



CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: JANUARY 19, 2021

TO: HONORABLE MAYOR AND COUNCILMEMBERS

**FROM: JOHN BINGHAM, ADMINISTRATIVE SERVICES MANAGER
MICHAEL MCCONVILLE, MANAGEMENT ANALYST**

**SUBJECT: DISCUSSION AND DIRECTION TO STAFF REGARDING DEFAULT
ENERGY CHANGE 2021 – CLEAN POWER ALLIANCE (CPA)**

MEETING DATE: JANUARY 27, 2021

SUMMARY RECOMMENDATION:

That the City Council provide direction to staff regarding the possible change to the Clean Power Alliance (CPA) Default Energy Rate for residential and business customers located in the City of Calabasas.

BACKGROUND:

The CPA is Joint Powers Authority composed of 32 public agencies across Los Angeles and Ventura counties working together to bring affordable, renewable energy to its communities.

CPA was established to provide cost competitive electrical services, reduce electric sector greenhouse gas emissions, stimulate renewable energy reduction programs and sustain long-term rate stability for residents and businesses through local control. CPA is the largest Community Choice Energy (CCE) program in California and has more customers on 100% renewable energy than any other energy provider in the United States. CPA plays a critical role in accelerating the adoption of clean energy by creating programs that support local renewable energy, building electrification and electric vehicles. In addition, through the City's commitment to

renewable energy in CPA, it furthers the impact that a growing number of CCEs in California are making – to not only deliver a higher percentage of renewable energy than investor-owned utilities, but also CCEs like CPA are causing investor-owned utilities to offer a higher percentage of renewables.

CPA purchases and sells renewable electricity to customers, while Southern California Edison (SCE) is responsible for delivery, billing, and resolving any electricity service issues. Customers are offered three Renewable Energy Rates, each representing the amount of energy generated by renewable sources. The current tiers are described below, along with general cost differences:

- **Lean Power** provides 36% renewable energy content at a 1-2% reduced cost as compared to SCE base rates (Calabasas is currently at the Lean Power rate)
- **Clean Power** provides 50% renewable energy content at a 0-1% reduced cost as compared to SCE base rates
- **Green Power** provides 100% renewable energy content at a 7-9% premium as compared to SCE base rates

Cities that join the CPA are required to establish a Default Energy Rate for customers to be automatically enrolled in, unless the customer opts to a different rate tier, or opts out of CPA service altogether.

Effective with the CPA’s City of Calabasas February 2019 service launch, the City Council selected Lean Power (36%) as the City’s Default Energy Rate. The surrounding COG cities of Malibu and Agoura Hills have opted up their Default Energy Rate to Green Power (100%) since joining, while Westlake Village has kept their Rate at Lean Power (36%).

The table below depicts the City of Calabasas’ CPA customer status information as of November 2020:

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

DISCUSSION/ANALYSIS:

For a proposed October 2021 Default Rate change for Calabasas customers, CPA must be notified by February 1, 2021. Public outreach undertaken thus far include social media postings to the general public, email blasts to those who asked to be kept informed on items related to CPA, and informational fliers sent to the Chamber of Commerce and the City’s HOAs.

If the City elects to change its current Default Energy Rate to either Clean (50%) or Green (100%), CPA will work with the City to develop and implement a comprehensive outreach plan for all impacted customers, including a minimum of two notices informing them of the new Default Rate. These notices will also provide estimates for potential financial impacts, as well as information on the option of opting to either a lower or a higher rate, or returning to SCE service altogether.

Under the current Lean Power rate, Calabasas residential and business customers receive an estimated 1-2% cost savings compared to SCE base rates. Because of these service discounts, moving to a higher rate such as Clean Power (50% renewable) or Green Power (100% renewable) would increase CPA customer base rates by an estimated 0-2% or 8-11%, depending on the new Default Rate chosen by the City Council.

Individual customers will experience different impacts from a Default Rate change depending on their rate type and usage, making specific cost increases difficult to estimate. For illustrative purposes, the CPA estimates the following cost impacts for different rate tiers based on a Lean Power \$100 residential power bill:

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

Financial Assistance & Discount Programs

CPA, administered by SCE offers several financial assistance programs based on participation in public assistance programs 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

As a matter of CPA Board policy, 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%).

CPA's 100% Green Renewable Energy Tier is procured from non-polluting, clean and renewable sources such as solar, wind and hydroelectric power. The projects that produce CPA's electricity are located in California and on the western grid. The exact proportion of each source varies with time, based upon demand and availability. Each year, CPA procures an amount of renewable energy sufficient to meet the sum of the individual choices of all its customers. As a CPA customer, the City's energy choices and Default Tier directly impact the overall amount of renewable power CPA is buying. Selecting 100% Green Power means that CPA will produce additional, incremental renewable power to meet that demand.

Cities are on the front lines when it comes to climate change. Cities are also leading the world in reducing carbon emissions through aggressive policies and adoption of clean technologies. 100% Green Power cities include Malibu, Agoura Hills (effective Oct. 2021), Culver City, Ojai, Oxnard, Rolling Hills Estates, Santa Monica, Manhattan Beach (effective Oct. 2021) Sierra Madre, South Pasadena, Thousand Oaks, Ventura City, Ventura County and West Hollywood.

FISCAL IMPACT/SOURCE OF FUNDING:

There is no fiscal impact should the City choose to stay in the Lean Default Rate. The City's current fiscal year budget for electricity service is \$367,100.

If the City elects to change the Default Rate to Clean Power (50%), the City's base electricity cost will increase by 0-2%, up to \$7,342, depending on final use.

If the City elects to change the Default Rate to Green Power (100%), the City's base electricity cost will increase by 8-11%, up to \$40,381, depending on final use.

REQUESTED ACTION:

That the City Council provide direction to staff regarding the possible change to the Clean Power Alliance Default Energy Rate for residential and business customers located in the City of Calabasas. Options recommended include:

1. Take no action. This keeps CPA Default Energy Rate for residential and businesses at Lean Power (36% renewable) resulting in no price increase in base electricity rates. This item can be reconsidered again in the 2021 calendar year.
2. Direct staff to notify CPA to 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. Direct staff to notify CPA to 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.

ATTACHMENTS:

1. City of Calabasas CPA Customer Status Report
2. CPA Member Cities Default Energy Selections
3. City of Calabasas Communications Department Information Flier – Consideration of Default Rate Change
4. CPA PowerPoint Presentation