City Council Hybrid Meeting (Closed Session - 5:00 PM and Open Session - 6:00 PM)

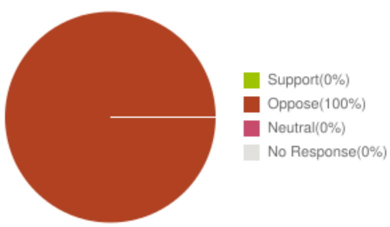
10-11-22 17:00

Agenda Name	Comments	Support	Oppose	Neutral
j) REPORT 22-0626 ADOPTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH APPROVING THE JOINT POWERS AGREEMENT FOR CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM (Environmental Programs Manager Doug Krauss)	1	0	1	0

Sentiments for All Agenda Items

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



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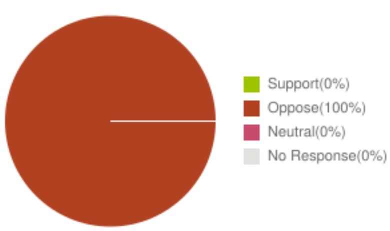

Tracy Continued
Location:
Submitted At: 11:06am 10-11-22

COST (part 2)

As for cost, the PUC only regulates the rates charged by Public Utilities such as SEC, SDG&E, and PG&E. There are no regulatory agencies that control the rates charged by IOUs and CCAs.

CCAs are brokers buying and selling power on long term contracts. They can sell power at whatever cost they choose. As this is a free market, competition is required to keep prices in check.

Because SCE is regulated, it is the benchmark against which IOUs and CCAs must operate. What happens if SCE elects of leave the power generation business and concentrate only on transmission and distribution? Can we move among CCAs to get the best rates? What will the PCIA impact be?

Below are two examples that should give you cause for concern.

Example 1 - The representative for CPA stated that to bring Hermosa Beach on board would have a negative impact on their financials.

To cover the negative impact, the current members will be responsible for making up the difference. We are now a member. What happens to the residents of Hermosa Beach when additional customers are added to the CPA portfolio?

Example 2 - Bankruptcy of Western Community Energy (WCE). WCE provided power to six cities in Riverside County, with 114,000 customers. Officials blamed the bankruptcy on a “perfect storm” of events. Among those events were the pandemic, changes in legislation, and an unexpected change in the weather.

Fitch Ratings

“WCE placed significant blame on the unprecedented heat event that struck California last August, leaving many without power for hours and spiking the cost of energy. Although WCE had secured 90 percent of its electricity needs for the summer of 2020, the heat storm exhausted the projected supplies prematurely, a spokesperson said. "An additional USD 12m in energy costs were incurred throughout the 2020 summer season due to the unanticipated warm weather.”

Wall Street Journal Pro Bankruptcy

“Last year, Western Community Energy, explored taking out more financing from its primary lender, Barclays PLC, to cover losses stemming from the pandemic. But in February, the lender indicated it wouldn’t let WCE continue drawing on its credit line until it increased its rates. A Barclays spokesman declined to comment.” The WCE board moved earlier this year to raise rates.

Customers will see their summer billing increase $10 to $15 a month on average, the spokeswoman said.”

The point here is that WCE would have passed along the costs incurred as a result of the affects of the “perfect storm to its customers."

Why? Because there is no oversight and they could.

We are all free to choose the provider of power we wish to use, choose wisely and do not rely solely on the Hermosa Beach City Council for information.

SUMMARY

• CCAs are power brokers that buy and sell power to their customers on long term contracts, some as long as 30 years.

• The cost for power is unregulated and is higher over life of the contract.

• The power supplied by CCAs is a blend of power. There are no guarantees as to the percentage of power supplied that will be renewable.

• You can opt-out of the program with no penalty during the grace period of the first 60 days.

After this, to opt-out will carry heavy penalties.

• All power generation in California will be from renewable sources by 2045 without CCAs.

PV was wise to the risk, cost and transparency issues.

RB costs have skyrocketed

MB had to vote down the solar and battery storage for not being a benefit to taxpayers.

OC Is having to do an audit to investigate its CCA.

Will this program end like the HERO/PACE program? Where the most vulnerable ended up being hurt financially and emotionally and retirement dreams left in ruin?