



# MEMORANDUM

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**TO:** Desert Hot Springs City Council

**FROM:** Katie Barrows, Director of Environmental Resources, CVAG

**SUBJECT:** Responses to Questions about Community Choice Aggregation

**DATE:** November 14, 2017

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During presentations to Desert Hot Springs and other member jurisdictions interested in Community Choice Aggregation, several questions have been consistently asked by city council members, staff and/or members of the public. This memorandum addresses those questions and why Community Choice Aggregation is a good choice for the City and the residents and businesses of Desert Hot Springs.

**1. What are the benefits of a CCA program, including those which are unique to the CVAG region?**

*When CVAG began exploring Community Choice Aggregation with member agencies, all options were evaluated, including a very large Inland Empire CCA, a Riverside County-wide CCA, and a Coachella Valley regional CCA. The Ad Hoc Working Group of city representatives, including Desert Hot Springs, showed no interest in joining a larger CCA, recommending formation of a Coachella Valley only CCA. Among their concerns was the dilution of our influence as part of a larger CCA with different climate conditions and different priorities. A Coachella Valley CCA program will address the high electricity bills for residents, including low income customers and businesses. Benefits include:*

- ✓ *Choice - For the first time ever, you'll have a choice about where to buy your electricity, and about its renewable content and price*
- ✓ *Lower, more consistent rates – our program will be designed to offer competitive rates that may be lower than what you currently pay, and they will change less frequently*
- ✓ *Retaining revenues – Instead of paying shareholders, revenues from our CCA program can be reinvested in local communities*
- ✓ *Economic development – retaining revenues allows the development of local jobs and more renewable energy*
- ✓ *Competition – our CCA will end the monopoly Southern California Edison has on electricity*
- ✓ *Higher renewable content – CCA means you'll have the option to buy cleaner, greener electricity with fewer greenhouse gases, improving our air quality. The Coachella Valley is blessed with significant renewable energy resources. A local CCA can invest in local renewable energy, enhancing local businesses and bringing more jobs to our communities*
- ✓ *Meet community needs – A CCA can tailor energy efficiency programs to better serve customers in our desert climate; SCE programs focus on coastal areas where most of their customers are.*
- ✓ *Geothermal energy around the Salton Sea – Desert Community Energy could, in the future, invest in renewable energy technologies, such as geothermal and biofuels, which are or may be developed around the Salton Sea and elsewhere*
- ✓ *Potential opportunities for collaboration with Imperial Irrigation District, a local public utility currently offering their customers lower rates than SCE*
- ✓ *Opportunities for collaboration with Coachella Valley Tribes*

**2. How does the opt out process work for customers who may choose to go back to Southern California Edison (SCE). Are there time limits that SCE imposes on customers who opt out of CCA and return to Southern California Edison?**

*By law, when a CCA is formed customers are automatically enrolled and all customers have a choice, to stay with the CCA or opt out. A new CCA is required to send a total of four notices to customers: two notices prior to commencement of CCA service, and two notices during the 60-day period following commencement of CCA service. Customers who opt out before or within the first 60 days of CCA service may return at any time. Customers who opt out after the first 60 days of service with a CCA will be prohibited by Southern California Edison from returning for one year, after which they may return to the CCA. If a customer chooses to return to SCE after the first 60 days, they must give SCE six-months' notice. The 12-month period would begin after the six-months, on the date the customer is switched to SCE.*

**3. How does a Community Choice Aggregation program affect low-income customers with special rates?**

*Customers who receive a special rate from Southern California Edison will be transferred to CCA service with no changes to their special or optional rates, in most cases. For example, customers participating in CARE (California Alternate Rates for Energy) will continue to receive the CARE discount when their account is transferred to CCA service. Their account automatically remains with these programs (CARE, Family Electric Rate Assistance (FERA)) and they do not have to do anything.*

**4. How would a CCA program encourage more renewable energy?**

*More demand for renewable energy keeps money in our local economy by contracting for local power services, and supports our local renewable power industry by working to increase renewables here in the Coachella Valley. A CCA also offers opportunities to support innovative technologies. This seems especially significant for Desert Hot Springs with wind and solar resources in your community.*

*Desert Community Energy will likely have two choices for customers – one with lower rates, that is also “greener” than SCE and another option for those who choose to get their electricity from 100% renewable sources. If 10% of our CCA customers choose 100% renewable, we would have to demonstrate that we have purchased enough renewable energy to serve these customers. As an example, the City of Lancaster offers a Smart Choice option for customers who choose 100% renewable; these customers pay just \$10 more per month flat rate. Commercial or non-residential customers will pay 1.5¢ more per kWh. The decision about these choices will be up to the local Desert Community Energy board, which will offer opportunities for public input as part of the energy portfolio and rate-setting process. By contrast, SCE rates are determined in Sacramento by the California Public Utilities Commission (CPUC).*

**5. What are the requirements for renewable energy in California and what are the advantages of renewable choices provided by a CCA?**

*The option to increase the renewable energy available to customers is one of the key benefits of Community Choice Aggregation. CCA offers a way for local communities to have energy choices that are not now available to them. At an August CCA Ad Hoc Working Group discussion of program goals, representatives from participating cities unanimously agreed that rate reduction is the highest priority. Opportunities for consumer choice, local control, greenhouse gas reduction, and more renewable energy were also cited as priorities. The Ad Hoc members also emphasized the importance of building a sound financial position for the new CCA, including accumulating sufficient reserves.*

*California has set aggressive goals for renewable energy and greenhouse gas reduction which include:*

- ✓ *Renewable Portfolio Standard (RPS) increased to 33% by 2020 (SB 2 (1X) signed into law in 2011)*
- ✓ *Renewable Portfolio Standard increased to 50% by 2030 (SB 350 signed into law in 2015)*
- ✓ *Greenhouse gas (GHG) emissions reduced to 40% below 1990 levels by 2030 (SB 32, 2016)*

*A Community Choice Aggregation program has to abide by the same Renewable Portfolio Standard requirements as Southern California Edison and other Investor Owned Utilities (IOU's). Based on electricity loads for participating cities and current market conditions, The Energy Authority (TEA), our selected consultant, has presented possible scenarios for customer choices including a lower rate option that would still offer a modest reduction in greenhouse gases and would exceed Southern California Edison's renewable standard.*

**6. What are the requirements for a city to join a Community Choice Energy program?**

*Each city must pass an ordinance indicating their intent to join a Community Choice Energy program and thus become members of the new joint powers authority, Desert Community Energy. There are no upfront costs required for any jurisdiction to participate in the CCA. CVAG has been working on the CCA as part of its services to member agencies for which dues are paid. If the CCA does not launch, CVAG would absorb the costs as part of our responsibility to provide service to our members. When the CCA begins to provide electricity to customers and receive revenues, CVAG is eligible to request reimbursement for costs associated with the CCA start-up and launch.*

*As a member of the Desert Community Energy, Desert Hot Springs would be one of four member agencies serving on the board (the City of Blythe is not expected to join the CCA in the initial period and Indian Wells has chosen to hold off on joining a CCA this year). The customer accounts for Desert Hot Springs represent approximately 11% of the total.*