



City of Huntington Beach

APPROVED 6-1 (PETERSON-NO)
FOR RESIDENTIAL/COMMERCIAL
CUSTOMERS
APPROVED 6-1 (PETERSON-NO)
FOR CITY FACILITIES

File #: 22-074

MEETING DATE: 2/1/2022

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Sean Joyce, Interim City Manager

PREPARED BY: Sean Joyce, Interim City Manager

Subject:

Orange County Power Authority (OCPA) Default Rate Selection

Statement of Issue:

In February 2021, the City Council approved its Founding Member participation in the Orange County Power Authority (OCPA) (see Attachment 1 for accompanying staff report). The City finalized its decision and joined in Dec. 2020.

In April 2022, OCPA is expected to launch service to municipal and commercial customers in the cities of Huntington Beach, Buena Park, Fullerton, and Irvine. In October 2022, OCPA will phase in all residential customers within its service territory. In December 2021, the OCPA Board of Directors approved the addition of the County of Orange unincorporated areas as its fifth member agency and anticipates launching its service to all customers in 2023. At full launch, OCPA's service territory will cover approximately 366,000 retail service accounts (governmental, businesses and residents), making it the sixth-largest community choice energy provider in the State of California.

As a member of the OCPA, the City of Huntington Beach may select a default energy product offering prior to OCPA's distribution of its first customer enrollment notice describing the OCPA Program, informing customers of their opt-out rights to remain with utility bundled generation service in early February 2022. OCPA's energy product offerings include the Basic Choice product, which will include 38.5% renewable energy content in 2022 that increases over time; the Smart Choice product, which will include at least 69% renewable energy content in 2022 that increases over time; and the 100% Renewable Choice product, which will maintain a 100% renewable energy content. The "default product offering" is the power choice that will go into effect unless the consumer makes a different choice. All customers will have the option to upgrade, downgrade, or opt-out and return to service with Southern California Edison (SCE) at any time.

Staff is seeking direction from the City Council on the most appropriate selection of a "default energy product offering" for all customers in the City.

The following are the three energy product offerings:

1. Basic Choice: If the City selects 38.5% renewables as its default energy product offering, then

all Huntington Beach customers will automatically be enrolled in the Basic Choice product (38.5% renewables) unless the customer opts-up to either the Smart Choice product (at least 69% renewables) or 100% Renewable Choice product or the customer opts-out of OCPA service altogether and stays with SCE.

2. Smart Choice: If the City selects at least 69% renewables as its default energy product, then all Huntington Beach customers will automatically be enrolled in the Smart Choice product (at least 69% renewables) unless the customer opts-up to the 100% Renewables product, opts-down to the Basic Choice product, or the customer opts-out of OCPA service altogether and stays with SCE.
3. 100% Renewable Choice: If the City selects 100% renewables as its default energy product, then all Huntington Beach customers will automatically be enrolled in the 100% Renewables product unless the customer opts-down to either the Basic Choice or the Smart Choice products or the customer opts-out of OCPA service altogether and stays with SCE.

OCPA Status Report - Default Energy Product Offerings

- Buena Park: Selected Smart Choice product (at least 69% renewables) as a default energy product offering for their residential and commercial customers on January 25, 2022. The City has not yet made a determination concerning the default energy product offering for City facilities.
- Irvine - Selected Smart Choice product (at least 69% renewable) as a default energy product offering for their residential and commercial customers and is expected to take final vote on February 8, 2022. The Irvine City Council also decided that all City facilities will default into the 100% Renewable Choice product.
- Fullerton - Will choose a default Energy Product on February 1, 2022
- Huntington Beach - Will choose a default Energy Product on February 1, 2022

Low-income qualified customers (customers currently enrolled in the California Alternate Rates for Energy (CARE) and the Family Electric Rate Assistance (FERA) discount programs will continue to receive all benefits and discounts as an OCPA customer.

Mayor Pro Tem Mike Posey serves as the City's member on OCPA Board of Directors; Councilmember Dan Kalmick is the City's alternate. As the City's representative, Mayor Pro Tem Posey has been integrally involved on the Board of OCPA since its inception. As such, Mayor Pro Tem Posey may wish to supplement this report with comments of his own and may offer a recommendation for action this evening.

Financial Impact:

The OCPA Board approved rate design set the 2022 rates for Basic Choice at parity to SCE, assuming all OCPA member agencies select Smart Choice as the default service offering. This approved rate design allows for a smaller premium for Smart Choice (estimated at SCE rate plus a penny per kWh or 3.7% above SCE for average residential customer) and 100% Renewable Choice (estimated at SCE rate plus 1.5 cents per kWh or 5.6% above SCE for average residential customer).

In addition, the OCPA Board also approved the Net Energy Metering enhancements from the SCE NEM program, as follows:

1. Set NSC rate at 10% above the incumbent IOU NSC rate
2. Provide monthly billing to NEM customers
3. Set all customers annual true-up period to April

OCA Board Approved Rate Design Bill Impacts

For a typical residential customer, the bill impacts for the three OCPA product offerings are estimated by OCPA as follows:

Estimated Typical Residential Bill Comparison				
<i>Basic Choice, 425 KWh Per Month</i>				
Charge Type	OCPA	SCE	Difference	
Generation	\$41.51	\$49.96	(\$8.45)	
SCE Surcharge	\$8.45	\$0.00	\$8.45	
SCE Delivery	\$64.44	\$64.44	\$0.00	
Total	\$114.40	\$114.40	\$0.00	0.0%
Estimated Typical Residential Bill Comparison				
<i>Smart Choice, 425 KWh Per Month</i>				
Charge Type	OCPA	SCE	Difference	
Generation	\$45.76	\$49.96	(\$4.20)	
SCE Surcharge	\$8.45	\$0.00	\$8.45	
SCE Delivery	\$64.44	\$64.44	\$0.00	
Total	\$118.65	\$114.40	\$4.25	3.7%
Estimated Typical Residential Bill Comparison				
<i>100% Renewable Energy Choice, 425 KWh Per Month</i>				
Charge Type	OCPA	SCE	Difference	
Generation	\$47.89	\$49.96	(\$2.07)	
SCE Surcharge	\$8.45	\$0.00	\$8.45	
SCE Delivery	\$64.44	\$64.44	\$0.00	
Total	\$120.78	\$114.40	\$6.38	5.6%

The detailed rate design analysis is included in the attached January 11, 2022 OCPA staff report (Attachment 2).

In light of the lack of direct staff involvement in the development of the OCPA rate design analysis attached here, OCPA staff will attend our meeting to discuss the options and answer related questions.

Recommended Action:

Select Basic Choice, Smart Choice, or 100% Renewable Choice as the default energy product offering for residential and commercial customers in Huntington Beach, and consider the same or a different energy product offering (and corresponding rate and environmental benefits) for the City's municipal energy accounts.

Alternative Action(s):

The following options are available to the City Council:

1. Select 100% Renewable as a default energy product offering for all OCPA Customers in Huntington Beach;
2. Select Smart Choice (at least 69% renewables) as a default energy product offering for all OCPA Customers in Huntington Beach; or
3. Select Basic Choice (38.5% renewables) as a default energy product offering for all OCPA Customers in Huntington Beach.

Staff has no specific recommendation.

Analysis:

The following is OCPA's rate design analysis in the attached January 11, 2022 report. Under the approved rate design scenario (scenario 3), the cost impacts for each of the default product offering for the City's municipal energy accounts are estimated as follows:

	Cost Increase (\$/kWh)	Cost Increase (\$)
Basic Choice	0	0
Smart Choice	.01	Approx. \$141k
100% renewable Choice	.015	Approx. \$212k

Over the past decade, the City has worked diligently to reduce energy consumption. The cost spent on energy in 2019 was approximately \$3.0M. This expenditure has been reduced from what was \$4.7M in 2014. This was done largely through projects such as the LED conversion of City streetlights and the solar panels that were installed at City facilities. Even after paying for the debt service on these projects, the savings far exceed the cost increase of implementing renewable energy. This important policy matter before you represents an opportunity to extend the City's commitment to environmental stewardship.

Environmental Status:

Not applicable

Strategic Plan Goal:

Non Applicable - Administrative Item

Attachment(s):

1. February 1, 2021 Request for City Council Action Report
2. OCPA January 11, 2022 Report

offering for residential and commercial customers in Huntington Beach, and consider the same or a different energy product offering (and corresponding rate and environmental benefits) for the City's municipal energy accounts.

Approved 6-1 (Peterson-No) 100% Renewable Choice Alternative Default Energy Product Offering for Residential/Commercial Customers; and

Approved 6-1 (Peterson-No) 100% Renewable Choice Alternative Default Energy Product Offering for City facilities

COUNCILMEMBER ITEMS

19. [22-079](#) **Approved Item Submitted by Mayor Delgleize, Councilmember Moser and Councilmember Bolton - Consider support of a Blood Drive in collaboration with the UCI Health Bloodmobile, and direct staff to coordinate with UCI Health to host the event at a City Facility**

Recommended Action:

We are recommending the following:

1. Direct staff to collaborate with UCI Health to host a blood drive at a City of Huntington Beach facility tentatively on March 5, 2022; and,
2. Direct staff to highlight and promote resources for additional opportunities for the community to participate in blood drives.

Approved 7-0

COUNCILMEMBER COMMENTS (Not Agendized)

Comments provided by: Posey, Carr, Moser

ADJOURNMENT - 9:39 PM

A Strategic Planning Workshop has been scheduled for 9:00 AM, Friday, February 4, 2022 at Huntington Beach Central Library, Rooms C & D, 7111 Talbert Avenue, Huntington Beach, California.

The next regularly scheduled meeting of the Huntington Beach City Council/Public Financing Authority is Tuesday, February 15, 2022, at 4:00 PM in the Civic Center Council Chambers, 2000 Main Street, Huntington Beach, California.

**INTERNET ACCESS TO CITY COUNCIL/PUBLIC FINANCING AUTHORITY AGENDA AND
STAFF REPORT MATERIAL IS AVAILABLE PRIOR TO CITY COUNCIL MEETINGS AT**

<http://www.huntingtonbeachca.gov>

Recommended Action:

Approve and authorize the Mayor and City Clerk to execute "Professional Services Contract Between the City of Huntington Beach and Disability Access Consultants, LLC for ADA Self-Evaluation and Transition Plan."

Approved 7-0

15. [22-069](#) ~~**ITEM WITHDRAWN Approved and authorized execution of a Professional Services Contract with K Street Consulting, LLC for Legislative Advocacy and Grant Management Services**~~

~~**Recommended Action:**~~

~~Approve and authorize the Mayor and City Clerk to execute a "Professional Services Contract Between the City of Huntington Beach and K Street Consulting, LLC for Legislative Advocacy and Grant Management Services."~~

16. [22-061](#) **Approved and authorized execution of Amendment No. 5 to Agreement with Biggs Cardosa Associates, Inc. (BCA) for bridge design services in the amount of \$301,857.00, for a total contract amount not to exceed \$3,115,654.00 and extending the contract term 3 years**

Recommended Action:

Approve and authorize the Mayor and City Clerk to execute "Amendment No. 5 to Agreement Between the City of Huntington Beach and Biggs Cardosa Associates, Inc. for Bridge Design Services."

Approved 7-0

17. [22-062](#) **Approved the purchase of 23 replacement vehicles from National Auto Fleet Group using lease financing and authorized the City Manager to enter into all documents necessary to lease finance the purchase of the vehicles**

Recommended Action:

Approve the purchase of 23 replacement vehicles utilizing 5-year lease financing at an interest rate not to exceed 2.375 percent and authorize the City Manager to enter into all documents necessary to lease finance the purchase of the vehicles and take all administrative and budgetary actions necessary to complete the purchase and financing.

Approved 7-0

ADMINISTRATIVE ITEMS

18. [22-074](#) **Selected Orange County Power Authority (OCPA) Alternative Default Energy Product Offerings for Residential/Commercial customers and City facilities offered**

Recommended Action:

Select Basic Choice, Smart Choice, or 100% Renewable Choice as the default energy product