



# CITY OF POMONA COUNCIL REPORT

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December 4, 2017

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Darron Poulsen, Water Resources Director

Subject: **Discussion and Direction on Whether to Bring Forth an Ordinance to Enter into a Joint Powers Agreement (JPA) with the Los Angeles Community Choice Energy (LACCE) Program to Procure and Provide Electric Power to Residents and Businesses of the City**

## OVERVIEW

**Recommendation** – That the City Council provide direction on whether to:

1. Reject the participation in the Los Angeles Community Choice Energy (LACCE) Program at this time, and request that staff seeks other local opportunities and report findings back to the City Council.

Or

2. Direct Staff to bring forth an Ordinance approving the City's participation in the Joint Powers Agreement (JPA) for the Los Angeles Community Choice Energy (LACCE) Program.

**Fiscal Impact** – There is no fiscal impact with Staff's recommendation.

**Previous Related Action** – None.

## EXECUTIVE SUMMARY

Community Choice Aggregation (CCA), authorized in California under AB 117 (2002) and SB 790 (2011) are programs in the State of California which allows local governments to purchase electricity in the wholesale power market for the purpose of selling it to their residents and businesses at competitive rates, as an alternative to electricity provided by an investor owned utility like Southern California Edison (SCE). The LACCE Program is the name for the CCA Program in Los Angeles County. Staff recommends that the City not participate in the JPA for the LACCE Program at this time. The recommended decision is based on the following concerns:

- The City lacks necessary staffing levels to provide adequate oversight of this program.
- Currently there are no neighboring cities participating in the Energy LACCE Program.
- The current LACCE Program participants are predominantly located in the western and northern parts of Los Angeles County and their needs and desires may not match our City's resident's needs and desires.
- There may be better opportunities that are more aligned with our City's needs by considering forming a local JPA with surrounding communities and partners.
- Additional insight and expert perspectives locally would support a more robust and well-informed foundation for meeting the energy and environmental needs for the local residents, businesses, the City and our potential partners.
- The City will be able to join at a later date if the Council desires.

## **DISCUSSION**

Cities and counties in California are widely pursuing or exploring energy programs that allow elected officials to take the authority to buy and sell power away from investor owned utilities and offer ratepayers up to 100% renewable energy. On Tuesday, April 18, 2017, the Los Angeles County Board of Supervisors unanimously approved a motion to begin the implementation of the LACCE Program, which includes the formation of the JPA and \$10 million in funding (\$2 million for administrative costs and \$8 million for power procurement in Phase I) needed to begin pre-operation and startup activities. If the City were to join the JPA, the LACCE Program would seek to negotiate contracts for alternative (renewable) power supplies which they would look to offer at competitive rates. SCE would continue to deliver the electricity through its existing utility lines which they would continue to maintain, and they would also continue to perform the billing services to the customer.

The LACCE Program would be self-funded by revenues received from the sale of electricity to customers. None of its expenses would be paid by taxes, and its revenues could not be diverted to pay for non-LACCE uses. Oversight would be made by elected officials from the participating cities and the county who will serve on a Board of Directors of the LACCE Authority, a non-profit JPA agency established to operate the LACCE Program. The LACCE Board would be advised by an Advisory Committee comprised of community members. The LACCE Board will be responsible for establishing a specific renewable tier program structure.

As of October 2017, the JPA is comprised of the County of Los Angeles and the cities of Calabasas, Rolling Hills Estates, Agoura Hills, Culver City, Paramount, Beverly Hills, Downey, South Pasadena, and West Hollywood. The LACCE is actively recruiting additional cities throughout Los Angeles County to join the JPA. Several cities have taken at least one vote indicating a desire to join the LACCE Program. Those cities are Alhambra, Carson, Sierra Madre, and Manhattan Beach.

In order to become a participating member in the LACCE Program, the City Council must

adopt an Ordinance approving the Joint Power Agreement to join the LACCE Program and authorize the implementation of the program within the City. This step is a legal requirement to engage in discussions with SCE and the California Public Utilities Commission. If the City were to approve its participation in the LACCE Program, it could provide the residents and businesses community the opportunity to potentially lower their utility bills and assist in the decrease of global Greenhouse Gas Emissions. Of course, City operations would also be eligible to receive potential utility savings.

At this time, there are no proven reductions in utility bills since the LACCE Program is not in operation and only limited tabletop studies have been performed. The deadline to enter into this program without any cost is December 31, 2017. There is not sufficient time to complete the necessary ordinance changes in time to meet the pending deadline. Cities that do not initially participate will have the option to become a member after the formation. If the City Council desires to participate at a later date, Staff will place this matter in a future agenda for further discussion.

Staff's recommendation is to not join the JPA at this time since the City currently lacks the staff level to oversee this program. Moreover, the LACCE Program will require an elected official to have a seat on the community advisory committee. Staff is seeking the best possible local programs and partnerships with neighboring cities and agencies for the residents and businesses of Pomona.

Prepared by: Julie Carver, Environmental Programs Supervisor