



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No. _____**

FROM: City Administrator

SUBJECT: APPROVE SECOND READING AND ADOPTION, BY READING TITLE ONLY AND WAIVING FURTHER READING, OF ORDINANCE ESTABLISHING COMMERCE COMMUNITY CHOICE AGGREGATION AND APPROVING IMPLEMENTATION PLAN & STATEMENT OF INTENT

MEETING DATE: NOVEMBER 20, 2018

RECOMMENDATION:

1. Approve Second Reading and Adoption, by title only and waiving further reading, of Ordinance establishing Commerce Community Choice Aggregation and Approving Implementation Plan & Statement of Intent; and
2. Direct City Staff to file the Implementation Plan & Statement of Intent with the California Public Utilities Commission for certification; and/or
3. Make any motion(s) to execute any City Council directive(s).

DISCUSSION:

On October 16, 2018, City staff and representatives from California Choice Energy Authority ("CCEA") provided the results of a technical study to evaluate the feasibility of Commerce creating and operating a Community Choice Aggregation ("CCA") program. In addition, a proposed ordinance was introduced to establish a Commerce Community Choice Aggregation program and approve the related Implementation Plan & Statement of Intent ("Plan").

The study concluded that Commerce can establish a CCA program that meets the goals of:

- Consumer Choice
- Local Control
- Rate Setting
- Improved Renewable Energy Options

- Development of Energy Programs
- Energy Efficiency
- Demand Response
- Economic Development Opportunities

The study determined that under current market conditions, a CCA program was feasible, and could generate a net surplus between \$500,000 and \$1.3M annually over a ten-year period. Funds generated could be used to offer customers rate reductions, increase the amount of renewable energy consumed by Commerce, economic development activities or energy efficiency programs, at City Council discretion.

Once approved, the next step is to file the Plan with the California Public Utilities Commission for review and certification. Doing so would provide the opportunity for Commerce to begin serving customers in 2020.

BACKGROUND:

Assembly Bill 117, signed into law in September 2002, granted the right of any California city 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, including Lancaster Choice Energy, Pico Rivera “PRIME”, San Jacinto “San Jacinto Power”, and Rancho Mirage RMEA, all of which are Associate Members of CCEA. 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.

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 CCA, with the revenues collected staying in the City to benefit the citizens and businesses of Commerce.

One of the required steps for establishing a CCA program is to adopt an Ordinance setting the intent to establish a CCA, and to approve an Implementation Plan & Statement of Intent. There are very clear requirements established by the California Public Utilities Commission (CPUC) on what is to be included in the Implementation Plan (Plan). These plans are meant to lay out the general operating principles and goals for the CCA. Once adopted, the Plan is submitted to the CPUC for certification. This CPUC has 90 days with which to do that.

The attached Plan has been developed to meet all the requirements while still giving flexibility to Commerce to develop a program that meets the needs of its community. The approval of the Plan does not commit Commerce to operating a CCA program. It does open the 2020 year window for operation and allows the City to continue to continue to take steps to further its evaluation of and policy direction for a CCA program.

ALTERNATIVES:

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

FISCAL IMPACT:

The recommended action can be carried out without additional impact on the current operating budget.

Recommended by:	René Bobadilla, Director of Community Development and Sustainability
Prepared by:	René Bobadilla, Director
Reviewed by:	Vilko Domic, Finance Director
Approved as to form:	Noel Tapia, City Attorney
Respectfully submitted:	Edgar P. Cisneros, City Administrator

ATTACHMENTS:

Ordinance No. XXXX Establishing a Community Choice Aggregation Program and Approving the Implementation Plan and Statement of Intent Commerce Community Choice Aggregation Implementation Plan and Statement of Intent