

Inland Empire

Citizens Action Committee

August 7, 2017

Associate Groups

*Chaffey Republican
Women's Federated*

*Mountainview
Republicans*

*Relands Tea Party
Patriots*

Chino Tea Party

*Banning- Beaumont,
Cherry Valley Tea Party*

*Freedom Tea Party
Patriots*

Redlands Town Hall

High Desert Tea Party

*Norco-Corona-Eastvale
Tea Party*

*Foothill Tax Payers
Association*

To: WRCOG Committee Members

Subject: Agenda Item 6D - CCA/JPA Agreement Flawed - Recommendation:
Do not Proceed Based on Pitfalls and Risks Association With the Plan

Inland Empire Citizens Action Committee (IECAC) is a coalition of several groups in the Inland Empire affiliated with more than ten thousand registered voters. We reject the San Bernardino Countywide Vision and have signed resolutions condemning this because it embraces the progressive agenda of sustainable development (SD); hence, it embraces centralized planning as evidenced in the Southern California Association of Governments (SCAG) Sustainable Communities Strategy (SCS), which are recommendations being used by cities, counties and unelected Councils of Governments (GOGs) and stakeholder groups across the State. As citizens and constituents, we oppose Community Choice Aggregation (CCA). CCA is a SD program.

Republicans

The platform of the Republican National Committee and California Republican Party are opposed to the agenda of sustainability and sustainable development. The San Bernardino Republican Central Committee has a resolution opposing this agenda. *Republicans need to be aware of this because if they support for these kinds of programs, they will opposing their party.*

Democrats

With the recent passage of the gas tax and subsequent passage of cap & trade adding direct costs to consumers of 75 cents with ensuing fee increases for vehicle registration, Democrats have lost their narrative on Climate Change.

The foundation for Climate Change is social justice to help the poor. Democrats can no longer make the social justice argument.

Climate Change: Political Fallout

Climate Change has become political. Governor Brown has enshrined the goal of “*making California the leader on Climate Change*”, at all costs. He continues to work directly with the U.N. and now is working to install the U.N. Paris Accord and Sustainable Development Goals with a coalition of Mayors thought the U.S. Conversely, President Trump has removed the U.S. from the Paris Climate Accord.

Political Fallout

Political fallout has begun as constituents rail against Climate Change solutions. For example, ICAC sent a letter to Chad Mayes for clarification of his position on Cap & Trade. He failed to respond. Fallout has ensued regarding his political future.

Unanswered Questions

WROG Committee Members have been negligent in addressing the negative aspects of the EES Business Plan, which have been pointed out by the American Coalition for Sustainable Communities (ACSC) and concerned citizens. As appointed members of WROG, elected representatives have a responsibility to citizens. Members have relied on information from staff and consultants, which is flawed.

WROG Committee Members Move Forward based on Generalized Presentation, Ignoring the Fraudulent ESS Business Plan

At the May 1st, 2017 WROG Executive Meeting a presentation was provided and the committee voted to move forward with establishing the framework for a CCA.

Barbara Spoonhour gave provided the committee a brief update; however; failed to provide details about the Flawed EES Business Plan and address critical questions in her brief. Therefore, she and staff are complicit in promoting flawed information. Here are direct bullet points from her presentation with questions that should have been asked and answered before voting to move ahead with established a JPA for a CCA program.

Flawed PowerPoint Presentation

Community Choice Aggregation Program Activities Update
5-1-2017, Barbara Spoonhour, WRCOG – PowerPoint Presentation

.....

Why are jurisdictions looking at forming CCA's?

- Provides customers with informed choices about what CCA is not able to do.

Unanswered Questions:

1. Informed Choice?
2. About what CCA is not able to do?

- Allows for provision of electricity often at a lower rate.

Unanswered Questions:

1. Allows? Provision?
2. How about "guarantees?"

- Creates favorable economic development opportunities by offering energy at reduced rates .

Unanswered Questions:

1. What are these economic development opportunities?
- 2 here have these "opportunities" been implemented before?
- 3 hat was the quantified benefit?)

The Bottom Line

Using conservative numbers and assumptions, the Feasibility Study indicates a CCA – at any of the geographies examined – being favorable.

Combined Savings (1st full year):

- 4.9% savings with a 33% renewable mix (compared to SCE's current 28% renewable mix) CVAG = 4.4% WRCOG = 4.4% SBCOG = 4.6%
- 3.8% savings with a 50% renewable mix (11.2% lower than SCE's 50% Green Rate)

Unanswered Questions:

1. What is the "mix"?

.....

2. RECs?

- 5.7% higher with a 100% renewable mix (9.4% lower than SCE's 100% Green Rate) Same questions.

Unanswered Question:

1. How does CCA address the over-supply of solar power that now exists in California and drives negative pricing? Negative pricing disrupts normal operation of grid by CAISO.

Moving Forward (Direction from Ad Hoc and Admin. Committees)
Create a separate JPA for the potential new CCA

- Focus on Western Riverside County

Unanswered Question:

1. What is the assurances to munis that they can exist the JPA without incurring substantial exit charges that are levied by the JPA? What is in writing to protect departing munis who may have opportunities to participate in other more attractive energy projects/energy delivery?

Danger: Pitfalls and Risk of Establishing a CCA Outweigh Benefits

EES Business Plan cites pitfalls and unattainable goals.

Plan Uncertainties/Risks

IPC CCA Business Plan, Page 5 Plan Uncertainties/Risks

This sensitivity analysis shows that the ICP rates could be greater than SCE rates if:

- The Power Charge Indifference Adjustment (PCIA) becomes much larger. The PCIA is a charge assessed by the IOU to cover generation costs acquired prior to CCA formation, sometimes referred to as stranded costs,

Exit fees levied by investor-owned utilities (IOUs) on all departing loads are now being litigated at the California Public Utilities Commission (CPUC). IOUs propose that these fees, known as PCIA (Power Charge Indifference Adjustment), be changed or that a new rate structure known as "PAM" (Portfolio Allocation Method) be implemented. - ACSC Bulletin, 7-12-2017 sent to all cities and counties in California

- ICP loads are much less than forecast, and
- Wholesale [natural gas] market prices drop much lower than current rates after ICP enters power contracts, allowing SCE a temporary advantage on generation rates.

President Donald Trump's promise to increase U.S. fossil-fuel production will have many parlous consequences, not least by driving natural gas prices even lower¹. - Bloomberg, 3-13.2017

- Forecasted Load and Customer Growth – The Plan bases the load forecasts on customer growth assumptions.

Activists and taxpayer groups now have active opt out campaigns in process, reducing ratepayers in proposed CCAs.

Sincerely,

Mark Huffman, for IECAC
Corona-Norco-Eastvale Tea Party
951-808-8626
mhuffman@hotmail.com

C/O - Distribution: inlandempire4u@gmail.com

CC: Inland Empire Citizens Action Committee

Sources:

- 1 <https://www.bloomberg.com/view/articles/2017-03-03/trump-s-energy-policies-will-weaken-natural-gas-prices>
2. Attachment; ACSC Warning Bulletin

ACSC

Date: July 12, 2017

To: Council members considering joining or launching Community Choice Aggregation (CCA)

From: Paul Daniels, ACSC - FutureEarthUS@gmail.com

RE: *ACSC Bulletin: CCA Fatal Flaw Developments*

Dear Honorable Council Members:

Recent regulatory developments now render the economics contained in Community Choice Aggregation (CCA (CCE)) Business Plans and Feasibility Studies obsolete and potentially fatal, and may put your municipality in financial jeopardy. The two developments occurred mid-June 2017:

1) Exit fees levied by investor-owned utilities (IOUs) on all departing loads are now being litigated at the California Public Utilities Commission (CPUC). IOUs propose that these fees, known as PCIA (Power Charge Indifference Adjustment), be changed or that a new rate structure known as “PAM” (Portfolio Allocation Method) be implemented. LA CCE and ICP Business Plans’ Sensitivity Analysis state: *The level of the PCIA (and the amount of franchise surcharges) will impact the cost competitiveness of (CCA). In order to be cost-effective, (CCA) power supply costs plus PCIA and other surcharges must be lower than (IOU’s) generation rates.* The outcome of PCIA and PAM will likely not be known until mid-2018.

2) AB 1110 anti-REC legislation. CCAs use renewable energy certificates (RECs) as a low-cost method for keeping prices low and advertising low greenhouse gas (GHG) emissions. The recently released draft implementation for AB 1110, prepared by California Energy Commission, identifies that RECs can no longer be used for (misrepresented) GHG reductions and GHG emission rates. This puts CCAs on a level field with IOUs and means CCAs must procure more expensive “bundled” (true) renewable energy for their standard default product. Additionally, RECs will not be allowed in CCA’s 50% and 100% green energy products; the inherent cost issue of bundled energy is compounded by a lack of cost-effective renewable energy as CCAs enter the market en masse, as well as transmission constraints for that energy. The net is that renewable energy prices will increase significantly, changing the associated economics of CAA from what Business Plan authors could not know.

In the event that municipalities elect to join CCA in the interim, it should be noted that the JPA “financial firewall” does not protect individual municipalities from action against it by the JPA, nor insulate it from power contract resale liability, should the municipality attempt to subsequently opt out of CCA.

With respect to the above, the prudent course of action would be to delay further action on CCA until regulatory unknowns may be better quantified.

Sincerely,
Paul Daniels