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SBCTA Meeting April 5th, 2017

RE: Agenda Item #16 **Final Feasibility Study for Community Choice Aggregation**

Dear Commissioners,

During my time on planning commission I analyzed many complex issues. Recently, I was made aware of Community Choice Aggregation and its potential implementation in Huntington Beach. After reviewing the history of CCAs and power generation, existing implementations and the stated pros and cons I must strongly recommend a NO vote on CCA for the following reasons:

1. “Green Energy” and Renewables are a failure wherever they are implemented. Simply put, Renewables cannot compete with traditional sources of energy either fiscally or reliably. At this moment renewables are entirely dependent on subsidies from Federal and State sources. As we see in South Australia, over reliance on wind power has created severe blackouts.
2. “Greenwashing”. The only way CCAs can claim to “bring Green Power” to an area is with the complex shell game of RECs (Renewable Energy Certificates). Every time a renewable power plant generates one MW of energy a renewable energy certificate or REC is generated. Here energy consultant Jim Phelps describes the Shell Game of renewable energy certificates *“Most of MCE’s (Marin Clean Energy) Deep Green energy is based on a paper trading scheme, known as a Renewable Energy Certificate (REC). Each REC is produced by a renewable energy resource, such as a windfarm in Washington or an industrial scale solar farm somewhere in the US. One REC represents one megawatt-hour (MWh) of energy from the windfarm. In the case of MCE, Washington keeps the wind energy and MCE buys its inexpensive RECs, giving MCE the right to tell everyone it is the one that’s green -- not the wind farm. But since MCE still needs to deliver actual electricity to its Marin customers, it purchases cheap gas-fired power, then reports that REC to governing agencies. Voila -- “clean” gas-fired energy! And it’s all perfectly legal. Legal, yes. But not particularly ethical or responsible to MCE customers, some of whom, thanks to MCE’s misleading marketing tactics, still believe they get “green electricity” through their light sockets.”*
3. The Fallacy of energy “Delivery”. CCAs claim to “bring” green power to your area. From a REC [presentation](#) in 2011 comes the CA definition of “Energy Delivery” and how RECs are used to mislabel power. The Western Regional Grid is interconnected by nature, power cannot be “delivered” from one destination to the next due to the fungibility of electricity.
 1. For RPS compliance, electricity is deemed delivered if either generated at a location within state, or **scheduled for consumption** by California end-use retail customers.
 2. Electricity generated by facilities located in-state or having their first point of interconnection to WEC transmission system in-state satisfies California RPS delivery requirements.

3. Electricity may be delivered into California, **at different time** than when RPS-certified facility generated electricity per [Cal. Public Resources Code § 25741\(a\)](#).
4. **Delivered electricity may also be generated at a different location than that of RPS-certified facility.**
5. **PPA must include both RECs and electricity** generated by facility as bundled commodity, and **matching quantity of electricity must be delivered** to in-state market hub (a.k.a. a “zone) or an in-state point of delivery (a.k.a. a “node”) which is located within California.
6. For out-of-state generators, RPS-eligible generation from an out- of-state project that is “scheduled . . . into a California balancing authority without substituting electricity from another source” **qualifies as an “in-state product.”** Intended to enable out-of-state projects that have firm transmission rights and the corresponding right to schedule and deliver power into California to **qualify for the most advantageous of the three (REC) portfolio categories as effectively an in-state bundled sale.** May *potentially* provide broad exemption from limitations on transactions involving both firm and shaped products and unbundled RECs for existing projects.

4) Current political climate. CCAs are entirely dependent on subsidized renewable energy. As we see with the Trump Administration's moves with EPA and pronouncements on Climate Change it is likely that subsidies for renewables will be curtailed. On March 16th OMB Director Mulvaney went so far as to say “As to Climate Change we’re not spending money on that anymore, we consider that a waste of your money”. If and When the subsidies are lowered or removed CCAs will no longer be viable yet the contracts binding SBCTA and other COGs will be in place jeopardizing consumer’s access to energy and opening the door to massive lawsuits.

A few weeks ago the ACC-OC held a meeting in HB regarding CCA implementation, here are a few quotes from the panelists that, inadvertently, make the case against CCA.

Jason Caudle, Deputy City Manager Lancaster: “you can't do it cheaper and greener than SCE, We have not seen cheaper energy” (this is a complete refutation of CCA’s viability)

“not as great a margin on residential service”

“PCIA (Power Charge Indifference Adjustment, the price consumer’s pay to be released from the IOU) must make SCE whole, **we have no idea what that costs**, SCE working on model now, **biggest unknown for CCA**”

“DOE says the stimulus money can be used for CCA”

Ryan Baron: Worked for the city of Orange for 12 years implementing environmental programs.

“City will be in the energy business; very sophisticated business, you need experts, **it’s expensive and risky to start JPA**”

Dawn Weisz, CEO of Marin Clean Energy: “The tax subsidies are expiring; not a big deal, **except** for solar, New (electricity) storage will be required. (there is no viable solution for mass energy storage available)

“Low income people, big opportunity to get them on solar or a free car”

“MCE built \$50 million surplus in the last seven years.” (remember, if they're making that much money it’s coming out of the ratepayers pocket)

As you can see, CCA will endanger ratepayers access to affordable energy and is far too risky to be implemented at this time.

Please contact me if you require more information.

Yours truly,

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