores various implementation processes, financing options and includes a timeline for the stakeholder cities to contemplate. However, it does not recommend a single path forward. SBCP has not done its own feasibility study, but considers the County’s feasibility study to be proof of feasibility for a regional JPA. Nor does it forecast customer rates. One of SBCP’s suggested approaches is a countywide JPA composed of multiple smaller JPAs within the County, of which the SBCP CCA would be one. The smaller JPAs would purchase power through the larger JPA, benefiting from economies of scale. However, the County has no plans to pursue a master “JPA of JPAs” approach at this time, nor has this been attempted elsewhere in the State. In this scenario, each smaller JPA would determine its own RPS, customer rates, energy programs and financing and the master JPA organization collectively negotiates power purchasing agreements on their behalf to maximize the economies of scale.

SBCP’s business plan is primarily focused on the purchase of “bundled” renewable energy sources in the short term and development of Distributed Energy Resources (DER) in the long term (within 10 years) to achieve 100% RPS. “Bundled” energy is where the renewable attributes of a renewable power generating plant (in the form of Renewable Energy Certificates) are matched together and sold

as one unit. DER is the construction of new renewable power generation plants locally that store and distribute the electricity through a variety of small, grid-connected devices (a microgrid).

The SBCP business plan also emphasizes the importance of project labor, community benefit and union workforce agreements, job training, and apprenticeship programs. (See “SBCP Business Plan”, attached.) The SBCP Business Plan has not undergone an independent, third-party peer review.

Regional Cities

Historically, most of California’s JPA CCAs coalesced when one or more (usually larger) cities, counties, or public agencies decided together to pursue a certain course and fund initial work. Then, additional (usually smaller) cities, counties, and agencies joined them. For example, in Marin, the County of Marin, North Marin Water District, and the Marin Municipal Water District each contributed \$10,000 toward a CCA Demonstration Project in February 2004. Then the County of Marin spent \$33,000 to fund an Initial Feasibility Study. The final CCA is comprised of six cities and two counties. In Sonoma, the County Water Authority took the lead and funded a feasibility study in 2011 and a draft implementation plan in 2012. The final CCA is comprised of eleven cities and two counties.

Most other cities in the West Los Angeles and South Bay region are still in the process of deciding which approach they will take to form a CCA, with many taking a “wait and see” approach that keeps all options on the table. Hermosa Beach has made the most progress towards operating a CCA. Its individual city implementation plan has been certified by the CPUC, and it is currently considering its options for power purchasing prior to launching its CCA. It will likely approach both the County and Lancaster to discuss power purchase arrangements, but how these will be structured remains to be seen. Rolling Hills Estates is only pursuing joining the LACCE. On February 14, the Santa Monica City Council adopted a Resolution establishing CCA guiding principles and directed their staff to continue to participate in the County meetings, to investigate all available options and to return to the City Council with their evaluation once concluded. Torrance, Manhattan Beach, Redondo Beach, West Hollywood, Beverly Hills, Palos Verdes Estates, Rancho Palos Verdes, and Malibu are monitoring both LACCE and the SBCP stakeholder meetings, but none have yet made a decision yet as to which option to pursue. The Westside Cities Council of Governments (WCCOG) could be a forum for discussing formation of a CCA comprised of Westside cities (see discussion below).

- **Advantages:** Startup costs (of an unknown amount) would be shared with other cities and once formed, likely be paid back by the CCA. Control over customer rates and program development with other like-minded cities who share similar objectives. Potentially easier to administer due to smaller size. If all 14 Pilot Cities formed a CCA, the City would have a 6% weighted vote determined by its population, or a 7% weighted vote determined by its electric load relative to the other participating cities.
- **Disadvantages:** No cities have yet fully committed to a regional approach, or asked Culver City to join them in a JPA. Rates and feasibility would depend on the actual number of participating cities. Need for a feasibility study based on actual participants. Need to identify and hire an experienced consultant team with a solid track record in the electricity industry. Need to identify source of funding for startup costs. Requires more staff time and cost to participate than LACCE. Requires creation of a separate Implementation Plan to submit to the CPUC and direct CPUC/SCE integration. Because of smaller economies of scale, it might

result in higher power generation costs (and thus higher customer rates) when compared to a larger LACCE.

Individual City:

Culver City could form its own, individual city CCA in one of several ways. It could enter into an agreement with Lancaster Choice Energy (another CCA), to aid the City in its formation and ongoing operation. Lancaster Choice Energy has offered its consulting services for an initial cost of \$63,000, plus a recurring monthly fee based on the ongoing services they provide. The initial fee would go toward analysis of the citywide load data and preparation of load forecast, developing a pro-forma, preparation of a City ordinance to form the CCA, and preparation of the Implementation Plan for certification by the CPUC.

Recently, Hermosa Beach decided to form an individual City CCA. It hired Lancaster Choice Energy to complete the tasks outlined above. The CPUC certified Hermosa Beach's Implementation Plan three months after its submittal. Currently Hermosa Beach is evaluating its power procurement options prior to launching its own CCA.

Alternatively, Culver City could choose to hire a private consulting firm with extensive industry experience and a strong track record to aid with implementation of a single city CCA. For example, the City of Solana Beach (population 13,500) issued a request for qualifications/proposals in June 2016 for comprehensive services to support the city with the development, financing, launch, and operations of a CCA program. The City received three responses: 3 Phases Renewables, Pilot Power Group, Inc. / EDMS, and The Energy Authority/Noble Energy Solutions. City staff and an independent group of experts conducted a review of the proposals and the city is currently engaged in negotiations with one company. Solana Beach is concurrently completing a third-party review of a previously completed feasibility study, completed in April 2016 at no cost by a consultant, California Clean Power (now Pilot Power). Two additional, outside consultants (one operational and one legal) have helped Solana Beach navigate the CCA process. Following a system pioneered by Lancaster, Solana Beach plans to establish a "lockbox" structure that allows a private consultant to complete much of the initial work (feasibility study, implementation plan, community outreach) at no cost, with the city committed to use the consultant as the power purchaser if and when the program is implemented. Once the CCA is operational, revenue is placed in a "lockbox" account, with the order of payments from the lockbox prioritized as follows: 1) power provider, 2) power purchaser, 3) city. This ensures the City's General Fund is protected by paying power providers first and energy customers maintain a steady flow of power.

- **Advantages:** Complete control over customer rates and program development, as City Councilmembers will compose the CCA board. Allows City to brand the program under its own name. If hired, receive expertise from Lancaster Choice Energy's staff and may provide access to its current and future renewable energy portfolio. An experienced private consultant may also provide the City with expertise. City may use excess CCA revenues to fund CCA related programs in accordance with restrictions established by Proposition 218. Flexibility to possibly join with other cities in a JPA in the future.
- **Disadvantages:** Rates and feasibility are unknown. Need for a feasibility study based on the single city model. Need to identify and hire an experienced consultant team with a solid track

record in the electricity industry. Potential need to identify source of funding for startup costs. Unknown startup costs that are initially borne by the City and paid back by the CCA after formation. Requires significant amount of staff time dedicated to establish initially and ongoing staff resources would need to be dedicated to overseeing the CCA (Lancaster recommends a staff from five to eight individuals be hired to administer the program). Requires creation of a separate Implementation Plan to submit to the CPUC and direct CPUC/SCE integration. Because of economies of scale, may result in higher power generation costs when compared to LACCE or a Regional JPA. May place City's General Fund at risk if CCA becomes insolvent.

Westside Cities Council of Governments

The Westside Cities Council of Governments (WCCOG), at their meeting on March 30, 2017, voted to ask each WCCOG member city to review the stated CCA goals and objectives adopted by the City of Santa Monica on February 14, 2017, and to consider adopting them or an amended version thereof. (See "Santa Monica CCA Resolution", attached).

Santa Monica's adopted CCA goals:

- To eliminate carbon emissions from electricity generating sources for the City by 2050 or sooner.
- To accelerate the deployment of energy efficiency and demand response services, distributed energy resources, electric vehicle infrastructure and other clean technologies in the City and the Los Angeles metro area.

Santa Monica's adopted CCA objectives:

- Implement or participate in a community choice energy/aggregation with goals and objectives that are aligned with the City's goals and objectives.
- Seek to achieve the highest percentage of renewable energy from local sources and the highest level of participation in the community.
- Ensure that the City has voting representation that reflects its achievements in energy efficiency, solar and electric vehicles deployment, or population, instead of total electric load.
- Ensure that the City will receive a sustainable and equitable source of funds that will support projects that reduce emissions from energy and fossil fuel use.
- Ensure that all residents and businesses in the City will have equitable and affordable access to clean energy and energy services.

At its May 18, 2017 meeting, the WCCOG will review the responses received by each member city to Santa Monica's stated goals and objectives, and the WCCOG will consider adopting them as-is or an amended version thereof as the CCA goals and objectives for the Westside Cities. This exercise may reveal the member cities like-mindedness (or disparities as the case may be) and may pave the way to studying formation of a regional CCA based on WCCOG members. Lancaster indicated that if hired by the WCCOG to prepare an implementation plan, Lancaster's fee would be less than \$100,000 to analyze the collective cities load data and to prepare a load forecast, pro forma (with a customer rate table), and implementation plan suitable to submit to the CPUC for certification.

Next Steps:

Staff monitored the LACCE JPA negotiations, and has been attending SBCP meetings to monitor its progress. Staff is seeking City Council direction on whether or not they desire to form a CCA and if so, to direct staff to pursue one or more options to implement it.

FISCAL ANALYSIS

Formation of a CCA will not affect the collection or customer payment of Utility Users Taxes (UUT). However, to the extent that customer rates are reduced (an average of 4%), so too will the amount of UUT remitted to the City's General Fund. For example, based on the current UUT rate of 11% and projected 2016-2017 electricity UUT revenues of \$6,216,521, a 4% reduction in customer rates would result in a UUT decrease of \$248,661.

ATTACHMENTS

1. 2017-05-08 - ATT CLA CCE Business Plan
2. 2017-05-08 - ATT CLA CCE Business Plan Update
3. 2017-05-08 - ATT CCA Governance Matrix and Customer Rate Comparisons
4. 2017-05-08 - ATT Third Party Review of CLA CCE Business Plan
5. 2017-05-08 - ATT LACCE JPA Agreement
6. 2017-05-08 - ATT Model City Enabling Ordinance
7. 2017-05-08 - ATT SBCP JPA Agreement
8. 2017-05-08 - ATT SBCP Business Plan
9. 2017-05-08 - ATT Santa Monica CCA Resolution

MOTION

That the City Council:

1. Review the "County of Los Angeles Community Choice Energy Business Plan," prepared by the County of Los Angeles as a preliminary technical analysis and feasibility study of a Community Choice Aggregation organization; and
2. Direct staff to continue to explore formation of a Community Choice Aggregation organization; and
 - a. Pursue joining the County LACCE JPA; and/or

- b. Pursue joining a CCA as proposed by South Bay Clean Power; and/or
 - c. Pursue joining another regional JPA; and/or
 - d. Pursue formation of an individual city CCA, either through partnership with Lancaster Choice Energy or another third party entity; and/or
 - e. Continue to monitor CCA activities in the Southern California region and Statewide and report back to the City Council on a periodic basis;
3. If desired, approve a list of Culver City CCA goals and objectives for presentation at the Westside Cities Council of Governments during its meeting on May 18, 2017; and
4. Provide additional direction to the City Manager or his designee as appropriate.