

September 3, 2014,

Honorable Mayor and Members of the
Hermosa Beach City Council

Regular Meeting of
September 9, 2014

**CONSIDERATION OF ADOPTION OF RESOLUTION TO PARTICIPATE
IN THE STUDY OF FEASIBILITY OF COMMUNITY CHOICE
AGGREGATION FOR THE CITY OF HERMOSA BEACH**

Recommended Action:

Adopt the attached Resolution to ‘Participate in the Study of Feasibility of Community Choice Aggregation for the City of Hermosa Beach.’

Background:

The South Bay Clean Power Working Group, an ad hoc citizens group with members from Hermosa Beach, Manhattan Beach, Redondo Beach and Torrance is working to educate policymakers and other stakeholders about the potential for a Community Choice Energy (Aggregation) program in the broader South Bay. South Bay Clean Power is a member of the Local Energy Aggregation Network (LEAN) and the Californians for Energy Choice coalition.

The South Bay Clean Power Working Group is requesting the City to join with other cities to participate in the pre-development and feasibility phase of Community Choice Aggregation for City of Hermosa Beach. The goal is to employ a Community Choice Power program to lower our electric rates, provide the South Bay with more control of its electric energy future, provide the economic boost that comes with CCAs and to increase the amount of renewable energy being used by residents, businesses and our municipalities.

In 2010 the Hermosa Beach City Council set a goal to pursue carbon neutrality and at the city’s request were provided studies by the UCLA Institute of the Environment’s Senior Practicum class including a Carbon Neutral Scoping Plan for the City in 2013 which recommended Community Choice Aggregation (CCA) as the most powerful tool for advancing carbon neutrality, and in 2014 methods and next steps for procuring decarbonized electricity, including Energy Efficiency, Community Choice Aggregation (CCA) and Southern California Edison’s Green Tariff Shared Renewables program. Findings included:

- Energy efficiency and renewable energies must grow together to significantly reduce carbon emissions associated with electricity generation.
- Localized distributed energy generation, such as rooftop solar has tremendous potential but maximizing this solar potential as the primary strategy at this time without upgrades to the power grid could jeopardize reliability and power quality.
- SCE’s new Green Tariff Shared Renewables (GTSR) program is an option that allows customers to access a higher portfolio of renewable energy, 50% or 100% renewable energy, from the utility at a premium. Due to price, possible rate fluctuations, structure, and the legislation’s 2019 sunset date, the Study determined this was not the best option for the City.

- Implementing a CCA is the most feasible method of delivering zero emission energy to Hermosa Beach at a cost competitive with existing electricity rates.

Community Choice energy programs allow local communities to take control of the decision-making about the sources of their electrical power. Community Choice was made possible by Assembly Bill 117 enacted in 2002. (Meanwhile, AB 2145, which would have significantly affected the feasibility of CCAs, died in the Senate on August 30, 2014.)

The UCLA Study indicated that a CCA is a revenue-funded local nonprofit agency generally overseen by a locally elected board. The CCA transfers authority over energy policies and power procurements from the utility to the CCA. The utility (SCE) would continue to provide long range transmission, community distribution, and billing for a fee which could be offset via a Joint Powers Authority (JPA) with other cities. The effectiveness of a CCA increases significantly with a larger customer base. Due to the bulk power purchases a CCA makes, it has greater leverage upon rate negotiation with independent power producers, also creating a potential expansion of the market for competitively priced renewable power generation.

The Study indicates that under AB 117, when a CCA program is established, all customer services are transferred to the CCA with the option to participate or upgrade to a higher renewable portfolio, or opt out and remain with the existing utility. The degree to which Hermosa customers would use green power would depend on a variety of factors such as cost, environmental considerations, community branding, initial and ongoing community outreach, etc.

The two CCAs in California, Marin Clean Energy and Sonoma Clean Power, provide their customers with 50% renewable energy at rates slightly lower than their utility, PG&E, while 100% renewable energy is a slightly higher cost.

Analysis:

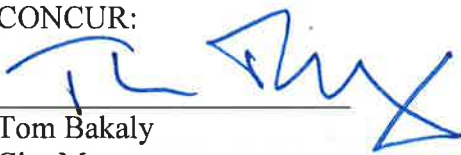
The proposed action to participate in a feasibility study is consistent with the Council's Strategic Plan 2019 Goal for a More Livable, Sustainable Beach City and 2014 Policy Agenda for a Municipal Carbon Neutral Action Plan and General Plan/Local Coastal Program/ Blueprint for a Low Carbon Future. Participation of multiple jurisdictions with their combined energy consumption will increase the potential feasibility of this option, as well as the chances of obtaining grant money for a feasibility study (such as obtained by San Luis Obispo County from the California Strategic Growth Council). The Working Group has retained a grant writer to pursue options so this burden would not fall upon Hermosa Beach. Funding from the City is not requested or committed as stated in the proposed resolution.

Based on the Council's goals and the Decision Making Tool evaluation, findings of the UCLA studies, experiences of other jurisdictions in California, staff recommends participation in CCA feasibility studies.

Respectfully submitted,


Ken Robertson, Director
Community Development
Pamela Townsend
Senior Planner

CONCUR:


Tom Bakaly
City Manager

Attachments:

1. Proposed resolution
2. South Bay Clean Power Working Group Overview
3. Electrical Consumption of South Bay cities
4. Decision Making Tool Summary
5. CCA Study presentation to Council, July 2014 (UCLA)

Attachment 1
RESOLUTION NO. 14-XXXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
HERMOSA BEACH, CALIFORNIA, TO PARTICIPATE IN THE STUDY
OF FEASIBILITY OF COMMUNITY CHOICE AGGREGATION FOR
THE CITY OF HERMOSA BEACH**

**THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA,
DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:**

WHEREAS, the City of Hermosa Beach has demonstrated its commitment to an environmentally sustainable future through its Strategic Plan, Sustainability Plan, General Plan Update process, grant programs, commissioning of various studies and various actions, including greenhouse gas emission and energy reduction, clean energy programs, and the expansion local renewable power supply.

WHEREAS, the City of Hermosa Beach commissioned two studies prepared by UCLA Practicum Classes which identified Community Choice Aggregation as one key strategy to meet local clean energy goals and projected greenhouse gas reduction targets; and

WHEREAS, Community Choice Aggregation is a mechanism by which local governments assume responsibility for providing electrical power for residential and commercial customers in their jurisdiction in partnership with Southern California Edison; and

WHEREAS, Community Choice Aggregation, if determined to be technically and financially feasible, could provide substantial environmental and economic benefits to all residents and businesses in the City of Hermosa Beach; and

WHEREAS, Community Choice Aggregation also provides the opportunity to fund and implement a wide variety of energy-related programs of interest to the community; and

WHEREAS, In addition to technical and financial feasibility, it will be important to determine whether there is adequate public support for Community Choice Aggregation; and

WHEREAS, determining technical feasibility and public support requires the analysis of energy load data from Southern California Edison and a focused public education and outreach effort.

NOW THEREFORE BE IT RESOLVED by the City Council of City of Hermosa Beach that:

1. The City of Hermosa Beach indicates its commitment to participate in the pre-development and feasibility phase of Community Choice Aggregation for City of Hermosa Beach; and

2. The City Manager is authorized to execute the appropriate documents to allow the City and/or its technical consultants to request energy usage load data from Southern California Edison so that it may be analyzed as part of a CCA technical feasibility study; and
3. The City may choose to participate on an inter-jurisdictional CCA Steering Committee (if one is formed) and authorizes City staff to participate in the preparation of the CCA technical study and explore funding opportunities for early planning and development costs.

Adoption of this resolution in no way binds or otherwise obligates the City of Hermosa Beach to incur any cost or to participate in Community Choice Aggregation.

PASSED, APPROVED, and ADOPTED this 9th day of September, 2014.

PRESIDENT of the City Council and **MAYOR** of the City of Hermosa Beach, California

ATTEST:

APPROVED AS TO FORM:

City Clerk

City Attorney

SOUTH BAY CLEAN POWER

WWW.SOUTHBAYCLEANPOWER.ORG

August 31, 2014

RE: Update of South Bay Community Choice Power Efforts

WHO: The South Bay Clean Power Working Group, an ad hoc citizens group with members from Hermosa Beach, Manhattan Beach, Redondo Beach and Torrance has a mission to educate policymakers and other stakeholders about the potential for a Community Choice Energy program in the broader South Bay. Members of South Bay 350 Climate Action Group, Surfrider Foundation, South Bay chapter; the Renewables 100 Policy Institute and private citizens currently make up the Working Group. South Bay Clean Power is a member of the Local Energy Aggregation Network (LEAN) and the Californians for Energy Choice coalition.

Our goal is to employ a Community Choice Power program to lower our electric rates, provide the South Bay with more control of its electric energy future, provide the economic boost that comes with CCAs and to increase the amount of renewable energy being used by residents, businesses and our municipalities.

AB 2145

Defeated on 8/30/14 in California State Senate. Bill now dead. Community Choice Power programs (CCAs) continue without restrictions.

The cities of Hermosa Beach, Manhattan Beach, Torrance and Santa Monica wrote multiple letters of opposition to the bill as did the Beach Cities Democratic Club, Torrance Democratic Club, Palos Verdes Democratic Club and the West L.A. Democratic Club

City of Hermosa Beach

South Bay Clean Power Working Group has met with two Councilmembers and has meetings scheduled with two others.

City of Torrance

On Tuesday, 8/26/14, Councilmember Tim Goodrich received concurrence from all fellow Councilmembers to have the USC Price School of Policy perform a Capstone research project on the feasibility of a Community Choice Power program for Torrance.

South Bay Clean Power Working Group has met with the Mayor of Torrance and 5 of the 6 Torrance Councilmembers to brief them on Community Choice Power options and solicit their support for the City's participation in a regional/South Bay Community Choice program.

City of Manhattan Beach

South Bay Clean Power Working Group has met with Manhattan Beach Mayor Howorth and 3 of the 4 Manhattan Beach City Councilmembers to brief them on Community Choice Power options and solicit their support for the City's participation in a regional/South Bay Community Choice program.

Next step for Manhattan Beach is to pass a resolution approving a feasibility study and SBCP Working group is working with staff and individual Councilmembers to make that happen.

City of Redondo Beach

South Bay Clean Power Working Group has met with 3 of the 5 Redondo Councilmembers as well as interim City Manager, Mike Witzanksy to brief them on Community Choice Power options and solicit their support for the City's participation in a regional/South Bay Community Choice program. Meetings are scheduled with the Mayor and remaining Councilmembers.

City of Santa Monica

On Friday, August 29, South Bay Clean Power Working Group members met with Dean Kubani, the Director of City of Santa Monica's Office of Sustainability and the Environment. Santa Monica has previously explored forming a CCA but needs additional city partners like those in the South Bay. Santa Monica is likely to pass a resolution approving a feasibility study if enough South Bay cities also do likewise. After positive discussions it was agreed that Santa Monica would be added to the list of 15 South Bay Cities being outreached to on forming a Community Choice Power Program.

Additional Support

South Bay Clean Power Working Group has been in direct contact with State Senator Lieu and Assemblyman Muratsuchi as well as their staffs, all of whom have been kept updated. Both state representatives are supportive of our Community Choice Power efforts in the South Bay. South Bay Clean Power Working Group has met with representatives of Supervisor Knabe's office and expects to get County support and funding opportunities for our Community Choice Power efforts

Attachment 3

Table 1

| CITIES | POPULATION | TOTAL ELECTRIC CONSUMPTION in kWh |
|------------------------------|----------------|--------------------------------------|
| Manhattan Beach | 35,239 | 77,974,840 |
| Hermosa Beach | 19,574 | 91,572,350 |
| Redondo Beach | 67,007 | 201,721,751 |
| Torrance | 146,115 | 946,133,337 |
| Lawndale | 32,887 | 60,029,738 |
| Inglewood | 110,623 | 376,697,552 |
| Gardena | 59,124 | 273,648,795 |
| Hawthorne | 85,047 | 315,771,960 |
| Carson | 91,828 | 457,370,304 |
| Lomita | 20,396 | 60,464,879 |
| El Segundo | 16,720 | 36,068,073 |
| Palos Verdes Estates | 13,516 | 62,774,526 |
| Rancho Palos Verdes | 41,897 | 167,553,034 |
| Rolling Hills | 1875 | 40,809,067 |
| Rolling Hills Estates | 8097 | 47,829,316 |
| SOUTH BAY TOTAL | 449,123 | 3,294,394,362 |
| Santa Monica | 90,223 | 773,040,614 |
| TOTAL W/ SANTA MONICA | 539,346 | 4,067,434,976 |



| Party | kWh (2010*) |
|----------------------|--------------------|
| City of Belvedere | 10,530,351 |
| Town of Corte Madera | 70,257,595 |
| Town of Fairfax | 24,666,792 |
| City of Larkspur | 58,436,742 |
| City of Mill Valley | 66,468,964 |
| City of Novato | 301,500,000 |
| City of Richmond | 516,440,630 |
| Town of Ross | 13,099,820 |
| Town of San Anselmo | 46,057,182 |
| City of San Rafael | 321,000,000 |
| City of Sausalito | 53,366,151 |
| Town of Tiburon | 42,392,525 |
| County of Marin | 331,400,000 |
| City of San Pablo | 89,720,000 |

MCE Total Energy Use 1,945,336,752 kWh



| Party | kWh (2010*) |
|--------------------|--------------------|
| City of Cotati | 32,225,135 |
| City of Santa Rosa | 917,356.138 |
| City of Sebastopol | 46,269,378 |
| City of Sonoma | 70,456,332 |
| County of Sonoma | 962,970,050 |
| City of Windsor | 109,156,425 |

SCP Total Energy Use 2,141,433,458 kWh

Attachment 4

Decision Making Tool – Staff Evaluation

Project: Participation in Community Choice Aggregation Feasibility Studies

Decision-Making Tool Purpose:

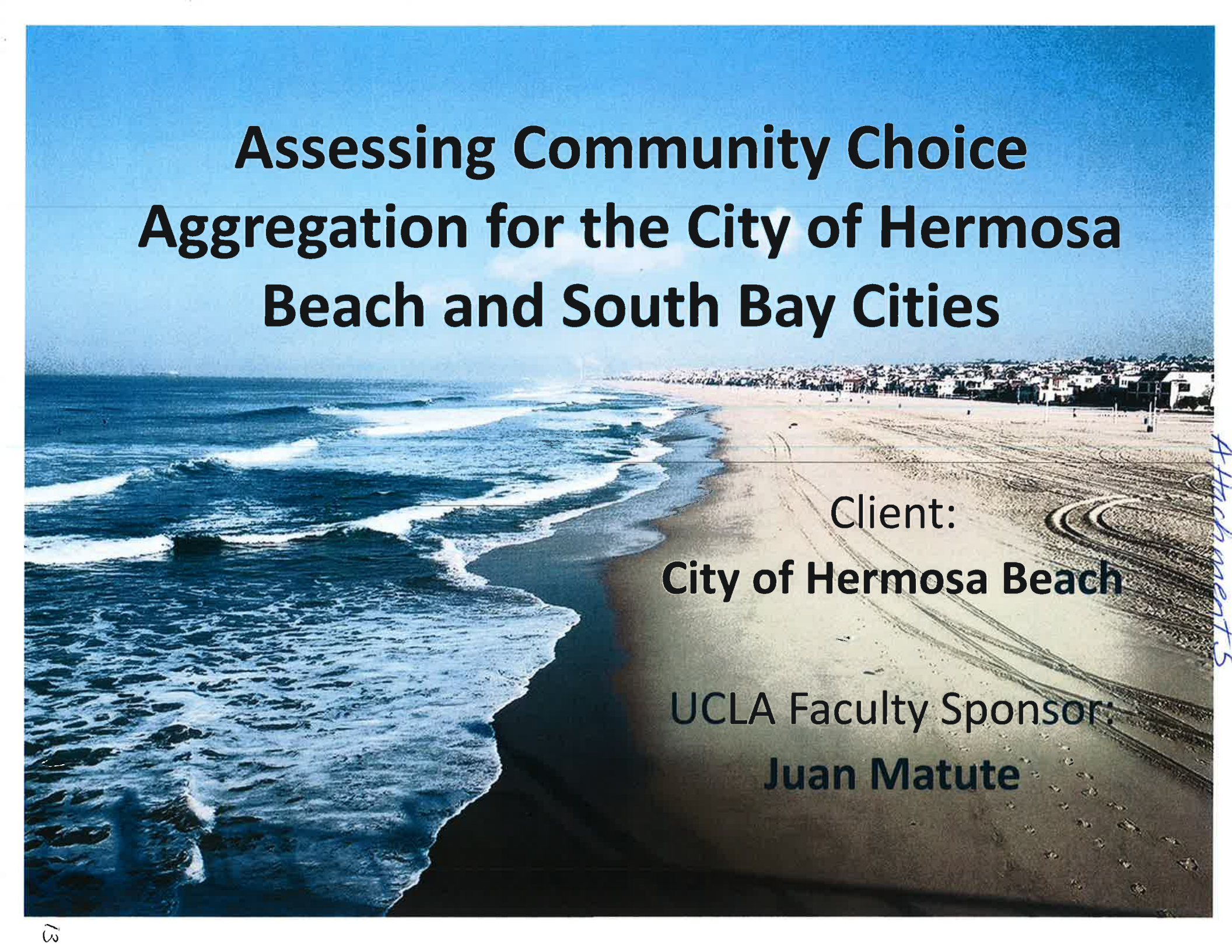
1. Enhance the effectiveness and efficiency of our government.
2. Identify and optimize opportunities for residents and businesses to improve our quality of life in Hermosa Beach.
3. Create a culture of innovation, so that our challenges become our opportunities and our opportunities enhance our community brand.
4. Ensure the values & priorities of all residents and business owners are considered during the analysis & deliberation of actions.
5. Deliver transparency to the decision-making process so that the public can make informed decisions.

Score: + Positive, 0 Neutral, - Negative

| CRITERIA | SCORE | EVALUATION |
|--|----------|---|
| Catalyst for Innovation | | |
| Is this a potential catalyst for strategic, transformative and differentiated development, or is this “business as usual”? | + | CCA is a relatively new tool available to communities and has the potential to significantly reduce the carbon footprint of the community’s electrical energy consumption, as well in the larger South Bay generally. If proven feasible, and implemented, its success in reducing the carbon footprint will dependent on an effective public outreach campaign that draws upon the innovative and environmental consciousness of the Hermosa and South Bay ratepayers. |
| Will this define and enhance the City brand to attract businesses, investment, tourists and like-minded residents? | + | Above. The journey and potential implementation if feasible will enhance the city’s brand as a green beach city that is innovative, nimble and solution oriented. |
| Will this activate community involvement, participation, and innovation? | + | A vigorous public outreach campaign and debate will be necessary around goals and values. |
| Catalyst Subtotal | + | Strong correlation |
| Environmental Impact | | |
| Does it enhance / preserve open space? | 0 | No effect. |
| Is it in line with Hermosa Beach’s carbon neutral goal? | + | CCA has the potential to significantly reduce the carbon footprint of the City’s electrical consumption. |

| CRITERIA | SCORE | EVALUATION |
|--|--------------|---|
| How does it affect the health of the community? | + | Reduced reliance on fossil fuels for energy production has regional positive greenhouse gas emissions, climate change, and air quality implications. |
| Does it protect Hermosa Beach's natural resources? | + | Reduction in carbon emissions which contribute to climate change is protective of the marine environment, air quality, water resources, biological resources and natural systems generally. |
| Does it keep the beach and ocean clean? | 0 | To the extent that carbon reduction is protective of the marine ecosystem the effect is positive. However, we will mark this neutral. |
| Does it promote walkability / bike-ability? | 0 | No effect |
| <i>Environment Subtotal</i> | + | Moderate correlation |
| Quality of Life Impact | | |
| Does it enhance our beach culture? | 0 | No effect |
| Does it enhance outdoor recreation? | 0 | No effect |
| Is it family friendly? | 0 | No effect |
| Does it impact the health and safety of residents? | + | Cumulatively carbon reduction is a pivotal issue relating to environmental quality, human health and quality of life. A CCA provides the opportunity for a quantifiable way for Hermosans to reduce carbon. |
| Does it bring the community together? | + | Debate by the community could have a positive effect in confirming the city's brand and commitments. |
| Does it serve the diversity of our population? | 0/+ | A CCA would provide choice to individual ratepayers regarding participation and the level of green power they desired to subscribe to. In this sense it provides choice for diverse circumstances. |
| Does it acknowledge our cultural heritage? | 0 | No effect |
| Is it an appropriate scale for Hermosa Beach? | 0 | No effect |
| Is it aesthetically appropriate? | 0 | No effect |
| Is it a complementary use of public and private space? | 0 | It is not a use of space but does provide a good example of how an entity can provide the ways and means for individuals to advance a common goal. |

| CRITERIA | SCORE | EVALUATION |
|---|-------|--|
| <i>Quality of Life Subtotal</i> | + | Low correlation |
| Economic Impact | | |
| Is it business-friendly? | + | A CCA provides a local action that can benefit local businesses if costs are reduced and/or it contributes to the City's brand. |
| Does it support our schools? | 0 | If power rates are reduced than funds are freed up for other purposes. The effect is unknown. |
| Does it improve our infrastructure? | 0/+ | Provision of more ways by which power is generated could be viewed as having a positive effect. |
| Does it improve property values? | 0 | Homes with solar may have increased property values. Similarly the ability to obtain power at lower costs or to obtain green power may have a minor effect on the desirability of property and therefore values. |
| Does it promote our Brand? | + | It promotes the City's carbon neutral and innovative/nimble brand. |
| Is it entrepreneurial? | + | A CCA does not represent business as usual. |
| Does it serve the local market? | + | A CCA provides a local action that can benefit local businesses if costs are reduced and/or it contributes to the City's brand. |
| Does it reduce cost, waste or reliance on city resources? | 0 | It is possible that a CCA could provide power at a lower cost, although cost may be related to carbon reduction. |
| Does it balance public and private incentives? | + | A CCA provides a way and means (monetary or "belief" incentive) for the public to advance city goals. |
| Does it increase tax and other revenues going to the community? | 0/+ | Under a CCA, it is possible that funds could be generated to undertake other carbon reduction projects. To the extent that rates are lower than "business as usual" more money will be available for community members to spend in other ways. |
| <i>Economic Subtotal</i> | + | Moderate correlation |
| OVERALL INDICATOR | | |
| Catalyst | + | Strong correlation |
| Quality of Life | + | Low correlation |
| Environment | + | Moderate correlation |
| Economy | + | Moderate correlation |



Assessing Community Choice Aggregation for the City of Hermosa Beach and South Bay Cities

Client:
City of Hermosa Beach

UCLA Faculty Sponsor:
Juan Matute

Problem Statement

Hermosa Beach has a goal to reduce the community's greenhouse gas footprint with an eye toward carbon neutrality.

This project would assess the potential for **Community Choice Aggregation** and other options for **zero-emissions renewable energy generation** to meet the changing electricity needs of Hermosa Beach and the South Bay area of Los Angeles County.

Background

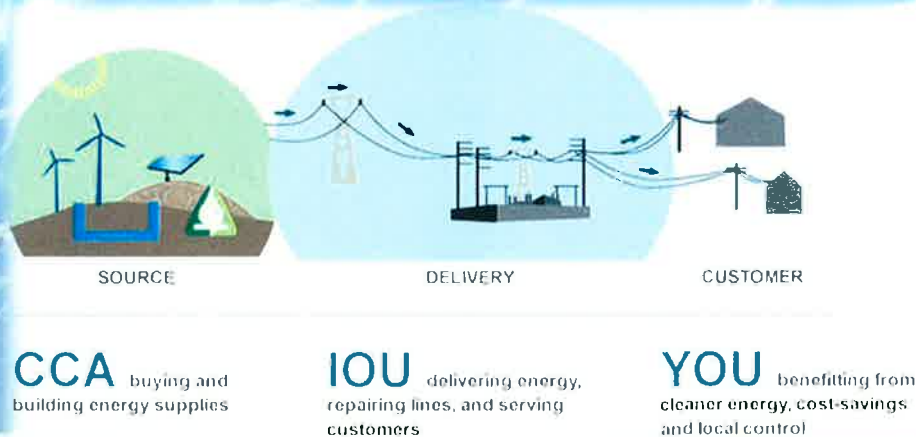
2012-2013:

The City of Hermosa Beach & the South Bay Cities Council of Governments' Environmental Service Center (SBESC) worked with a practicum team to develop a **Carbon Neutral Scoping Plan** for the City of Hermosa Beach.

In the final report, the team recommends Hermosa Beach implement **Community Choice Aggregation** in order to reduce greenhouse gas emissions from electricity generation and use.

What is CCA?

- A **Community Choice Aggregation (CCA)** allows a local government to independently purchase electricity while using their existing utility's infrastructure for distribution and billing administration.
- A CCA therefore provides the locality with greater control over the amount of energy generated from renewable sources.



CCA Examples

- Marin Clean Energy in Marin County
- CleanPowerSF in San Francisco
- Sonoma Clean Power in Sonoma County



| Example Residential Electric Fees | SCP Low Estimate for 2014 | SCP High Estimate for 2014 | PG&E Estimated Rate for 2014 |
|--|------------------------------|-------------------------------|---------------------------------|
| Based on 500 kWh per month | 33% Renewable Energy | 33% Renewable Energy | 20% Renewable Energy |
| Electric Generation Fees (all customers) | \$35.71 | \$38.46 | \$40.76 |
| PG&E Electric Delivery Fees (all customers) | \$55.80 | \$55.80 | \$55.80 |
| Additional PG&E Fees (SCP customers only) | \$3.32 | \$3.32 | \$0.00 |
| Total Cost | \$94.83 | \$97.58 | \$96.56 |

Last updated April 15, 2013



Why in the South Bay?

- **With multiple electric generating stations and petroleum refineries, energy is a big part of the South Bay Cities**
- **Earlier work from the Los Angeles Solar Atlas indicates that the region has high rooftop solar potential**

Project Objectives

- Assess the potential for Hermosa Beach to sponsor renewable energy generation outside of city boundaries, through a CCA
- Understand and recommend policy approaches to implementing a coordinated CCA within multiple South Bay Cities
- Assess other options to reduce the greenhouse gas intensity of electricity used in the South Bay Cities

More Objectives

- **Document and explain the system to generate and distribute electricity, and how CCA alters that system.**

Conduct new research on the renewable energy generation potential of structures and open space within the South Bay Cities region.

- **Document and develop policy recommendations on various market and non-market mechanisms to produce on-site renewable energy within the South Bay region**

Significance

- **CCA is controversial because it poses some risk to an Investor-Owned Utility's business model**
- **Conducting analysis in an academic setting offers an opportunity to produce high-quality, locally-specific information**
- **Help the public, local staff, and policymakers make informed decisions about whether or not to pursue CCA**

Proposed Approach

- Review existing literature and conduct quantitative analysis to determine potential for CCA.
- This involves two main tasks:
 1. Policy
 2. Energy Planning

Policy

- Research prior local attempts to implement a CCA
- Look at single-city and multiple city programs
- Assess the potential of incentives and policies



Energy Planning

Match potential energy generation with future consumption

- 1. Use GIS to estimate potential renewable energy production**
- 2. Match data with current electricity consumption and projected efficiency gains and consumption changes**
- 3. Estimate the proportion of electricity that can be generated from local sources**

Data Collection

Prior data is available publicly or through UCLA:

- **UCLA's Los Angeles Solar Atlas**
- **NREL's Wind Potential Assessment**

Consumption data will be available from the South Bay Cities Council of Governments

Deliverables

- Two final reports, one for community members and one for policymakers
- Executive Summary
- PowerPoint Presentation, possibly presented to a policy board



This project will assist the public, local staff, and policymakers make informed decisions about whether or not to pursue CCA and help Hermosa Beach gain momentum towards its goal of carbon neutrality.



A bronze statue of a crouching man, possibly a lifeguard or a person in a state of readiness, is positioned on the left side of the frame. The statue is dark and reflective, contrasting with the bright, sunny beach scene. In the background, a sandy beach is filled with people playing volleyball. Several volleyball nets are set up, and players are visible in various positions on the court. The ocean is visible in the distance under a clear blue sky. The word "QUESTIONS?" is overlaid in large, bold, black capital letters in the center of the image.

QUESTIONS?