CPA Q&A

What are the long-term risks of joining CPA?

The risks of joining a community choice aggregation (CCA) program like CPA are associated with long-term performance and liabilities, including the CCA's ability to remain competitive with traditional investor-owned utilities (IOUs). This concern is heightened by rising Power Charge Indifference Adjustment fees, or exit fees, which are paid to IOUs when CCAs take over providing power service.

According to CPA's Joint Powers Agreement, the JPA seeks to provide electricity rates that are "lower or at worst competitive with those offered by SCE for similar products." CPA's rates are established to meet standard bill comparison targets approved by its Board of Directors (1-2% cost savings for Lean Power, 0-1% savings for Clean Power, and 7-9% cost premium for 100% Green Power).

If over time, CPA became unable to maintain competitive rates, the City could leave the JPA. However, this would require a board vote and the City would be financially responsible for any unused power procured on behalf of RPV customers.

How could the City leave CPA?

According to the JPA agreement, if the City wanted to leave the JPA, it would have to provide 180 days' written notice prior to the start of the next fiscal year and obtain approval of a majority vote of the Board of Directors. So far, no cities have left the JPA. CPA is still a young CCA and only became fully operational in 2018.

It is Staff's understanding if the City joined the JPA, although there would be a gap year before launching service, CPA would begin procuring power on behalf of residents soon after signing. This would be considered after the feasibility study is presented to the City Council. To avoid being financially responsible for unused power, the City should only join the JPA if it intends to launch service.

What is the cost to join the CPA?

It is Staff's understanding that there are currently no fees to join Clean Power Alliance other than the cost of the one-time feasibility study. Clean Power Alliance does not currently charge its member cities fees for services; however, it is Staff's understanding that the Board of Directors may consider introducing fees for new members in the future.

What could it cost the City to leave the CPA?

If the City withdrew from the JPA, the City would be financially responsible for all unused power purchased on behalf of RPV residents and businesses. Without knowing the City's load – which would be assessed in the feasibility study – it is difficult to estimate a potential cost, though in conversations with CPA, Staff understands it could be hundreds of thousands of dollars, and potentially top $1 million.

How does a customer opt out, and what are the fees?

Customers can opt out before or after CPA service begins via a web form on the Clean Power Alliance website or by phone. City Staff could also assist residents with opting out.

Customers who opt out within the first 60 days of service would return to SCE bundled service beginning on their next available billing cycle and return to the SCE rate they were previously on. Accounts would be transferred when the electric meter is read and cannot be transferred during the middle of a billing cycle. In order for a customer's request to be processed on their next meter read date, their request must be received at least five business days prior to the date on which the meter is read. SCE may charge a one-time account processing fee (currently set at 50 cents).

Customers who opt out after the first 60 days of service may be charged a one-time account processing fee (currently set at 50 cents). They must choose between returning to SCE service as soon as possible or after providing SCE with six months' notice. **If customers choose to return to SCE service as soon as possible,** they are subject to SCE's traditional bundled service rates during their first six months back, which could be lower or higher than standard bundled rates. **If customers choose to return to SCE service after six months**, they continue to receive service from CPA for the six months, then be transferred to SCE's standard bundled rates.

Customers who opt out before CPA launches service can opt back in at any time. Customers who opt out after CPA service launches can return after a one-year period.

What are the downsides of not joining CPA?

CCA presents the City with an opportunity to make a more significant impact on reducing carbon emissions by increasing the amount of renewable energy powering homes and businesses, and to have local control over energy rates. Not joining CPA would simply mean the City would not benefit from these opportunities. If the City does not join CPA, residents and businesses would continue to receive electricity service from SCE. SCE's default power mix contains 36% renewable energy, the same as CPA's Lean Power tier. It should also be noted that SCE has called for providing 80% carbon-free power by 2030.

In January, the City Council indicated it was not interested in other available options for community choice aggregation (forming a hybrid CCA with CalChoice, or forming an independent CCA), due to very high startup and ongoing costs. It should be noted that RPV does not currently have up-to-date GHG emissions data for the City. The City could obtain this data by hiring a consultant to complete an emissions inventory, as was done for the preparation of the City's Emissions Reduction Action Plan (ERAP), which was adopted in 2017. The South Bay Cities Council of Governments (SBCCOG), which helped prepare the ERAP for RPV and the other South Bay cities, has indicated to Staff that it is trying to identify funding to conduct another emissions inventory for the South Bay cities at the end of 2021 or early 2022 in order to track their progress toward reaching their reduction targets.

What are the downsides of discontinuing the ERAP?

The City's ERAP is a non-binding policy guidance document that was approved by the City Council in December 2017. Pursuant to Assembly Bill 32, which set GHG reductions targets for the state, the ERAP was prepared in collaboration with the SBCCOG to improve the region's sustainability and to reduce GHG emissions over the next 20 years.

The ERAP isn't a plan of strategies that the City must implement, but is a tool to help the City carry out its sustainability goals. CCA was included in the ERAP as a potential strategy the City could explore. Not having an ERAP could weaken the city's ability to pursue funding opportunities for sustainability and other projects.

How do customers really know how much renewable energy they are receiving?

The renewable energy purchased by CPA goes into the same grid, so it is impossible to determine exactly how much renewable energy goes to one address or another. Rather, CPA adds renewable energy to its portfolio on behalf of households and businesses based on their tier (36% renewable, 50% renewable, or 100% renewable).

Like SCE, CPA has a Power Content Label released each year by the California Energy Commission, which provides a detailed view into the sources of energy it purchases to power homes and businesses, such as solar, wind, geothermal, and hydroelectric.

What information would the feasibility study contain?

The study would assess the feasibility of adding RPV as a member of CPA. The analysis would assess RPV's electric load and peak usage, how much energy would need to be procured on behalf of RPV customers, how adding the City would impact CPA's GHG emissions, and how adding the RPV would impact CPA's financial position.

Who would perform the feasibility study?

It is Staff's understanding that an impartial consultant would perform the study.

Could the City obtain grant funding to cover cost of the feasibility study?

Staff is not currently aware of a potential grant to cover the cost of the study, but has asked the City's grant consultant to research opportunities. It is Staff's understanding that if the City were to proceed with the study this year, the study would cover only RPV, and RPV would cover the full cost. If the council would rather share the cost of the study, it could wait until another city moves forward with pursuing a study.

Are the terms of the Joint Powers Agreement negotiable?

According to CPA, because the Joint Powers Agreement establishes the agency, an individual member cannot negotiate its particulars. Any changes must go through the entire board.

Can the JPA exercise eminent domain to acquire property?

Yes, though CPA has indicated it has not engaged in eminent domain, and does not anticipate engaging in eminent domain. It is Staff's understanding that eminent domain is among powers given to JPAs.