CITY OF LONG BEACH

Long Beach Energy Resources
2400 East Spring Street, Long Beach, CA 90806
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December 7, 2021

R-39

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file a report on the feasibility of a Long Beach Community Choice Aggregation. (Citywide)

DISCUSSION

In August 2020, staff brought a report to the City Council that evaluated the feasibility of the City of Long Beach (City) forming a Community Choice Aggregation (CCA) entity whereby the City would assume the responsibility of being the default buyer of electricity for residents and businesses in Long Beach. During that meeting, at the recommendation of staff, the City Council deferred for one year a decision on whether to participate in a CCA, and directed the City Manager to perform several follow-up tasks.

The follow-up tasks included: (1) performing a study that analyzes CCA governance options; (2) monitoring CCAs within current and emerging energy markets and related regulations; (3) continuing work in partnership with Southern California Edison (SCE) on improving awareness of existing and emerging programs focused on increased energy efficiency and greater utilization of renewable energy sources; and (4) undertaking community outreach regarding the CCA concept along with potential risks and benefits to customers. This report provides an update on these City Council directives.

This report also recommends suspension of any further CCA feasibility efforts until such time that substantial and favorable developments in market and regulatory stability materialize.

Governance Options Study

Staff engaged MRW & Associates, who completed the original City of Long Beach CCA Feasibility Study in November 2019, to prepare a study to analyze CCA governance options available to the City. The City Council outlined the following CCA governance options for evaluation:

1. A stand-alone enterprise, where the City is the sole government agency responsible for the CCA's creation and operation;
2. Joining the Clean Power Alliance (CPA), the CCA serving unincorporated Los Angeles and Ventura Counties along with many municipalities within those counties; or
3. Creating a new Joint Powers Authority (JPA), where multiple agencies share oversight responsibilities for the new agency.

In August 2021, MRW & Associates submitted its final governance report. The final report provides detailed analysis which examines benefits and risks related to each governance

option, an in-depth overview of the financial issues associated with each governance option, and a comparison between each of these governance options.

The MRW governance report highlights the following:

- **The formation of a stand-alone enterprise** – the City would maintain full flexibility and responsibility for developing all policies and procedures. This means that the CCA can be tailored for and responsive to the City's stakeholders and constituents based upon their objectives. Along with greater autonomy, the City would however assume all risk, liability, and costs (including significant startup costs) associated with operating the CCA.

  Under this approach, the City would need to establish the CCA as an enterprise operation. Fees and charges would be collected for services provided and accounting and budgeting would be separate from the City's General Fund. The CCA enterprise cannot flow revenues into the City's General Fund without risk of violating provisions of the California Constitution. The most important aspect of this restriction is that the fees and charges would be limited to the actual costs of providing the service and not imposed for general government services. The City, however, could set rates so that revenues could be generated to support customer specific programs such as energy efficiency, building electrification, electric vehicles, and transportation electrification.

- **The formation of a joint power authority (JPA)** – a JPA is an independent agency that operates on behalf of the public agencies which are party to it. In this approach, the City effectively shares responsibility with the other agencies participating in the JPA. The divisions of these responsibilities and sharing of decision-making authority would be determined at the time the JPA is created.

  A JPA structure may reduce the risks of implementing a CCA program to the City by protecting the financial assets of the City and the other participating agencies, and distributing the risks and costs associated with the CCA among the participating cities. It could also provide the benefits of scale and economy for certain aspects of CCA operations, such as power procurement or back office billing and accounting functions.

  The key tradeoffs to the benefits of a JPA are that decision making is allocated amongst the parties and management independence is diminished. Objectives of participating agencies will likely differ, and reduced autonomy can manifest when setting priorities for local generation, economic development activities, and the importance of support programs.

- **Joining with Clean Power Alliance (CPA)** – The City could also elect to become a member of CPA, the CCA that services unincorporated Los Angeles and Ventura counties along with 32 municipalities within those counties. It is by far the largest CCA in the state, projected to provide over 11,000 GWhs (11 billion kWhs) this year.

  CPA is governed by a board of directors with one voting member (Director) per jurisdiction. If the City were to join CPA, it would become the 33rd municipality to join CPA and would retain one vote for its jurisdiction. Votes are tallied on an equal basis, one vote

per jurisdiction, no matter its size. After an affirmative vote, three directors may call for a vote based on load share (voting shares vote). A voting shares vote is a vote where each Director casts his or her jurisdiction's voting share, with each voting share tied to the energy usage of that jurisdiction relative to the energy use of the JPA. In that case, 50 percent of the voting shares would be needed to carry the item. Other provisions allow for the vote of at least two Directors to reject an item being voted on.

The JPA that governs CPA does not require a jurisdiction to make any financial contributions. However, a jurisdiction may agree to provide contributions or advances to the JPA (subject to repayment), as well as contribute personnel, equipment, or property in place of a contribution or advance. If a jurisdiction decides to withdraw its membership, it may do so by giving a least 180 days advance written notice and receiving an affirmative vote by the jurisdiction's governing board (i.e., City Council). However, the withdrawing jurisdiction may still be financially responsible for continuing liability, claims, demands, or damages.

It is important to note that these analyses are limited to the likely impacts of governance structure on the City of Long Beach, should Long Beach choose to move forward with a CCA. Importantly, the report by MRW & Associates does not recommend that the City move forward with a CCA at this time and, in fact, examines specific risks of CCA formation and launch during certain future time frames.

Monitoring CCA and Energy Market Performance and Related Regulation

Currently there are 24 active CCAs in California serving 201 cities and counties. The newest, San Diego Community Power, launched in March 2021 and included the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego. In December 2020, the cities of Irvine, Huntington Beach, Lake Forest and Buena Park formed their own CCA, the Orange County Power Authority, as a joint-powers authority. However, neither of these CCAs have yet to begin servicing residential customers to date so it is premature to use either entity as a gauge for a potential Long Beach CCA.

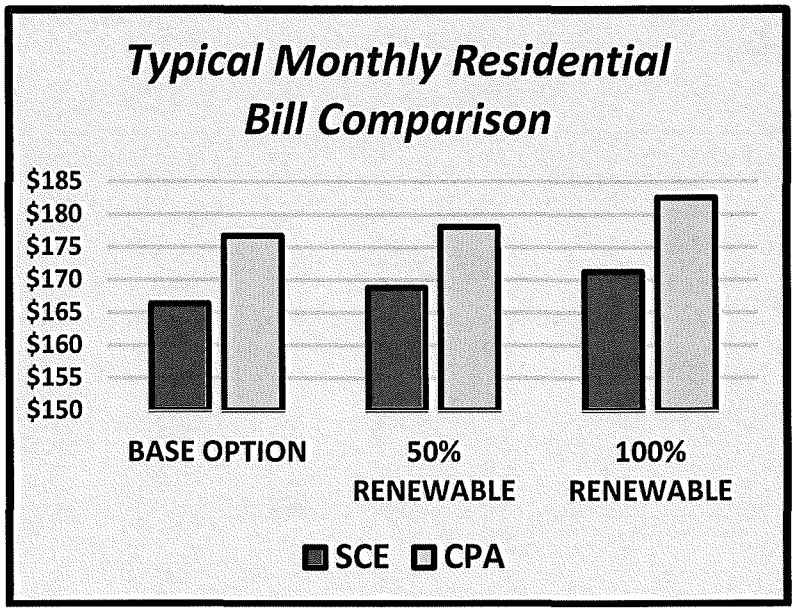
As the expansion continues, it is important to continue to recognize certain high risks associated with CCAs. For example, California very recently experienced its first bankruptcy of a CCA, highlighting some of the inherent credit weaknesses in the CCA business model. The bankruptcy involved Western Community Energy (WCE), which serviced six cities in Riverside County. The May 2021 bankruptcy filing of WCE, only one year after commencing service, showcases the financial challenges CCAs face in procuring market-based energy supply to serve the variable needs of the customer base.

To date, CCAs typically do not own physical generating assets and instead rely on contracts and market purchases for power supply. Inadequate risk management, unexpected spikes in demand, or arrearages related to economic downturns (i.e. COVID-19) and compliance with state mandates, including California Senate Bill 350 requiring 65 percent of renewable energy to be procured under contracts 10-years or longer, can all hinder a CCA's ability to manage costs and provide competitively priced power supply.

While CCAs have the independent ability to adjust rates to recover costs, maintaining competitive rates is of upmost importance to many customers. This rate competitiveness is critically important to the CCA as well giving customers the ability to opt-out of the CCA and return to the incumbent investor-owned utility if displeased with the CCA's rates.

As a result, staff specifically tracks the performance and pricing of Clean Power Alliance (CPA), the primary CCA that serves much of Los Angeles and Ventura counties, given its specific consideration as a governance option by the City Council.

In August 2020, City staff recommended the City Council to defer any commitment due to foreseeable risks including the declining margin of customer cost savings projected for a CCA in comparison with status quo billing rates available from Southern California Edison (SCE) for comparable renewable power content. Staff's caution about this rate risk is now a reality as CPA's residential rates are now higher than those charged by SCE, as shown in the chart below.



In November 2021, CPA's residential customers, including low-income residential customers, are all paying higher monthly electric bills compared with SCE's rates for comparable renewable power content. If the City were an active member of CPA today, all typical Long Beach households would be paying 5.5 percent to 6.6 percent more for electricity costs on their monthly electric bills than they would as customers of SCE, depending upon the level of renewable power content selected. Similarly, Long Beach's typical qualified low-income residential customers would pay 1.5 percent to 7.6 percent more in their monthly electric bill.

Staff analysis shows that the drivers behind this higher pricing, including generation rates and a rate surcharge known as the Power Charge Indifference Adjustment (PCIA), are complex, volatile, and unresolved. Yet, the status remains that current CPA charges across most rate classes exceed those of SCE and may remain so for an unknown period of time. Staff will continue to track this matter.

Clean Energy Pathways Partnership with SCE

In November 2020, City staff began meeting with key members of the SCE Strategic Planning Team to create a Clean Energy Pathways Partnership. As recently discussed before the City Council on November 9, 2021, the objective of this partnership is to implement a framework that identifies, prioritizes, and efficiently executes, sustainable, affordable, and reliable energy improvement opportunities using existing and future resources of the City and SCE organizations.

To date, these strategic sessions have made rapid progress, focusing on four key objectives:

- **Clean Energy Transition** – Increase public awareness and participation in existing SCE clean energy programs and rate offerings through joint advocacy efforts, public awareness campaigns, and community engagement partnerships to support the sustainability goals of the City and SCE.

- **Energy Solutions** – Provide clean energy solutions and technologies such as demand response programs that enable City facilities, residents, and businesses to better manage their water, natural gas, and electric energy usage and to save money.

- **Technology Innovation** – Improve the development, acceptance, and implementation of emerging energy technology strategies such as solar and battery energy storage systems in support of the City's renewable energy goals and SCE's vision to achieve a carbon neutral future.

- **Transportation Electrification Expansion** – Enable the expansion of transportation electrification through investment, emerging technology acceptance, and streamlined processes to reduce greenhouse gas emissions and achieve the air quality goals throughout Long Beach and surrounding communities, as outlined in the Climate Action and Adaptation Plan (CAAP).

City staff are moving forward to harness the long-standing relationship with SCE to bring real, tangible, benefits to the community and further its sustainability efforts while reducing costs to ratepayers.

CCA Concept Community Outreach

Due to the COVID-19 pandemic and Health Order gathering restrictions, outreach is presently deferred. At this time, unless directed otherwise, staff do not plan to initiate such outreach and refrain from doing so until such time, as mentioned previously, the City determines that the CCA energy market and regulatory status stabilizes to the extent that the City believes the formation of a CCA merits further serious consideration.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 9, 2021 and by Revenue Management Officer Geraldine Alejo on November 10, 2021.

TIMING CONSIDERATIONS

Council action on this item is not time critical.

FISCAL IMPACT

This recommendation is to receive a report on the Feasibility of Community Choice Aggregation in Long Beach, including updates to follow-up tasks directed by the City Council. There is no fiscal or local job impact associated with this recommendation. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

ROBERT M. DOWELL
DIRECTOR OF ENERGY RESOURCES

Attachment

APPROVED:

THOMAS B. MODICA
CITY MANAGER

Community Choice Aggregation: Governance Options for the City of Long Beach

Prepared by:

MRW & Associates, LLC
1736 Franklin Street, Ste 700
Oakland, CA 94612

August 2021

This report was prepared by MRW & Associates. MRW has been working on CCA issues since they were authorized by the California State Legislature in 2002. MRW has prepared and critiqued numerous CCA feasibility plans and is providing rate forecasting and other ongoing support to CCAs throughout the state.

This Study is based on the best information available at the time of its preparation, using publicly available sources for all assumptions to provide an objective assessment regarding the prospects of CCA operation in the City. It is important to keep in mind that the findings and recommendations reflected herein are substantially influenced by current market conditions within the electric utility industry and state regulations, both of which are subject to sudden and significant changes.

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Executive Summary

In 2018, the City of Long Beach retained MRW & Associates to complete a CCA feasibility study on behalf of the City. This feasibility study was completed in November 2019. After reviewing this feasibility report, on August 25, 2020 the Long Beach City Council directed the City Manager to help prepare a study to analyze CCA governance options available to the City. The Long Beach City Council outlined the following CCA governance options for evaluation:

1. A stand-alone enterprise, where the City is the sole government agency responsible for the CCA's creation and operation,
2. Joining the Clean Power Alliance (CPA), the CCA serving unincorporated Los Angeles and Ventura Counties along with many municipalities within those counties; or
3. Creating a new Joint Powers Authority (JPA), where multiple agencies share oversight responsibilities for the new agency.

The conclusions concerning CCA governance are as follows.

1. A stand-alone enterprise would give the City of Long Beach the most flexibility with developing its own energy policies and procedures. The City would be able to tailor its CCA service to satisfy the energy needs of its residents and businesses. However, this autonomy requires the City to assume all risk, liability, and costs associated with operating the CCA. Whether Long Beach decides to use in-house staff or outsource CCA activities, a stand-alone CCA will no doubt require a sizeable financial commitment from the City, particularly during the start-up phase. This would include an initial load of $1-2 million plus providing collateral or guaranteeing a working capital loan or line of credit of approximately $15 million.
2. If the City of Long Beach decides to pursue a stand-alone CCA or form a new JPA, it will need to consider how to finance these endeavors. There could be many financing options available to fund a CCA, with each option having its own set of costs and benefits. The City could loan funds from the General Fund, obtain loans from financial institutions, pursue vendor funding, and/or utilize letters of credit. Long Beach would need to decide what level of risk they can tolerate when deciding what financial option to pursue. Based on the experiences of other CCAs, the City would likely need to raise several millions of dollars to fund a stand-alone CCA or JPA.
3. The main benefits of joining a CCA JPA such as CPA are the ability to distribute the risks and costs among the member agencies while also immunizing the financial assets of not only Long Beach but all other participating agencies. The main drawback of a JPA is that Long Beach would need to share decision-making authority with the other JPA members, making it potentially harder for the City to implement the policies specifically desired by its community. Additionally, it may be a difficult task for the City to convince other jurisdictions to join the JPA.

4. By joining CPA, Long Beach would forego the responsibility and cost of creating a stand-alone enterprise or forming a separate JPA, as well as shield itself from any of CPA's financial liabilities. However, the City must weigh the benefits of this option against having the least amount of local control, as it would be only one of 33 votes on the CPA Board.

5. To join CPA, the City would first have to officially express its interest to CPA. It would co-fund a study with CPA on the impacts and feasibility of Long Beach joining CPA (about $10,000). Based on the study, the CPA Board would then vote to extend an offer (or not) to Long Beach. This offer could include stipulations, such as a specific phase-in schedule of Long Beach's load or specifying a default rate service. Thus, even if Long Beach is invited to join CPA, it could be required to have the default CPA rate be at or higher than SCE's rate. (Even so, a customer could have the option to opt-down to a lower rate.)

6. No matter what CCA option Long Beach decides to choose, it is highly unlikely that implementing or joining a CCA would occur before 2024. The regulations governing CCA formation require ample time for planning and approvals, while joining an existing CCA like CPA could take time, especially since Long Beach is a relatively large jurisdiction to incorporate into a CCA.

Introduction

In 2018, the City of Long Beach retained MRW & Associates to complete a CCA feasibility study on behalf of the City. This feasibility study, which was completed in November 2019, examined the electricity loads that could be served by a Long Beach CCA, compared possible CCA rates to SCE's rates, evaluated GHG emission impacts of a CCA, assessed the macroeconomic and employment benefits of a CCA, compared the benefits and risks of CCA governance options, and outlined the risks to the City of CCA formation.

After reviewing this feasibility report, on August 25, 2020 the Long Beach City Council directed the City Manager to help prepare a study to analyze CCA governance options available to the City. MRW & Associates was retained by the City to complete this analysis.

The Long Beach City Council outlined the following CCA governance options for evaluation:

1. A stand-alone enterprise, where the City is the sole government agency responsible for the CCA's creation and operation,
2. Creating a new Joint Powers Authority (JPA), where multiple agencies share oversight responsibilities for the new agency; or
3. Joining an existing CCA JPA.

The November 2019 CCA Feasibility Report lightly addressed governance options and the key tradeoffs between the options. This report expands upon the options analysis in that report, especially with regard to joining CPA and the financial implications for the City.

Forming a Single City Agency

In a sole jurisdiction approach, the City maintains full flexibility—and responsibility—for developing policies and procedures. This means that they can be tailored to and responsive to the City's stakeholders and constituents only and based upon their own objectives. The City would be responsible for setting policy priorities in general and making specific decisions about power generation, staffing policies, local economic development activities and strategies, formulation of financial and debt policies, and development of any customer programs. Along with greater autonomy, the City would assume all risk, liability, and costs associated with operating the CCA. In this case, the likely path would be for the City to establish the CCA as an enterprise fund, and work with appropriate legal counsel to explore options for controls and structural safeguards to insulate it and minimize risk to the City's general fund.

The City would need to establish the CCA as an enterprise. Enterprises are commonly used for public utilities such as electric, water and wastewater, or other city functions where a public service is operated and provided in a manner similar to a business enterprise. Fees and charges are collected for services provided and accounting and budgeting are separate from a city's

general fund. Setting the CCA up as an enterprise provides a structure where the revenues and expenditures are separated, budgeted on their own, and reported on their own financial statements. In an enterprise, financial transactions are reported like business activity accounting; revenues are recognized when earned and expenses are recognized when incurred. Establishing an enterprise fund provides management and CCA customers with more visibility and accountability, and the ability to more easily separate and measure performance, analyze the impact of management decisions, determine the cost of providing electric service, and use this information to develop cost-of-service electric rates. Enterprise accounting will allow the City to demonstrate to customers, the public and other stakeholders, that the cost of power is being recovered through its rates, and not being subsidized or comingled with other City funds or functions.

Furthermore, the CCA enterprise cannot flow revenues into the City's general fund without risk of violating Proposition 218 (1996). Proposition 218 limits the authority of local governments to impose taxes and property-related assessments, fees, and charges by requiring the majority of voters to approve increases in general taxes and reiterates that two-thirds must approve a special tax. More importantly, the Proposition states that fees and charges are limited to the cost of providing the service and may not be imposed for general governmental services available to the public. Thus, the CCA cannot charge more than its cost to provide the services it renders (power and energy-related customer programs).

Within the city-only option, the Long Beach CCA would determine if it is to be a fully in-house operation with existing or added City Staff, or if the City would outsource some of all of the activities, with the City only administering contracts and managing vendors. Examples of some of the categories of operating activities that would need to be performed in-house or outsourced:

- Power procurement and scheduling
- Finance, budgeting, and accounting
- Coordinating with SCE on billing
- Customer service
- Communications, outreach, and public relations
- Specific customer-focused programs, such as energy efficiency, building electrification, electric vehicles and transportation electrification, and rooftop solar PV
- Regulatory monitoring and compliance, CPUC filings, etc.

The likely best short-term option would be to outsource the highly technical functions, and maintain some of the management, planning, and other public-facing functions like communication in-house. The range of options depends upon the degree of operating control the City wishes to maintain, the costs associated with maintaining those functions, and the degree of risk it is willing to accept on its own, or delegate to (and pay) third-party providers to assume.

No matter the amount of outsourcing, a CCA of Long Beach's size would eventually (i.e., within the first three years) require a core staff of experienced professionals for CCA-specific operations. This would include:

- Executive Director
- Finance Director
- Data/IT manager
- Power resources/procurement director
- Customer relations/outreach director
- Account service manager
- General Counsel
- Regulatory affairs director

If the Long Beach CCA were to pursue additional services, such as their own energy efficiency, rooftop solar, or other customer-facing program, more managers would be needed. Additionally, many of these would be supported by one or two support analyst professionals, some of whom could be shared with other Long Beach departments.

All larger CCA have dedicated staffs of 15 – 40 employees. The closest analog to Long Beach is San Jose Clean Energy (SJCE). SJCE is the only larger city with an enterprise CCA. Its planning documents show an eventual staff of 20.

Forming a Joint Powers Agency

The second option would be the formation of a JPA, where the JPA is an independent agency that operates on behalf of the public agencies which are party to its creation. In this approach, the City effectively shares responsibility with the other agencies participating in the JPA. The divisions of these responsibilities and the sharing of decision-making authority would be determined at the time the JPA is created. Other critical 'ground rules' would also need to be negotiated and memorialized, such as financial and possibly staffing commitments of each participating agency, and the composition of the board and voting procedures.

Sections 6500 to 6536 of the California Government Code constitute the enabling legislation for Joint Powers Authorities, and the Public Utilities Code allows a CCA program to be carried out under a joint powers agreement between entities that each have the capacity to implement a CCA program individually. A JPA may be formed when it is to the advantage of two or more public entities with common powers to combine resources, or when local public entities wish to pool with other public entities to save costs and/or gain economies. It can also be employed to provide the JPA with powers and authority that participating entities might not have on their own. A JPA is a legal and separate public entity with the ability to enter contracts, issue debt, and provide public services, among other things, and like the City, it would have broad powers related to the operation and management of the CCA, and the study, promotion, development, and conduct of electricity-related projects and programs.

The JPA structure may reduce the risks of implementing a CCA program to the City by immunizing the financial assets of the City and the other participating agencies, and distributing the risks and costs associated with the CCA among the participating entities. It could also

provide the benefits of scale and economy for certain aspects of CCA operation, such as power procurement or back office billing and accounting functions.

A CCA operated under a JPA could benefit from increased negotiating and buying power for power purchases, access to better financing terms for borrowing, and operating efficiencies gained by combining back-office functions such as billing and accounting. These benefits would accrue to customers through better pricing for power and debt, and ultimately more competitive electric rates. A larger JPA could also wield more political influence, which could be beneficial when participating in CPUC or other regional or state regulatory, legislative, or policy making activities.

Key tradeoffs to the benefits of a JPA are that decision making is allocated amongst the parties and management independence is diminished. Objectives of participating agencies will likely differ, and reduced autonomy can manifest when setting priorities for local generation, economic development activities and the importance of support programs. When the JPA is formed, a Board must be appointed to set policy and make decisions. The makeup of this board is subject to negotiation among the participating entities but would likely be made up of elected officials from each participating agency. The process of determining the makeup of the board, and each respective members' voting weight can be based on several factors, for instance the percentage of customers or load or relative financial contribution, but in any case, decision making is certainly more complicated. The number of stakeholder interests and priorities are multiplied, and in many cases, reaching consensus on key decisions is more complex and time-consuming than if only one agency were involved.

A quantitative analysis of whether a JPA would benefit or reduce the financial prospects of the CCA, based upon the addition of specific agencies and their associated energy load, is beyond the scope of this report. Additional analysis would be necessary to determine if adding the load of other agencies to the load served by the Long Beach CCA would create different demand patterns and peaks, or compound existing peaks, either of which might adversely impact Long Beach CCA customers, or the customers of the other prospective JPA members.

A standard JPA would be possible for the City, but it would require joining with at least one other jurisdiction. If this option is to be pursued, the City would need to identify and reach out to like-minded cites in Southern California to explore potential JPA partners.

Joining Clean Power Alliance

Long Beach may be able to become a member of the CPA, the CCA that serves unincorporated Los Angeles and Ventura Counties along with 29 municipalities within those counties. CPA was formed in 2017 and rolled out service to its customers in 2018 and 2019. It is by far the largest CCA in the state, projected to provide over 11,000 GWhs (11 billion kWhs) in 2021. This will place CPA in the top 70 electric utilities by sales in the US (by load).[1] Were Long Beach to join,

[1] Based on 2017 sales, per EIA. https://www.eia.gov/electricity/sales_revenue_price/

its load could increase to over 14,000 GWh, placing it within the top 50 electric utilities in the country.

CPA Governance

CPA is governed by a board of directors with one voting member (Director) per jurisdiction. Each jurisdiction appoints a Director to represent their interests on the board, with up to two alternative Directors allowed for each jurisdiction. Unlike the Director, the alternative directors must have demonstrated knowledge in energy-related matters. A Director may be removed at any time by their jurisdiction's governing body.

The general responsibilities of the Board include:

- Administrative and fiscal oversight
- Retaining an Executive Director
- Retaining legal counsel
- Procuring funding
- Policy setting
- Resource maximizations
- Overseeing committee activities

Board meetings must be held at least once a year with the Board typically meeting monthly. Any Director can participate and vote in a meeting remotely via telephone. A valid meeting requires a majority of Directors to be present, with any board actions requiring an affirmative vote by a majority of Directors present.

Appointments

Each fiscal year, the Board appoints from among its members a Chair and Vice Chair. The Chair's responsibilities include signing contracts, presiding over all Board meetings, and carrying out any other duties imposed by the Board. The Board also appoints a Secretary and Treasurer, who may be a non-Board member. An Auditor from outside of the Board is also appointed based on relevant experience and qualifications. An Executive Director is appointed to lead the day-to-day operation and management of the JPA and CCA program. The Board also creates committees, such as an Executive Committee, Finance Committee, Community Advisory Committee, and any other committees or advisory bodies that may be necessary for the operations of the JPA and CCA Program.

Voting

Votes are tallied on an equal basis, one vote per jurisdiction, no matter its size. After an affirmative vote, three directors may call for a vote based on load share, also known as a "voting shares vote." A voting shares vote is a vote where each Director casts his or her jurisdiction's voting share, with each voting share tied to the energy usage of that jurisdiction relative to the energy use of the JPA. In that case, 50% of the voting shares would be needed to carry the item.[2]

[2] JPA agreement, section 4.10.3

If one Director has a voting share that equals or surpasses the amount needed to reject the matter being voted on, then at least one other Director must also vote in the negative for the matter to be officially rejected. The voting shares formula is the quotient between the annual energy use of the jurisdiction and the total annual energy use of the JPA, multiplied by 100. A voting shares vote can only be used to challenge an item that has been initially approved on an equal vote basis. A voting shares vote cannot be called for on an item that has already been rejected by an equal vote. To date, CPA's board of directors has not had a voting shares vote take place.

Table 1 below compares the expected annual load for Long Beach to the annual loads of other CPA jurisdictions and their associated voting shares. Excluding the TOU-8 Sub-transmission load, 17% of CPA's load would be associated with Long Beach. Even without the TOU-8 Sub-transmission load, Long Beach would still make up a large segment of the load served by CPA, therefore giving the City the second largest amount of voting shares on the Board after the County of Los Angeles (23%).

Table 1. CPA Voting

Jurisdiction	Equal Vote	Annual Load (GWh)	Weighted Voting (Voting Shares Percentage)
County of Los Angeles	3%	3,007	23%
Long Beach (w/o TOU-8 SUB)	**3%**	**2,229**	**17%**
Carson	3%	676	5.2%
Santa Monica	3%	566	4.3%
Oxnard	3%	539	4.1%
Thousand Oaks	3%	484	3.7%
Simi Valley	3%	438	3.3%
County of Ventura	3%	435	3.3%
Downey	3%	416	3.2%
Beverly Hills	3%	415	3.2%
Ventura	3%	371	2.8%
Hawthorne	3%	318	2.4%
Camarillo	3%	309	2.4%
Whittier	3%	303	2.3%
Arcadia	3%	272	2.1%
Alhambra	3%	269	2.1%
West Hollywood	3%	253	1.9%
Culver City	3%	253	1.9%
Redondo Beach	3%	221	1.7%

Jurisdiction	Equal Vote	Annual Load (GWh)	Weighted Voting (Voting Shares Percentage)
Paramount	3%	189	1.5%
Manhattan Beach	3%	159	1.2%
Calabasas	3%	138	1.1%
Claremont	3%	136	1.0%
Moorpark	3%	127	1.0%
Malibu	3%	120	0.9%
Agoura Hills	3%	104	0.8%
Temple City	3%	102	0.8%
South Pasadena	3%	90	0.7%
Rolling Hills Estates	3%	49	0.4%
Sierra Madre	3%	43	0.3%
Hawaiian Gardens	3%	37	0.3%
Ojai	3%	28	0.2%
Westlake Village	3%	3	0.02%
TOTAL	**100%**	**13,100**	**100%**

The JPA that governs CPA does not require jurisdictions to make any financial contributions. However, a jurisdiction may agree to provide contributions or advances (subject to repayment) to the JPA, as well as contribute personnel, equipment, or property in place of a contribution or advance. Also, each jurisdiction and its board members or participating staff are held harmless of any and all claims, losses, damages, costs, injuries, and liabilities arising directly or indirectly from the conduct, activities, and omissions of the JPA.[3]

If a jurisdiction decides to withdraw its membership, it may do so by giving at least 180 days advance written notice and receiving an affirmative vote by the jurisdiction's governing board (i.e., City Council). However, the withdrawing jurisdiction my still be responsible for continuing liabilities, claims, demands, or damages.[4] These damages would likely be associated with the value of power purchase contracts entered into by CPA to service Long Beach load which the CPA could not liquidate.

The Board may also terminate the membership of a jurisdiction for material non-compliance based upon an affirmative vote of the Board where the minimum percentage vote and percentage voting shares is at least 67%, excluding the vote and voting shares of the jurisdiction facing

[3] JPA agreement, section 9.3
[4] JPA agreement, section 8.4

termination.[5] The membership between a jurisdiction and the JPA may also be terminated by mutual agreement.

CPA Rate Offerings

CPA offers 3 tiers of service, differentiated by renewable content and price:

- "Lean Power," which offers currently power with 36% renewable content. [6] Lean Power is the lowest cost CPA offering, which is designed to, over the long run, offer a modest price savings relative to SCE.
- "Clean Power," which offers power with 50% renewable content, at a price designed to roughly match SCE's default rates, and
- "100% Green Power, which offers fully renewable power at a price premium relative to default SCE service.

Note that these offering can change with customer demand, market circumstances, and SCE rate offerings.

Historically, each member jurisdiction may select the service tier in which to default its residents and businesses.[7] For example, communities such as Santa Monica have chosen to default its residents and businesses into the 100% Green tier. Santa Monica residents need not remain on that tier—they may affirmatively select another tier, but if they take no action, they are placed in the more costly 100% Green tier. The city of Hawthorne, on the other hand, defaults its residents and businesses into the lower cost "Lean" tier, while allowing them to affirmatively choose the either of the more costly, but less emitting, other tiers.

The figures below show the historical bill savings or premium (percentage) relative to SCE rates for the Lean Power, Clean Power, and 100% Green Power service offerings from CPA for residential, small commercial, large commercial, and industrial (TOU-8 SUB) customers. The dates featured in the figures represent the months where CPA or SCE published updated rates.

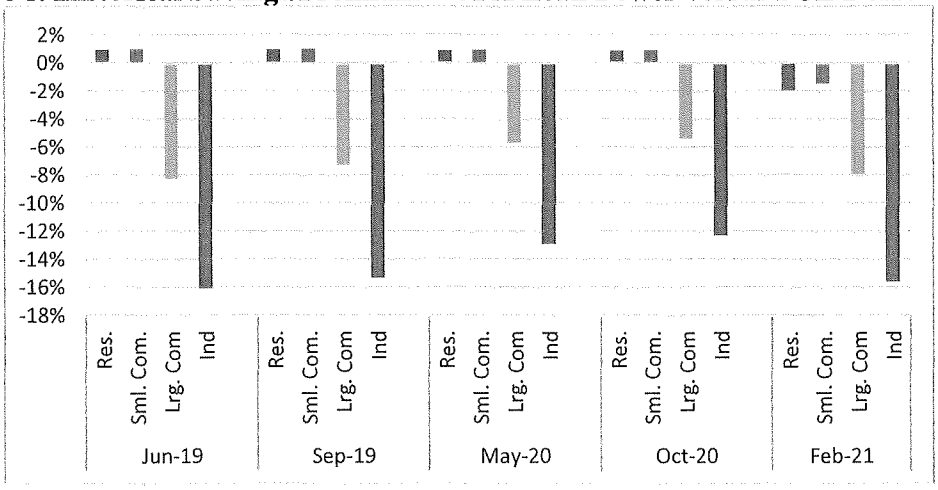
[5] JPA agreement, section 8.2

[6] The Lean Power renewable content would likely increase as the State's Renewable power content requirements ramp up.

[7] See the report section "Joining CPA" on possible rate option constraints for new members.

Figure **1** shows the percent average bill savings for CPA customers taking Lean Power service compared to what they would have paid under SCE's default rates. **Upward, positive bars** in figure (and those that follow) indicate **rate savings**, while **downward, negative bars** indicate **rate premiums**. As Figure **1** shows, up until February 2021 residential and small commercial customers received bill savings under CPA's Lean Power service offering. In February, CPA changed its rates so that residential and small commercial customers pay a 1-2% premium relative to SCE.

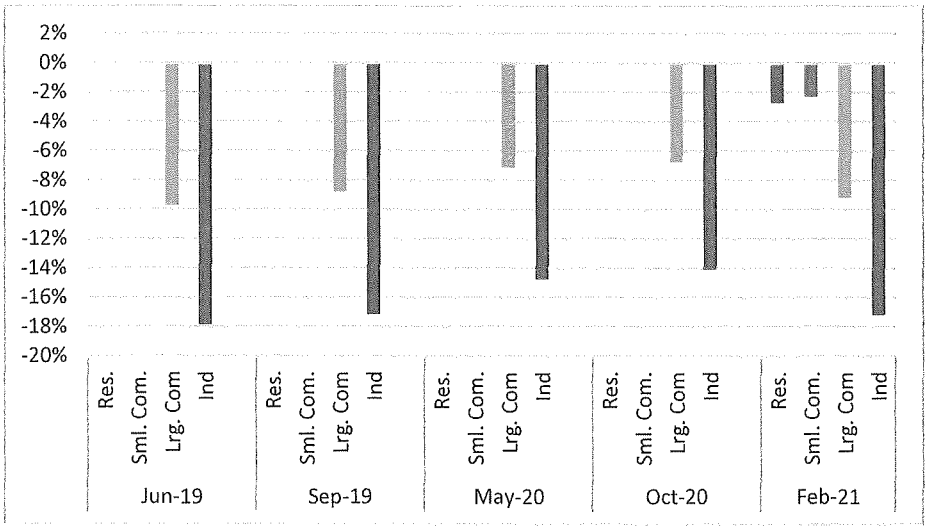
Figure 1. Historical Savings/Premium – CPA Lean Power versus SCE Default Rate



CPA's large commercial and industrial customers, on the other hand, have always paid a premium for Lean Power service relative to default SCE rates. CPA's policy for setting large commercial and industrial rates is based on the cost to provide service to those customers. This "cost of service" approach differs from the approach CPA has utilized with some other rate classes, such as residential, where CPA has purposely charged rates at a discount or savings to the customer. Any savings received by large commercial and industrial customers under CPA rates is based solely on the cost to serve those customers being lower than SCE's cost of service. This approach has largely resulted in large commercial and industrial customers paying a premium for service under CPA's various power offerings, particularly in recent months.

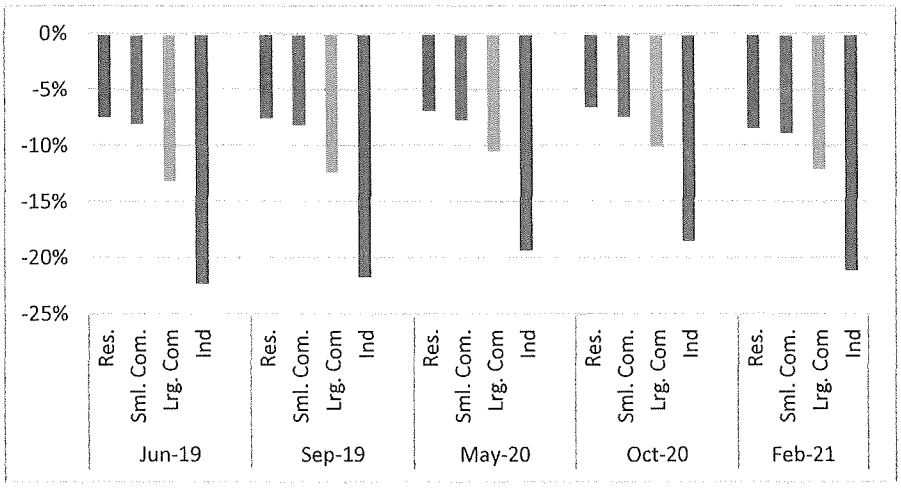
Figure 2 compares CPA's Clean Power rates to SCE's default rates. The Figure shows that the Clean Power rates for residential and small commercial customers have, up until February 2021, been consistently at parity with SCE's default rate. This is consistent with CPA's policy of setting the Clean Power rates approximately equal SCE's default rates. CPA's large commercial and industrial classes have paid a premium for service under the Clean Power service offering relative to what SCE would have charged these customers under default rates. Historically, the rates for commercial and industrial customers under the Clean Power option have been about 2% higher than the rates under the Lean Power option.

Figure 2. Historical Savings/Premium – CPA Clean Power versus SCE Default Rate



Finally, Figure 3 compares CPA's 100% Green rates to SCE's default. As should be expected, all classes would pay a premium for CPA's 100% Green Power service offering relative to SCE's default rates.

Figure 3. Historical Savings/Premium – CPA 100% Green Power v. SCE Default Rate



However, it is not apples-to-apples to compare CPA's Clean Power and 100% Green Power options to SCE's default rates, whose renewable content is more comparable to CPA's Lean Rate. A more appropriate comparison would be to evaluate these two service options from CPA with SCE's analogous Green Rates, which feature both a 50% renewables option and a 100% renewable option. SCE's Green Rate gives customers an opportunity to support local solar power at a rate premium, with the renewable energy portion of both the 50% and 100% renewable options being sourced from solar energy sources.

Figure 4 shows the bill savings and premiums of CPA's Clean Power (50% renewable) rate compared to SCE's 50% renewables Green Rate. As the figure shows, the CPA rate savings at the 50% renewable level has declined over time, to the point that all schedules are at best parity.

Figure 4. Historical Savings/Premium – CPA Clean Power versus SCE Green Rate (50% Renewable)

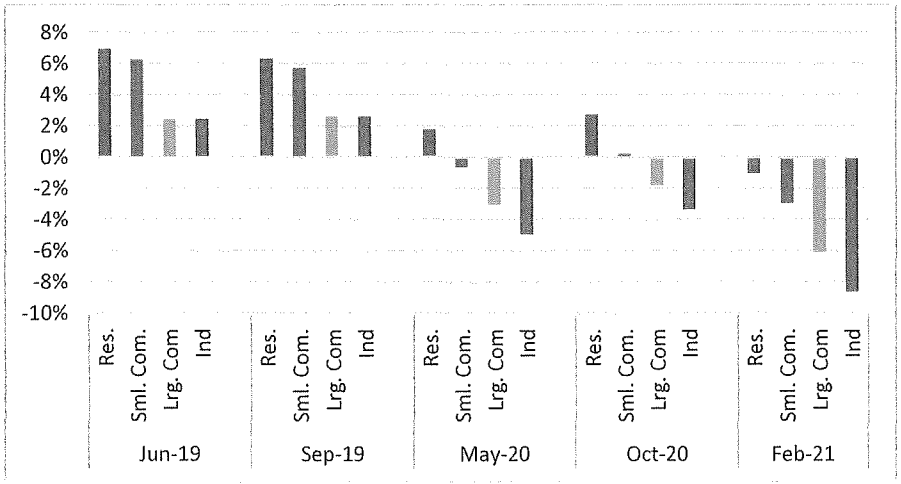
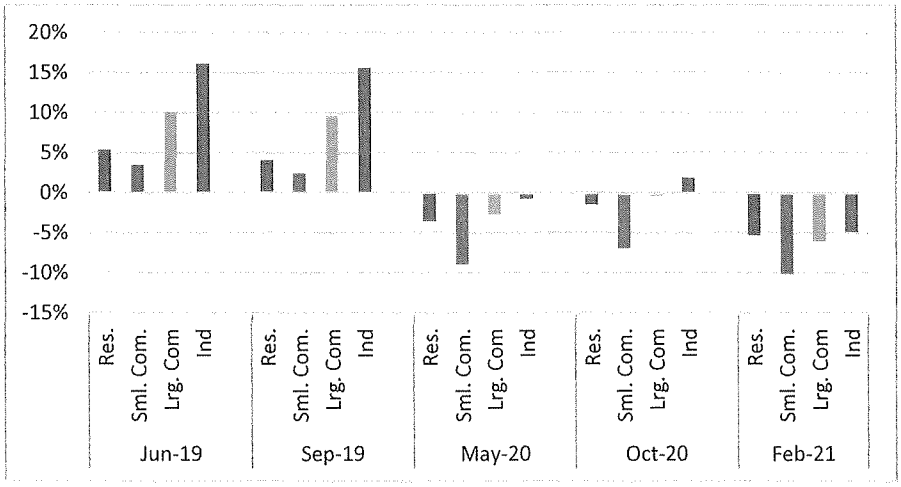


Figure 5. Historical Savings/Premium – CPA 100% Green Power versus SCE Green Rate (100% Renewable)



Joining CPA

If Long Beach decided to join CPA, CPA would first require a feasibility study to evaluate the incorporation of Long Beach's load into its own. Long Beach would be required to pay an "application fee" of ~$10,000 to help defray the cost of this feasibility study. Once the feasibility study has been completed, it would be evaluated by CPA's Board of Directors. The Board would then vote on whether or not to invite Long Beach to join. If an invitation to join is sent to the City, the City Council would then have to pass an ordinance accepting the invitation.

CPA's invitation may contain stipulations that Long Beach would need to agree to before being allowed to join CPA. These conditions could pertain to the timing of Long Beach joining (e.g., a specific phase-in schedule) or the default rate option for new customers (e.g., CPA could require Long Beach to default all its customers onto a CPA rate schedule other than the least costly Lean Power.) The conditions CPA attaches to an invitation would depend on when Long Beach approaches CPA about joining. For the rest of this year (2021), CPA is expecting its customers to pay a premium for service compared to SCE rates. This could very well lead to CPA placing conditions on a 2021 invitation that would address this current rate situation. However, these conditions could change under a 2022 invitation when CPA expects to offer rate savings to its customers. Based on recent conversations with CPA, it is likely that the CCA would be more receptive to Long Beach initiating a conversation about membership in early 2022.

As mention earlier in the report, if Long Beach joined CPA, it would be the second largest jurisdiction by load within the CCA. However, it would be difficult for Long Beach, or any other large member, to completely leverage its size and potential voting shares to influence the CCA. Any changes to the JPA require approximately a 2/3 vote from the board. Additionally, a voting shares vote victory is inherently difficult to achieve since several jurisdictions would need to be in agreement to overturn an affirmative vote from the board. CPA is firmly committed to preventing any one member from exhibiting excessive influence on its decision-making.

Comparison of Long Beach Options

The general benefits and drawbacks discussed above about JPA formation apply to Long Beach joining CPA. The City would need to weight the benefits of joining an ongoing concern, with management and governance structures in place, versus the flexibly of forming a city Enterprise or entering into a new JPA.

Table 2 below qualitatively compares Long Beach's two main CCA options against remaining with SCE. First, MRW cannot project any quantifiable difference in rate or GHG savings between the three CCA options. The stand-alone option offers greater flexibility and control, but at the price of higher start-up costs, greater staff effort, and higher financial risk.

Table 2: Comparison of Long Beach CCA Options

Criterion	Join CPA	Stand-alone Enterprise	Stay with SCE
Rates	Comparable/ modestly lower	Comparable/ modestly lower	Base
GHG Reduction Potential Over Forecast Period	Some	Some	Base
Local Control/Governance	Some	Greater	None
Local Economic Benefits	Modest	Some	Minimal
Start Up Costs/Cost to Join	Minimal	Significant	None
Level of Effort	Minimal	Significant	None
Financial Risk to City	Minimal	Greater	None
Timing (earliest)	2023/4	2023/4	N/A

The expected rates for Long Beach under a stand-alone entity or CPA would be comparable to those rates offered by SCE, with likely modest savings over the long term. Absent major changes to SCE's rate design, it is unlikely that CPA will be able to offer savings for large commercial and industrial customers under any of its service offerings relative to the rates offered by SCE.

The City would likely experience some measure of GHG reduction through a stand-alone enterprise or under CPA. Being a stand-alone enterprise would give Long Beach the opportunity to focus on procuring power derived from renewable or carbon-free energy resources, as well as create programs that could encourage energy efficiency and carbon emissions reduction. Regarding CPA, not only does the CCA provide carbon-free and renewable energy service offerings, but it also has various customer programs in place that help reduce carbon emissions.

As mentioned above, a stand-alone enterprise would give Long Beach the ability to plot its own energy future, with much greater control over energy procurement and program implementation to satisfy the needs and desires of the local community. If Long Beach were to join CPA, the City could exhibit some degree of control over its energy needs since it would have a voice on the Board of Directors through its Director. Remaining with SCE would deprive Long Beach of the opportunity to influence energy procurement or policy to satisfy the needs of its community.

The creation of a stand-alone entity would likely be better suited to creating new jobs for the local community. Any bill savings received by customers under a stand-alone enterprise can also be spent locally to boost the City's economy. However, because much of the economic stimulus is tied to customers spending the bill savings, economic development benefits can accrue under both a Long Beach CCA and CPA.

Creating a stand-alone enterprise requires significant effort compared to joining CPA. To bring a stand-alone enterprise into existence, Long Beach will need to plan out the operations apparatus of the entity, including meeting state requirements and coordinating with SCE and CAISO. Additionally, the city's government must be engaged and supportive throughout the start-up process and beyond. However, to join CPA, Long Beach would only need the approval of its City Council.

A stand-alone CCA enterprise would require initial significant expenditures and/or liabilities from the City. This would include direct $1-2 million load from the city to fund startup activities and providing collateral or a loan guarantee to backstop about $15 million of initial working capital (see below). If Long Beach joined CPA, the City would not be required to spend money beyond the $10,000 feasibility fee on start-up costs.

Under a stand-alone enterprise, Long Beach would be solely responsible for the ongoing financial requirements of the entity. The City could be liable for all financial obligations associated with the enterprise, posing a notable risk to the City's finances, particularly if the CCA were to fail. Alternatively, if Long Beach joined CPA, its finances would be shielded from those of the CCA, with the City only being liable for costs incurred by the CCA on behalf of the City's customers.

Whether Long Beach decides to create a stand-alone enterprise or join CPA, it is highly unlikely that either option could be implemented before 2024. Satisfying the financial, logistical, and regulatory requirements of a stand-alone entity requires a lengthy timeframe, while joining a CCA like CPA could require considerable time for that CCA to plan for the incorporation of an additional jurisdiction the size of Long Beach. No matter which option Long Beach may approve, either option cannot likely offer an earlier implementation date than 2024.

CCA Financing Issues

The CCA will need to evaluate the financing options available and the relative costs and benefits of each in consideration of the CCA's risk tolerance. Financing options include:

- **Direct Loan from City (startup)**: The City could loan funds from the General Fund for all or a portion of the start-up needs. The City would be secured by the CCA revenues once launched. The City would likely assess a risk-appropriate rate for such a loan which is likely higher than what the City earns for funds otherwise invested. This rate is estimated to be around 5%.

- **Collateral Arrangement from City (startup and ongoing):** As an alternative to a direct loan from the City, the City could establish an escrow account to backstop a lender's exposure to the CCA. The City would agree to deposit funds in an interest-bearing escrow account which the lender could tap should the CCA revenues be insufficient to pay the lender directly.

- **Loan from a Financial Institution with Support (startup and ongoing):** Another alternative to a direct loan from the City would be for the City to backstop a lender's exposure to the CCA via a letter of credit, loan guarantee, or other promissory. The financial institution would not call upon the City unless the CCA was unable to make payment.

- **Loan from a Financial Institution without Support (startup and ongoing):** At least one CCA, Silicon Valley Clean Energy Authority (SVCEA), was able to use this option to fund ongoing working capital. After members provided a total of $2.7 million in start-up funds, SVCEA has obtained a $20 million line of credit without collateral.

- **Vendor Funding (ongoing):** The City can pursue arrangements with its power suppliers to eliminate or reduce the need for or size of funding for the start-up and operations. This could come in many forms such as a "lockbox" approach with a power provider. That is, the revenues that SCE would collect on the CCA's behalf would first go into a secured "lockbox" account, from which the power suppliers would be directly paid. After the power providers are made whole, the remaining revenue would then flow the CCA.

- **Long-term bonds:** Bond issuances may secure an adequate (large) pool of cash that could sustain the CCA for a significant period of time and provide a cushion for swings in demand and power prices. However, as a new entity, the CCA itself with no credit or

business history would not be able to issue debt. The City, using its own credit rating could in theory issue the bonds, but doing so would place the city's own credit rating at risk. Furthermore, a risk with bond issuance is it may result in the CCA incurring an unnecessarily high level of debt or a shortage of funds depending on the accuracy of the sales and power cost forecast. Bond issuances can also be expensive and the CCA could incur significant issuance/underwriting costs.

- **Letters of credit (ongoing):** These typically would be letters of credit required by the power producers/marketers, with the required level of extreme specificity and additional complexity and rigidity associated with these instruments. Typically, a letter of credit is issued by the entity's existing banker, as a new entity the CCA would need to explore this option with their potential banker(s) and would likely require a guarantee or collateral provided by the City's General Fund.

As a case in point, the City of San Jose's CCA (SJCE) is similar in size to a Long Beach CCA. SJCE's initial capital requirement will be provided from the City budget and via conventional financing methods (e.g., bank loans or lines of credit). Subsumed in the initial capital requirement is SJCE's initial start-up funding (up to $7.5 million), plus capitalized interest and fees on startup funding, which will be provided by the City of San Jose through the issuance of Commercial Paper and will be repaid by from the working capital financing. For the working capital financing, SJCE will make repayments (including any interest, as applicable) over an assumed 5-year term. SJCE will recover the principal and interest costs associated with the initial funding via retail generation rates charged by SJCE to its customers. It is anticipated that the initial working capital financing will be fully recovered through such customer generation rates within the first several years of operations.

For reference, CPA was financed through an initial no-interest loan of $10 million from the County of Los Angeles, which was to be repaid by the end of Fiscal Year 2017-2018. This repayment was deferred until June 2019. CPA also anticipated a need for a private $31 million loan to fund power procurement for phases 2 and 3 of its program. This loan was secured from River City Bank, with $20 million being provided in Fiscal Year 2017-2018 and the remaining $11 million to be provided in the first half of Fiscal Year 2018-2019.

Since its inception, CPA has always had the goal of obtaining an investment grade credit rating. As of February 2021, CPA has yet to obtain a credit rating but had been in contact with credit rating agencies. The CCA is currently focused on increasing its financial reserves and liquidity in order to satisfy the requirements for a credit rating.

Table 3. Financing Used by Other CCAs

CCA Name	Pre-Launch Funding Requirement	Funding Sources
Marin Clean Energy	$2 - $5 million	Startup loan from the County of Marin, individual investors, and local community bank loan.
Sonoma Clean Power	$4 - $6 million	Loan from Sonoma County Water Authority as well as loans from a local community bank secured by a Sonoma County General Fund guarantee.
CleanPowerSF	~$5 million	Appropriations from the Hetch Hetchy reserve (SFPUC).
Lancaster Choice Energy	~$2 million	Loan from the City of Lancaster General Fund.
Peninsula Clean Energy	$10 - $12 million	$12 million loan with Barclay (backstopped by the County) and almost $9 million with the County of San Mateo for start-up costs and collateral.
Silicon Valley Clean Energy	$2.7 million	Loans from County of Santa Clara and City members $21 million Line of Credit with $2 million guarantee, otherwise no collateral.
Orange County Power Authority	$2 million	The City of Irvine will provide a $2 million loan and ~$15 million guarantee.
San Diego Community Power	~$5 million	The City of San Diego provided an initial loan. SDCP secured a five-year, $35 million loan with River City Bank (including $5 million for startup costs) and a $5 million collateral agreement with a local philanthropist.
San Jose Clean Energy	~$7.5 million	The City of San Jose provided initial capital requirements from the City budget and conventional financing with city guarantee.

Conclusions

Long Beach's two primary options for CCA are forming a City-only enterprise or joining with the Clean Power Alliance (CPA), the CCA currently serving large portions of Los Angeles and Ventura Counties. The primary benefits of forming a Long Beach-only CCA are more local control over procurement practices and budgets, and services better tailored to Long Beach. A Long Beach-only CCA may also help reduce GHG emissions, secure modest bill savings for customers, and generate some local economic benefits. The drawbacks associated with this option include the City incurring significant start-up costs, greater financial risk, and a significant level of effort needed from City Staff to create a stand-alone enterprise.

The primary benefits of joining CPA are the reduced risk and security of joining with an already-operating entity and reduced administrative burden on City Staff, both in CCA formation and in ongoing management. By joining CPA, Long Beach could also experience in the long run modestly lower rates for residential and small commercial customers, a moderate reduction in GHG emissions, modest local economic benefits, and some local control over energy policy. The drawbacks of the CPA option are likely higher rates for large commercial and industrial customers and political competition from other jurisdictions within the CCA.

If Long Beach were to pursue a stand-alone CCA enterprise, the City would have a number of potential financing options to pursue. The CCA could seek a loan from the City's General Fund, create a collateral arrangement with the City, use loans or lines of credit from financial institutions, or obtain vendor funding. No matter what financial option Long Beach may use, it is likely that the City will be required to raise several million dollars to finance the enterprise. Additionally, the City will take on a notable financial risk since it will have to provide collateral or a loan guarantee to support the CCA's initial working capital requirement of about $15 million. However, if Long Beach were to join CPA, the City would only be liable for the costs incurred by CPA to serve the City's customers, with the City's finances being otherwise shielded from those of CPA.

Whether Long Beach decides to create a stand-alone enterprise or join CPA, the implementation of either option would likely not take place before 2024. The implementation schedule for a stand-alone entity requires the satisfaction of several requirements, namely the submission of an implementation plan for CPUC approval one year prior to launch, meeting RA filing requirements, and meeting the customer notification requirements 90 days before launch. The enterprise must also establish coordination with both SCE and CAISO. If Long Beach decides to join CPA instead, the implementation timeline would be based on how quickly CPA could integrate the new jurisdiction and notify new customers, with a large jurisdiction like Long Beach potentially requiring a sizeable timeframe.

Appendix 1: Start-Up Schedule and Milestones

This section discusses phase-in options for the Long Beach CCA, presents a general overview of the main implementation requirements for establishing a CCA and discusses the main parties with which the CCA interacts, set up requirements, and CCA structure.

General Implementation Schedule

An implementation timeline for a CCA startup in 2021 shown in **Error! Reference source not found.**. The overall schedule is driven by CPUC requirements, which are shown in the second column.[8] While there are a number of CPUC requirements for a new CCA, the factors driving the launch of the CCA are: submitting implementation plan for CPUC approval one year prior to launch; meeting the RA requirement filing requirements throughout the year prior to launch; and meeting the customer notification requirements 90 days before launch. The detailed CPUC process is also discussed in the following section.

Through both legislation and regulation, SCE is required to work cooperatively with a CCA during exploration, implementation, and operation of the CCA. During operation, SCE will provide electricity meter data to the CCA, bill customers, and remit customer payments back to the CCA. SCE is also required to include customer notices with the utility billing statements on a cost basis for the CCA. Some CCAs in CA did not use utility billing statement inserts opting instead to use direct-mail notices providing requisite information about enrollment and opt-out.

Prior to launch, the electronic communications between the CCA and SCE must be tested and verified. Communications with SCE will be vital to ensuring successful CCA transactions related to electric meter reading and billing. SCE uses the Electronic Data Interchange (EDI) standard to facilitate the electronic communications and data exchange with CCAs. As part of the process of working with SCE to establish the CCA, SCE will conduct EDI testing to ensure that operational data exchange is functioning prior to the CCA commencing service.

Although not listed on the table, the CCA must also interact with the CAISO. The CAISO is an independent non-profit organization which coordinates, controls, and monitors the state's transmission, generation, and electric energy markets. The CAISO operates the CA wholesale power system which balances the need for higher transmission reliability with the need for lower costs. To become a CAISO market participant, a CCA must:

- Assign a certified Scheduling Coordinator (SC)[9] to manage bids in the CAISO ancillary service and energy markets. The SC must both be specially trained in CAISO procedures and must have access to a secure communications link to the CAISO system through either the Internet or through the Energy Communications Network (ECN).
- Develop and implement processes and systems to support resource interconnection

[8] Per CPUC Resolution 4907.
[9] CAISO Scheduling Coordinators: http://www.caiso.com/participate/Pages/SchedulingCoordinator/Default.aspx

- Utilize appropriate metering and telemetry where required[10]
- Participate in CAISO energy markets and related market products[11]

The CCA's contracted power provider and/or SC addresses these requirements.

[10] Metering and telemetry ensure operational accuracy:
http://www.caiso.com/market/Pages/MeteringTelemetry/Default.aspx
[11] CAISO market processes and products: http://www.caiso.com/market/Pages/MarketProcesses.aspx

Table 4. Implementation Schedule, Hypothetical CCA Launch in June 2024

Time	PER CPUC Requirements	COORDINATION WITH SCE	Internal CCA
Mid-year 2022			City Commit to CCA formation via Ordinance
Sept-Nov 2022	Draft Implementation Plan		Establish City Enterprise/JPA/governance model
Dec 2022	File Implementation Plan with CPUC		Hire CEO, Procurement Manager, Finance Manager, Operations Manager
Jan-23	CPUC notifies SCE CPUC confirms it has the Implementation Plan	CSD begins meetings with SCE to confirm its operations will conform with SCE's tariffs	Issue RFPs for: • Initial power provider • Scheduling coordinator (if separate) • EDI/ data management • Communications • Banking/finance services • Working capital loan
Feb-23	CCA provides draft customer notices to CPUC public advisor Within 15 Days, CPUC PA finalizes notice and returns to CCA CCA submit registration packet to CPUC (signed serve agreement with SCE, Bond amount currently $147,000)		
Mar-23	CPUC informs CCA regarding any Exit Fees If the registration packet is complete, the CPUC confirms Registration as a CCA.		Evaluate Responses to RFPs
Apr-23	April 1: CCA submits year ahead RA forecast		Negotiate with selected firms
Jun-23			Have key contracts in place
Jul-23			Begin public roll out

Time	PER CPUC Requirements	COORDINATION WITH SCE	Internal CCA
Aug-23	CCA submits its updated year ahead RA forecast	CCA Service Agreement EDI Agreements Electronic Funds Transfer agreements	Set rate policies; NEM
Sep-23		Issue Binding Notice of Intent	
Sep-23	CCA demonstrates RA compliance		
Oct-23	October 15: CCAs submit their January load migration forecast for the Resource Adequacy program.	EDI Testing	
Mar-24	Send out 1st opt out notice		Lock in power prices
Apr-24	Send out 2nd opt out notice	Receive Customers Mass enrollment information from SCE	Set rates/ NEM compensation
May-24	Utility shall transfer all applicable accounts to the new supplier		
June 1, 2024	Begin Phase 1 service		

Set Up. The three main CCA set up requirements include participating in the Open Season, providing certain customer notifications, and undergoing electronic communications compliance testing as described below.

CCA Open Season[12] is a specific calendar period within which a CCA can voluntarily notify SCE of the planned implementation date of its program. This notification limits the CCA's exposure to additional stranded cost charges or exit fees. During Open Season, a CCA may submit a Binding Notice of Intent (BNI) informing SCE of the number of customers by class and date that the CCA will serve, including arrangements for phased service. SCE utilizes the BNI to modify power procurement forecasts to reflect loss of the CCA load, thus limiting the CRS. While Open Season participation is optional, it is an important tool for a CCA to limit customer cost exposure. Open Season occurs annually from January 1 through February 15 or as late as March 1 when the California Energy Commission (CEC) LSE Load Forecasts are due on or after May 1.

Customer Notifications, Opt-Out and Enrollment. CPUC Section 366.2(c)(3) contains several requirements regarding CCA customer notifications, enrollment, and opt-out rights.

A CCA must inform potential customers at least twice within two months (60 days) prior to the customers' designated date of CCA enrollment as follows:

- The customer is to be automatically enrolled in the CCA;
- The customer has the right to opt out of the CCA without penalty; and
- The terms and conditions of the services offered.

A similar notification must be made twice within two billing cycles subsequent to a customers' enrollment in the CCA. The CCA must pay SCE for providing these notices or can opt for direct mail notification.

Requirements per CPUC Resolution 4907

As noted above, the CPUC must review certain actions of newly forming CCAs. CPUC Resolution E-4907 establishes the schedule for its process of review to coordinate the timeline of the mandatory forecast filings of the Commission's Resource Adequacy program to ensure that newly launched and expanding CCAs comply with Resource Adequacy requirements, as established by Section 380, before they serve customers.

[12] SCE Rule 27.2 Community Choice Aggregation Open Season: http://regarchive.SCE.com/tm2/pdf/ELEC_ELEC-RULES_ERULE_27_2.pdf

Table 5. CCA Implementation Schedule Per CPUC Resolution 4907

Date	Action
Day 1, Year 1 (On or before January 1 Year 1)	(1) The prospective or expanding CCA submits its Implementation Plan to Energy Division and serves it on selected docket service lists
Day 1 – 10, Year 1	(1) The CPUC notifies the Utility servicing the customers that are proposed for aggregation that an implementation plan initiating their CCA program has been filed.
Day 1 – 60, Year 1	(1) The CCA provides a draft customer notice to CPUC's Public advisor. (2) Within 15 days of receipt of the draft notice, the Public Advisor shall finalize that notice and send it to the CCA.
DAY 1 – 90, Year 1	(1) The CPUC sends a letter confirming that it has received the Implementation Plan and certifying that the CCA has satisfied the requirements of Section 366.2(c) (3). (2) The CPUC provides the CCA with its findings regarding any cost recovery that must be paid by customers of the CCA in order to prevent cost shifting. (P.U. Code Section 366.2 (c) (7).) (3) The CCA and the Utility should Meet-and-Confer regarding the CCA's ability to conform its operations to the Utility's tariff requirements.
DAY 1 – 90, Year 1	(1) The CCA submits its registration packet to the CPUC, including: a. Signed service agreement with the utility, b. CCA interim bond of $100,000 or as determined in R.03-10-003
Day 90 – 120, Year 1	(1) If the registration packet is complete, the CPUC confirms Registration as a CCA.
April, Year 1	(1) The CCA submits its year ahead Resource Adequacy forecast (P.U. Code Section 380)
August, Year 1	(1) The CCA submits its updated year-ahead RA forecast
October Year 1 (75 days before service commences)	(1) CCAs submit their Monthly load migration forecast for the Resource Adequacy program, filed about 75 days prior to the compliance month.
Within 60 days of the CCA's Commencement of Customer Automatic Enrollment	(1) The CCA shall send its first opt-out notice.
Within 30 days of the CCA's Commencement of Customer Automatic Enrollment	(1) The CCA shall send a second opt-out notice. (2) Once notified of a CCA program, the Utility shall transfer all applicable accounts to the new supplier
January 1, Year 2	(1) CCA begins service.

Appendix 2: Clean Power Alliance Joint Powers Agreement