

Clean Power Alliance (CPA) Default Energy Tier Consideration



CITY *of* CALABASAS



City Council Meeting
January 27, 2021

Significant Dates

April 2017: LA County Board of Supervisors establishes Clean Power Alliance JPA as a community choice energy program

May 2017: Calabasas becomes one of the first cities to join the Clean Power Alliance

February 2018: The City Council selects Lean Power (36% renewable energy content) as the City's Default Energy Rate

February 2019: Clean Power Alliance launches service for City of Calabasas customers



CPA Model

- The Clean Power Alliance (CPA) is a community choice energy program established through a Joint Power Authority (JPA)
- Composed of 32 public agencies across Los Angeles and Ventura counties
- Strives to bring affordable, renewable energy to communities where customers are empowered and given a choice about the source of their electricity
- Purchases and sells renewable electricity to customers, while Southern California Edison (SCE) is responsible for delivery, billing, and resolving any electricity service issues.



Renewable Energy Rates

CPA offers Three (3) Energy Rate Tiers to its Customers:

- I. **Lean Power** provides 36% renewable energy content at a 1-2% discount as compared to SCE base rates
- II. **Clean Power** provides 50% renewable energy content at a 0-1% discount as compared to SCE base rates
- III. **Green Power** provides 100% renewable energy content at a 7-9% premium as compared to SCE base rates



Default Energy Rate

- Cities that join the CPA must establish a rate tier as its **Default Energy Rate**
- Customers are automatically enrolled in the selected Default Rate, unless they opt:
 - To a lower Energy Rate
 - To a higher Energy Rate
 - Out of CPA service



Calabasas Service Information

- The City Council selected Lean Power (36%) as its Default Energy Rate for CPA's February 2019 service launch
- Calabasas customer status as of November 2020:

Account Type	<u>Default Lean</u> (36%)	<u>Opt to Clean</u> (50%)	<u>Opt to Green</u> (100%)	Opt Out
Non-Residential	1,260	3	0	111
Residential	9,354	15	18	385
Total	10,614	18	18	496



Other Cities Service Information

- To date, five CPA member agencies have changed their cities' Default Energy Rates
- Since these Default Rate changes took effect, 2.45% of customers opted down to a lower rate option, while less than 1% opted out of CPA service
- 14 of CPA's 32 member agencies will be at the 100% Green Power Default Rate, 11 will be at Clean Power, and 9 will be at Lean Power **(See Attachment for City Tier Breakdown)**



Calabasas Default Rate Change

- Calabasas customers enrolled in the Lean Rate currently receive a 1-2% discount as compared to SCE base rates
- The City Council may change Calabasas' Default Rate to either Clean (50% renewable) or Green (100% renewable) annually during a timeframe established by CPA
- Upgrading the Default Rate may increase Calabasas customer power bills by 0-2% or 8-11%, depending on the final Rate selected
- Default Rate change would not take effect until October 1, 2021



CPA Rate Tier Cost Comparison

CPA RATE TIER DEFAULT UPGRADE COMPARISON			
Rate Tier	CPA Lean Power	CPA Clean Power	CPA Green Power
Renewable Generation	36%	50%	100%
Cost Differential from Lean Power	-	0-2% Increase	8-11% Increase
Monthly Bill	\$100	\$100-\$102	\$108-\$111



Informed Customer Choice

If the Default Rate is changed, CPA and the City will undertake an extensive outreach and educational campaign informing customers of the following options they can take:

- A. No action for automatic enrollment into the City's new Default Rate**
- B. Affirmatively opt to a different Rate, higher or lower than the new Default Rate**
- C. Affirmatively opt out of CPA service**

Note: If a customer has already opted to a different rate, or has opted out, the default change will not impact them



Financial Assistance

- The CPA, administered by SCE, offers several financial assistance programs based on participation in public assistance program, or on household income
- As of November 2020, there are:
 - 1,185 customers enrolled in financial assistance programs
 - 52 residential customers enrolled on payment plans
 - 441 customers who received \$11,126 in COVID-19 relief bill credits
- CPA will offset any price increase to low income qualified customers if the City selects Green Power (100%) as its Default Rate; this offset is not available for the Clean Power Rate (50%)



Fiscal Impact to City

- The City's current fiscal year budget for electricity use is \$367,100
- There is no fiscal impact if the City stays in the Lean Power Default Rate
- There is a 0-2% cost increase, **up to \$7,342**, if the City selects Clean Power (50%) as its Default Rate
- There is a 8-11% cost increase, up to **\$40,381**, if the City selects Green Power (50%) as its Default Rate



Requested Action

- 1. Take no action, keeping the CPA Default Energy Rate for at Lean Power (36% renewable) resulting in no price increase in base electricity rates.**
- 2. Change the City's Default Energy Rate to Clean Power (50% renewable) resulting in a 0-2% price increase in current electricity rates, effective October 1, 2021.**
- 3. Change the City's Default Energy Rate to Green Power (100% renewable) resulting in a 8-11% price increase in current electricity rates, effective October 1, 2021.**



Questions

