

# SCE's Community Renewables Program provided to THE CITY OF COMMERCE by JATON LLC





# **JATON LLC & THE SCE COMMUNITY** RENEWABLES PROGRAM

#### • PROPOSITION:

• JATON proposes to enroll the City of Commerce into Southern California Edison's (SCE) Community Renewables Program, and provide 100% renewable solar energy (estimated value potentially in the millions of dollars) at NO ADDITIONAL COST.



# JATON LLC & THE SCE COMMUNITY RENEWABLES PROGRAM

#### **INTRODUCTION**

#### JATON LLC

Formed in 2016 following the closure of Southern California Edison's (SCE) San Onofre Nuclear Power Plant, JATON's mission is to develop utility-scale solar facilities providing customers w/ 100% Renewable Solar Energy at the lowest costs possible, by utilizing SCE's Community Renewables Program.

#### JAKE BROWN & TONY PEREZ, Founding Partners

Founding partners, Jake Brown & Tony Perez have over 60-years of collective solar & utility infrastructure development experience. They have jointly planned, designed, managed & constructed hundreds of millions of dollars worth of infrastructure facilities which are still in operation today.

# **BACKGROUND**

- Californians overwhelmingly support renewable energy development
  - Combats climate change, reduces greenhouse gas emissions, creates jobs, & preserves environment for future generations.
  - This attitude widely reported in numerous academic studies, polls, and media reports.
  - CA attitude transcends party lines (83% Republicans and 97% Democrats support solar development per Pew Research Center, "The Politics of Climate", by Funk & Kennedy, October 4, 2016

# **BACKGROUND**

- Transition to renewables has been slow and difficult
  - Enormous investment and revenues generated by the fossil fuel industry.
  - Reluctance of large utilities to revise their business models and relinquish hold on their monopolies.
  - Despite the strong market for renewables, majority of Californians have found access to renewable energy to be bureaucratic & cost prohibitive.

# **BACKGROUND**

- Californians' options for renewable energy are limited
  - Install rooftop solar (requires a large capital investment & long payback period)
  - Purchasing directly from Southern California Edison (SCE green rate increases generation rate by as much as 40% or more)
- SCE's Community Renewables Program offers limited opportunity to replace SCE generated energy w/ 100% renewable solar energy.



#### **SCE COMMUNITY RENEWABLES PROGRAM**

- Launched May 2016 & active through March 2019 (269MW allocated solar power).
- Program allows Solar Developers to sell solar electricity directly to SCE subscribers.
- SCE continues to transmit electricity to City of Commerce & will bill Commerce for transmission & Time of Use (infrastructure).
  - SCE provides "bill credit" to city that effectively offsets SCE's generation costs.
  - JATON will bill city separately for renewable solar energy generation.
- SCE remains service provider: Lynwood receives same high-quality service & delivery reliability.



# **JATON PROPOSAL**

- JATON proposes to replace 26% of City's energy needs (2.075-million kWh/year) w/ 100% Green-e certified renewable solar electricity.
  - JATON will provide 100% renewable solar energy at approximately same cost currently paid to SCE.
  - Equivalent green energy purchased from SCE would cost **over** \$1.32-million in addition to City's existing bill.
  - Equivalent solar energy generated by installation of rooftop solar would cost *over \$5.08-million*.
- JATON proposes to provide 100% renewable solar energy at no additional cost.

# **CONTRACT TERMS & SCHEDULE**

- JATON requires execution of a 20-year Customer Developer Agreement (CDA).
  - Term: 20-years
  - Initial rate: \$0.0528/kWh
  - Escalator: 3%/year
- JATON expects signing a 20-year Power Purchase Agreement (PPA) w/ SCE in January 2018
- Begin solar power deliveries in December 2018.

#### **SUMMARY**

Why should the City of Commerce enroll in SCE's Community Renewables Program, and contract w/ JATON to provide 100% renewable solar energy?

- Receive 100% renewable solar energy at approximately the *same or lower cost* as current *SCE rates*.
- Equivalent green energy purchased through SCE would cost over **an additional \$1.32-million**.
- Equivalent energy produced by installation of rooftop solar would cost **over \$5.08-million**.
- *Fixed predictable rate* provides ease of budgeting and serves as a hedge against increasing future energy costs.
- No out of pocket costs.
- No maintenance costs.
- SCE continues as service provider, ensuring same high-quality service and delivery reliability.
- Reduce Greenhouse Gas Emissions, help California reach its statutory renewable energy targets, and help preserve the environment for future generations.



#### Next Action Steps

- The City of Commerce Staff review Customer Developer Agreement (CDA)
- Present staff report and action item to City Council to execute 20-year CDA with JATON contingent on completion of JATON's solar energy facilities.

#### Questions

#### JATON Contacts

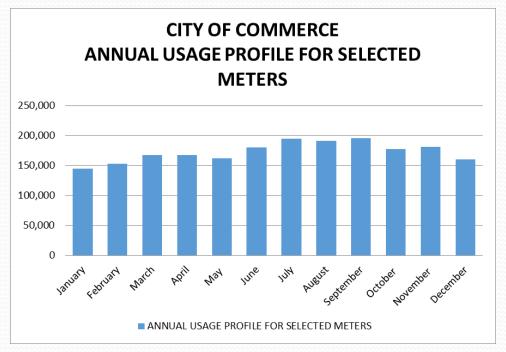
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#### The City of Commerce Community Renewable Pro forma & Base information

The City of Commerce Community Renewables Program JATON Selected Meters 2016/2017 Monthly & Annual Usage

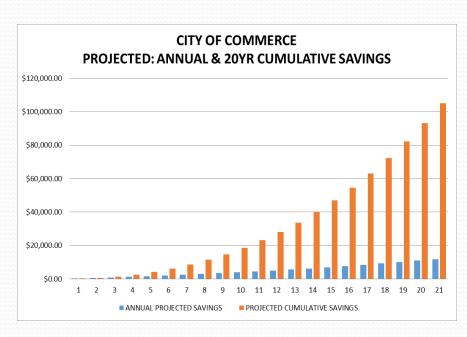
| Selected Rates | Total KWH/rate | Dec 2016 | Jan 2017 | Feb 2017 | March 2017 | April 2017 | May 2017 | June 2017 | July 2017 | Aug 2017 | Sept 2017 | Oct 2017 | Nov 2017 |
|----------------|----------------|----------|----------|----------|------------|------------|----------|-----------|-----------|----------|-----------|----------|----------|
| TOU-GS1A       | 159,970        | 12,367   | 16,669   | 12,748   | 12,105     | 11,125     | 11,645   | 11,022    | 10,228    | 16,602   | 16,769    | 17,683   | 11,007   |
| TOU-GS2A       | 41,073         | 4,622    | 4,018    | 3,764    | 4,027      | 4,103      | 4,857    | 4,917     | 5,483     | 65       | 65        | 72       | 5,080    |
| TOU-GS2B       | 1,873,480      | 164,044  | 139,480  | 127,947  | 136,377    | 152,586    | 150,855  | 146,236   | 164,301   | 178,289  | 174,111   | 178,135  | 161,119  |
|                | 2,074,523      | 181,033  | 160,167  | 144,459  | 152,509    | 167,814    | 167,357  | 162,175   | 180,012   | 194,956  | 190,945   | 195,890  | 177,206  |
|                | TOTAL kWh      |          |          |          |            |            |          |           |           |          |           |          |          |





#### **City of Commerce Community Renewables Pro Forma**

| Bill Credit<br>with 3.3%<br>Escalator | Bill Credit  | JATON<br>RATE with<br>3%<br>ESCALATOR | JATON RATE   | ANNUAL<br>PROJECTED<br>SAVINGS | PROJECTED<br>CUMULATIVE<br>SAVINGS | YEARS |
|---------------------------------------|--------------|---------------------------------------|--------------|--------------------------------|------------------------------------|-------|
| \$0.05282                             | \$109,584.16 | \$0.05280                             | \$109,534.81 | \$49.35                        | \$49.35                            |       |
| \$0.05457                             | \$113,200.44 | 0.05438                               | \$112,820.86 | \$379.58                       | \$428.93                           | 1     |
| \$0.05637                             | \$116,936.05 | 0.05602                               | \$116,205.48 | \$730.57                       | \$1,159.50                         | 2     |
| \$0.05823                             | \$120,794.94 | 0.05770                               | \$119,691.65 | \$1,103.29                     | \$2,262.79                         | 3     |
| \$0.06015                             | \$124,781.18 | 0.05943                               | \$123,282.40 | \$1,498.78                     | \$3,761.57                         | 4     |
| \$0.06213                             | \$128,898.96 | 0.06121                               | \$126,980.87 | \$1,918.08                     | \$5,679.65                         | 5     |
| \$0.06418                             | \$133,152.62 | 0.06305                               | \$130,790.30 | \$2,362.32                     | \$8,041.98                         | 6     |
| \$0.06630                             | \$137,546.66 | 0.06494                               | \$134,714.01 | \$2,832.65                     | \$10,874.63                        | 7     |
| \$0.06849                             | \$142,085.70 | 0.06689                               | \$138,755.43 | \$3,330.27                     | \$14,204.90                        | 8     |
| \$0.07075                             | \$146,774.53 | 0.06889                               | \$142,918.09 | \$3,856.44                     | \$18,061.34                        | 9     |
| \$0.07309                             | \$151,618.08 | 0.07096                               | \$147,205.63 | \$4,412.45                     | \$22,473.79                        | 10    |
| \$0.07550                             | \$156,621.48 | 0.07309                               | \$151,621.80 | \$4,999.68                     | \$27,473.47                        | 11    |
| \$0.07799                             | \$161,789.99 | 0.07528                               | \$156,170.45 | \$5,619.54                     | \$33,093.01                        | 12    |
| \$0.08056                             | \$167,129.06 | 0.07754                               | \$160,855.57 | \$6,273.49                     | \$39,366.50                        | 13    |
| \$0.08322                             | \$172,644.32 | 0.07986                               | \$165,681.23 | \$6,963.08                     | \$46,329.59                        | 14    |
| \$0.08597                             | \$178,341.58 | 0.08226                               | \$170,651.67 | \$7,689.91                     | \$54,019.50                        | 15    |
| \$0.08880                             | \$184,226.85 | 0.08473                               | \$175,771.22 | \$8,455.63                     | \$62,475.13                        | 16    |
| \$0.09173                             | \$190,306.34 | 0.08727                               | \$181,044.36 | \$9,261.98                     | \$71,737.11                        | 17    |
| \$0.09476                             | \$196,586.45 | 0.08989                               | \$186,475.69 | \$10,110.76                    | \$81,847.87                        | 18    |
| \$0.09789                             | \$203,073.80 | 0.09259                               | \$192,069.96 | \$11,003.84                    | \$92,851.71                        | 19    |
| \$0.10112                             | \$209,775.24 | 0.09536                               | \$197,832.06 | \$11,943.18                    | \$104,794.89                       | 20    |



<sup>&</sup>lt;sup>2</sup> CA Electric pricing has historically increased by 3.3% per year

<sup>&</sup>lt;sup>2</sup> "THE FUTURE OF ELECTRICITY PRICES IN CALIFORNIA: UNDERSTANDING MARKET DRIVERS AND FORECASTING PRICES TO 2040" ENERGY EFFICIENCY CENTER | UNIVERSITY OF CALIFORNIA, DAVIS 1605 Tilia Street, Suite 100 Davis CA 95616 eec.ucdavis.edu

