



## **CITY OF COMMERCE AGENDA REPORT**

**TO:** Honorable City Council **Item No.** \_\_\_\_\_

**FROM:** City Administrator

**SUBJECT:** COMMUNITY CHOICE AGGREGATION FEASIBILITY STUDY

**MEETING DATE:** MAY 1, 2018

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### **RECOMMENDATION:**

Authorize the City Administrator to negotiate the cost with California Clean Energy Authority (CCEA) to perform a technical study to determine the feasibility of implementing a Community Choice Aggregation program.

### **BACKGROUND:**

Assembly Bill 117, signed into law in September 2002, granted the right of any California city the authority to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program; known as Community Choice Aggregation ("CCA"). In 2010, the first CCA program launched in Marin County.

Since that time, there has been a wave of other CCA programs serving customers in California: Sonoma Clean Power, Lancaster Choice Energy, CleanPowerSF, Peninsula Clean Energy, Los Angeles Community Choice Energy, Pico Rivera PRIME, and most recently the Town of Apple Valley. These programs have all successfully transitioned their communities from traditional utility provided electricity generation to CCA procured electricity. In addition to providing a competitive option for their residents, these programs have also provided additional savings in the form of lower rates and increased renewable energy consumption within their service boundaries.

In August 2012, the City of San Jacinto and the City of Lancaster created the California Clean Energy Authority (CCEA), the purpose of which is to undertake projects that will result in significant public benefits. Through CCEA, participating cities can reap the benefits of a JPA-governed CCA program by coordinating and sharing administrative services, back-office data management, and power procurement while still maintaining the benefits of a stand-alone Enterprise CCA model.

Under a CCA program, Southern California Edison (SCE) continues to be responsible for electricity delivery and transmission, owning and maintaining the power and transmission infrastructure, reading the meters, and billing and collecting from

customers. The only change under a CCA program is that power consumed by customers is purchased by the Community Choice Aggregator, with the revenues collected staying in the City to benefit the citizens and businesses of Commerce.

Staff has identified several benefits to the community from the CCA program, including:

- Consumer Choice
- Local Control
- Rate Setting
- Improved Renewable Energy Options
- Development of Energy Programs
- Energy Efficiency
- Demand Response
- Economic Development Opportunities

## **ANALYSIS:**

As part of developing the Green Zones Action Plan (GZAP), a CCA program offers the City of Commerce an opportunity to begin creating the backbone for a sustainable community by creating new energy revenues and providing the City with greater control over the electricity supply. Considering the high energy use drawn by our local businesses, a CCA program can potentially provide the City with an opportunity to create a comprehensive sustainability plan that encompasses the vision of the City Council.

The potential benefits in creating a CCA include the pursuit of reducing greenhouse gas (GHG) emissions, increasing local renewable energy generation, and increasing local job creation as compared to continuing service with current electricity provider Southern California Company (SCE). CCAs are local, not-for-profit governmental programs that procure electrical power on behalf of its residents, businesses, and governmental entities. The primary objective of a CCA is to give communities a choice in energy providers and provide a way for local governments to offer a greater proportion of renewable energy, thereby reducing GHG emissions.

To establish a CCA, a technical study should be performed to determine how much energy load the city has and calculate the estimated annual costs and revenues of operating the proposed CCA. The cost of the technical study will be brought back to the City Council at a subsequent meeting. At the conclusion of the technical study, the City will be prepared to file with the California Public Utilities Commission to establish the City as a Community Choice Aggregate.

The initial step of the technical study requires that the City request the aggregate energy data from SCE. Specific non-disclosure and energy request forms are required to be completed and submitted to SCE. The technical study proposed would provide all of the studies, resolutions, and reports necessary to file with the CPUC to “certify” the Community Choice Aggregation for the City of Commerce.

The procurement of the technical study is considered unique in its nature. The Professional Services for this endeavor requires highly specialized work and hence staff recommends the services of CCEA.

**ALTERNATIVES:**

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

**FISCAL IMPACT:**

The cost of the technical study will be negotiated and presented to the City Council at a subsequent meeting.

Recommended and Prepared by: René Bobadilla, Interim Director of Economic Development and Sustainability

Reviewed by: Vilko Domic, Finance Director

Approved as to form: Norma Copado, Assistant City Attorney

Respectfully submitted: Edgar P. Cisneros, City Administrator