

Staff Report – Item 1

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 1: Appoint Acting Chair and Vice Chair

Date: August 4, 2017

RECOMMENDATION:

Staff recommends that the Board select a Director to serve as Acting Chair, and another Director to serve as Acting Vice Chair for the August Board meeting.

Staff also recommends that the Board rotate the position of Acting Chair and Vice for future Board meetings until a regular Chair and Vice Chair are selected by the Board after the conclusion of the initial enrollment period for cities.

BACKGROUND AND DISCUSSION:

Section 5.1 of the LACCE JPA specifies that the Directors shall elect, from among themselves, a Chair who shall be the presiding officer of Board meetings, and a Vice Chair who shall serve in absence of the Chair. The duties of the Chair include signing all contracts on behalf of the Authority, and such other duties that may be imposed by the Board.

An Acting Chair and Vice Chair are needed to preside over the August Board meeting and to perform the typical duties of a Board Chair until a regular Chair is selected. Staff anticipates that regular Chair and Vice Chair will be elected at the January 2018 board meeting once the initial enrollment period for cities to join LACCE has closed. Staff recommends rotating the Acting Chair and Vice Chair until that time to allow Directors to gain experience in the administration of the LACCE Authority and to provide an opportunity for Directors to better know their colleagues.

Staff Report – Item 2

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 2: Appointment of Secretary of the Board

Date: August 4, 2017

RECOMMENDATION:

Staff recommends the appointment of Julie Gomez, of Los Angeles County's Chief Executive Office, as Secretary of the Board.

BACKGROUND AND DISCUSSION:

Pursuant to section 5.2 of the LACCE JPA, the Board shall appoint a Secretary to keep official minutes of LACCE Board meetings and to be responsible for the maintenance of all official LACCE records and documents.

Staff recommends appointing Julie Gomez as Secretary until such time that the Board appoints someone to permanently fill this role. Julie currently works in the County's Chief Sustainability Office, within the County's Chief Executive Office, and is well qualified to serve as Board Secretary.

Staff Report – Item 3

To: Los Angeles Community Choice Energy Board of Directors

From: Los Angeles Community Choice Energy Staff
Authority Counsel

Item 3: Adopt Resolution 17-001 Approving the Conflict of Interest Code

Date: August 4, 2017

RECOMMENDATION:

Adopt the attached resolution to approve a Conflict of Interest Code (Code) for the LACCE Authority.

BACKGROUND AND DISCUSSION

Government Code Section 87300 requires the Authority to adopt a local conflict of interest code that applies to those officers or employees who are involved in the making of governmental decisions. The proposed Code applies to the designated economic interests that exist within the jurisdiction of the Authority and not just the jurisdiction of the individual members.

An agency may choose to adopt the Model Conflict of Interest Code prepared by the Fair Political Practices Commission and codified in Section 18730 of Title 2 of the California Code of Regulations. The Conflict of Interest Code must list the positions within the agency that are considered “designated positions” and must identify the “disclosure categories” applicable for each designated position. The draft Code includes two appendices, which list the Authority’s designated positions and identify the applicable disclosure categories for each designated position.

Only persons holding designated positions listed in Appendix A to the Conflict of Interest Code need to file Statements of Economic Interest (Form 700s). At this time, the Authority’s designated officers and employees include Board members and alternate(s), the Executive Director, the Interim General Counsel, and specified Consultants. All persons holding a designated position must file an initial Form 700 no later than 30 days after the code reviewing body’s adoption of the Conflict of Interest Code.

The Secretary of the Board will coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years, or within 90 days of the creation of a new position that must file a Form 700, in accordance with the requirements of Government

Los Angeles Community Choice Energy

Code Sections 87306 and 87306.5. The revised Code should reflect any changes in employee designations. If in an even-numbered year no revisions to the Code are required, the Secretary of the Board shall submit a report no later than October 1st of the same year, stating that amendments to the Code are not required.

Government Code Section 82011(b) requires the Los Angeles County Board of Supervisors to be the code reviewing body for the Authority's Conflict of Interest Code. If the Board of Directors adopts the Conflict of Interest Code, staff will forward the resolution and the Authority's Conflict of Interest Code to Los Angeles for review and approval. The Board of Supervisors is required to act upon the Conflict of Interest Code within 90 days after receiving the Code for review. The Board of Supervisors may approve the Code as submitted, make revisions, or return the proposed Code to the Authority's Board of Directors for review and resubmission back to the Board of Supervisors for approval.

Attachments:

Conflict of Interest Code

Resolution 17-001 Approving the Conflict of Interest Code

Conflict of Interest Code
of the

LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

Incorporation of FPPC Regulation 18730
(2 California Code of Regulations, Section 18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

Place of Filing of Statements of Economic Interests

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head; or his or her designee. The agency shall make and retain a copy of all statements filed by its Commissioner Members and the Executive Director and forward the originals of such statements to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

LOS ANGELES COMMUNITY CHOICE ENERGY

CONFLICT OF INTEREST CODE

APPENDIX A

DISCLOSURE CATEGORIES

Designated positions must report financial interests in accordance with the assigned disclosure categories.

CATEGORY 1:

Persons in this category shall disclose all interest in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the agency.

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

CATEGORY 2:

Persons in this category shall disclose all investments and business positions.

CATEGORY 3:

Persons in this category shall disclose all income (including gifts, loans and travel payments) and business positions.

CATEGORY 4:

Persons in this category shall disclose all business positions, investments in, or income (including gifts, loans and travel payments) received from business entities that manufacture, provide or sell service and/or supplies of a type utilized by the agency and associated with the job assignment of designated positions assigned to this disclosure category.

CATEGORY 5:

Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendation or counsel to the agency which could affect financial interest shall be required to file Statements of Economic Interests, unless they fall

within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by the executive director (or head) of the agency. (See footnote in Exhibit "B" for clarification.)

APPENDIX B

<u>Designated Positions</u>	<u>Disclosure Category</u>
Member of the Board of Directors	1, 2, 3, 4
Member of the Board of Directors (Alternate(s))	1, 2, 3, 4
Executive Director	1, 2, 3, 4
General Counsel	1, 2, 3, 4
Communications Director/Marketing Staff	1, 2, 3, 4
Consultants/New Positions*	5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations:

The Executive Director (or agency head) or his or her designee may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director (or agency head) or his or her designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

RESOLUTION NO. 17-001

A RESOLUTION OF THE BOARD OF DIRECTORS OF LOS ANGELES COMMUNITY CHOICE ENERGY ADOPTING A CONFLICT OF INTEREST CODE.

Section 1. The Los Angeles Community Choice Energy ("LACCE") Authority was formed on June 27, 2017 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in the County of Los Angeles.

Section 2. The Political Reform Act, Government Code Section 81000, *et seq.*, (the "Political Reform Act") requires all agencies, including the LACCE Authority, to adopt and promulgate a local conflict of interest code.

Section 3. The Fair Political Practices Commission (the "FPPC") has adopted a regulation that contains the terms of a Model Conflict of Interest Code (the "Model Code"), codified at 2 California Code of Regulations Section 18730. The Model Code can be incorporated by reference by the LACCE Authority as its Conflict of Interest Code.

Section 4. The Model Code, and any amendments that are duly adopted by the FPPC, are hereby incorporated by reference into the conflict of interest code of the LACCE Authority. The Model Code, and the Appendices attached to this Resolution, are hereby adopted and shall constitute the Conflict of Interest Code for the LACCE Authority.

Section 5. All officials and employees required to submit a statement of economic interests shall file their statements with the LACCE Authority's Filing Official. The Filing Official, or his or her designee, shall make and retain a copy of all statements filed with the LACCE Authority and forward the originals of such statements to the office of the clerk of the County of Los Angeles Board of Supervisors. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

Section 6. The Board of Directors of the LACCE Authority hereby directs the Secretary of the Board to coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years in accordance with the requirements of Government Code Sections 87306 and 87306.5. Future revisions to the Conflict of Interest Code should reflect changes in employee or official designations. If no revisions to the Code are required, the Authority shall submit a report to the Clerk of the County of Los Angeles Board of Supervisors no later than October 1st of the same year, stating that amendments to the LACCE Authority's Conflict of Interest Code are not required.

ADOPTED AND APPROVED by the Board of Directors of the Los Angeles Community
Choice Energy Authority this 4th day of August, 2017:

Acting Chair, Los Angeles Community
Choice Energy Authority

Attest:

Secretary, Los Angeles Community
Choice Energy Authority

Staff Report – Item 4

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 4: Approve the Assignment of the Contract for BD Carnahan Management Services, and Appoint Bill D. Carnahan as Interim Executive Director of the LACCE Authority

Date: August 4, 2017

RECOMMENDATION:

Approve the assignment of the contract for BD Carnahan Management Services, and appoint Bill D. Carnahan as the Interim Executive Director of the LACCE Authority.

BACKGROUND AND DISCUSSION:

On April 28, 2017, the County executed a contract with Bill D. Carnahan, President of BD Carnahan Management Services, to provide executive level support as the County implements the LACCE program. The contract sum is \$230,880, and is set to expire on January 19, 2018 unless extended by the LACCE Authority Board of Directors.

Under the terms of the contract, Mr. Carnahan is to provide a variety of services to assist in LACCE implementation:

- Provide leadership and support to the County and the LACCE Authority Board of Directors of the LACCE Joint Powers Authority
- Lead the development and finalization of the LACCE Implementation Plan
- Represent the County and LACCE in regional meetings, workshops, and other venues
- Provide services in support of the ongoing planning, development, and implementation of the LACCE program
- Provide support in the solicitation, selection, and negotiations with service providers for Phase 1 of the LACCE program.

Approximately \$50,000 has been billed to the County under this contract to date. As such, \$180,000 has been allocated in the LACCE FY 17-18 Budget for the remainder of this contract. Staff recommends that the Board of Directors accept the assignment of this contract to the LACCE Authority so Mr. Carnahan may begin to report directly and be accountable to the LACCE Authority Board.

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If the Board does not assume this contract, Mr. Carnahan will continue to provide services to LACCE through the County until such time that the LACCE Authority has hired its own interim or permanent Executive Director. Under that scenario, the LACCE Authority would be expected to reimburse the County for these costs by the end of FY 17-18.

Appointment of Bill Carnahan as Interim Executive Director

Pursuant to the LACCE Joint Powers Agreement, the Board of Directors shall appoint an Executive Director to oversee the day to day operations of the CCA program. Until such time that the Board is prepared to select a qualified person to fulfil this role on a permanent basis, staff recommends that it appoint Bill D. Carnahan to serve as the LACCE Authority's Interim Executive Director using his existing contract.

Bill Carnahan has deep experience in utility and joint powers agreement operations and management (resume attached). From 1986-2000 he directed the electrical utility of the City of Riverside. From 2000-2016 he was the Executive Director of the Southern California Public Power Authority (SCCPA), a joint powers agency comprised of the municipal utilities in Southern California. Mr. Carnahan has directed award-winning accomplishments for public power systems, both large and small, and is well-suited to guide LACCE through implementation and startup.

Attachments:

Attachment 1 - Resume of Bill D. Carnahan

BILL D. CARNAHAN

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San Dimas, CA 91773
(626) 487-5356
carnahanconsulting@gmail.com
Bill_Carnahan@msn.com

SUMMARY

Over the last 50 years, Mr. Carnahan directed award-winning accomplishments for public power systems, small and large, in both Colorado and California. He also was actively involved for the past 16 years in guiding the development of the Southern California Public Power Authority (SCPPA, a California Joint Powers Agency) as Executive Director.

After retirement from SCPPA on December 31, 2016 he has served as President of BD Carnahan Management Services providing assistance to government, utility and corporate entities in strategic planning, staff mentoring, special projects, training, and education.

Some of Mr. Carnahan's accomplishments include:

National

- Served as President of the American Public Power Association (APPA) in 1986 and received its highest individual achievement award, the Alex Radin Distinguished Service Award in 1998 and the second highest, the James D. Donovan Individual Achievement Award in 2016.
- Became a Life Member of APPA in 1987.
- Received the highest APPA award presented to a utility system, the Scattergood System Achievement Award as Director of Utilities for the City of Fort Collins, Colorado.
- Served on the APPA Board of Directors for eight years.
- Toured extensively in Europe for innovative energy projects with the German Marshal Fund.
- Has been a presenter at numerous national conventions and conferences
- At SCPPA, the *Bond Buyer* magazine recognized the Milford Wind Project as its "Bond Deal of the Year" national competition
- McGraw Hill's *Power* magazine recognized the SCPPA Magnolia Generating Project as its "Power Plant of the Year"

Regional

- Served as a board member and President of state public power associations in both California (California Municipal Utilities Association) and Colorado (Colorado Association of Municipal Utilities).
- Served as board member of three joint action agencies and President two of them; in California (Southern California Public Power Authority) and Colorado (Platte River Power Authority and Arkansas River Power Authority).
- Successfully served as CEO of three public power systems managing electric, water and wastewater utilities ranging in size from about 50 employees to over 400 employees.
- Served as CEO of California joint action agency (SCPPA) responsible for several hundred megawatts of renewable energy projects (wind, solar, geothermal, small hydro and land-fill gas).

Provision of numerous and varied energy efficiency programs and training for the POU members. Also developed several conventional (hydroelectric, nuclear, coal and natural gas-fired) generating projects, several interstate high voltage transmission lines,.

- Served as Governor-appointed member of the first California ISO Board of Governors
- Former member of the San Onofre Nuclear Generating Station Board of Review
- Former member of the Intermountain Power Project (Delta, Utah) Coordinating Committee
- Member of the Steering Committee for the development of the Lower Colorado River Multi-Species Conservation Program

Local

- Successfully served with hundreds of city council and utility governing board members and numerous city managers.
- Board member on local chamber of commerce and served as President

CURRENT WORK EXPERIENCE

2000 To December 2016 – Southern California Public Power Authority (SCPPA)

Southern California Public Power Authority is a joint powers agency comprised of eleven municipal utilities and one irrigation district. SCPPA's members consist of the municipal utilities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon and the Imperial Irrigation District. Together they deliver electricity to over 2 million customers in the southern California basin, spanning an area of 7,000 square miles, and with a total population that exceeds 5 million. Formed in 1980, SCPPA was created for the purpose of providing joint financing, construction and operation of transmission and generation projects. Today, SCPPA fulfills a broad range of services for its members by providing effective forums of collaboration through committees such as Customer Service, Finance, Public Benefits, Resource Planning, Transmission and Distribution, Engineering and Operations, Natural Gas, and Renewable Energy Resources.

SCPPA currently has more than twenty-five projects and transmission projects in operation, generating and bringing power from Arizona, New Mexico, Utah, Washington, Oregon, California and Nevada. In addition, SCPPA owns natural gas reserves in Wyoming and Texas.

SCPPA projects have been financed through the issuance of taxable and tax-exempt bonds, backed by the combined credit of the SCPPA members participating in each project. As of June 30, 2015, SCPPA had issued \$14.7 billion in bonds, notes and refunding bonds, of which \$3.36 billion was outstanding.

Executive Director – March 2000 to December 2016

Executive Director of one of the most successful joint action agencies in the United States, reporting to a Board of Directors composed of the General Managers of the member electric systems.

- Developed and administered annual budgets exceeding \$750 Million per year.
- Maintained bond ratings of AA- by Standard and Poors and Aa2 by Moodys.
- Assisted members in increasing their power supplies through conventional gas-fired peaking and base-load power plants as well as increasing renewable generation from virtually zero to over 20% of total needs.
- Developed and administered numerous “Public Benefit Programs” totaling more than one billion dollars for the members in such areas as energy efficient lighting, thermostat controls and refrigerator recycling.
- Provided vital legislative and regulatory services for the members in both Sacramento (where SCPPA has an office) and in Washington DC
- Developed a very successful training program for member staff, in 2016 totaling over 700 participants, saving the members in excess of \$750,000.

Prior to becoming the SCPPA Executive Director, served on the SCPPA Board of Directors representing the City of Riverside from 1986 to 2000.

PREVIOUS WORK EXPERIENCE

1986 To 2000 – City of Riverside, California

City of Riverside Public Utilities serves approximately 106,000 customers within the City and electric operating revenues of \$275 million and over 300 employees. Reported to City Manager who reported to elected City Council.

Also served as a member of the SCPPA Board of Directors and President 1995 and 1996.

Public Utilities Director 1986 to 2000

Responsible for overall day to day operations as well as strategic direction for the electric and water utilities; including generation, transmission and distribution and customer services for electric and water production and distribution to retail customers.

- In 1986, directed a major strategic planning effort leading to a major reorganization of the Utilities.
- Directed the design and construction of the Utilities’ first stand-alone Service Center, housing the water and electric construction and maintenance crews, dispatching, meter repair, and satellite customer services operations.
- Played a major role in the “industry restructuring” effort as the publicly-owned utility (POU) representative on the AB1890 implementation efforts which focused on competition, public benefits charges and programs as well and the creation of the California Independent Operator (CAISO) and the California Power Exchange. Appointed by the Governor to serve as a member of the first CAISO Governing Board.
- Led a major effort to move Riverside from a “Southern California Edison-dependent utility (purchasing over 90% of the power supply needs from SCE in 1986)) to an SCE-independent utility in 2000 by acquiring independent power supplies.

1981 to 1986 - City of Fort Collins, Colorado

City of Fort Collins, home of Colorado State University, serves 65,000 customers within the City. Approximately \$100 million in annual electric revenues and 130 electric employees. Reported to City Manager who reported to City Council. Served on Platte River Power Authority Board of Directors as well as the Colorado Association of Municipal Utilities.

Utilities Director – 1981 to 1986 - Electric, Water and Wastewater

Responsible for Responsible for overall day to day operations as well as strategic direction for the electric, water and wastewater utilities; including distribution and customer services for electric, water production, treatment and distribution to retail customers, and wastewater system design construction, operation and treatment.

1966 to 1982 – City of Lamar, Colorado, Electric Utility

Superintendent (General Manager)

Education

Colorado State University with a Bachelor of Science Degree in Electrical Engineering

Graduate-Level Course work at the Harvard Business School and University of California Riverside.

Longest serving member of the Board of Governors of the California Municipal Utilities Association (CMUA) (30 years).

Carnahan represented SCPPA and the members in Sacramento and Washington, D.C. working with legislators and regulators to help chart the course for the future of the electric industry.

Bill resides in Southern California, has two grown children and four lovely granddaughters.

(CarnahanBio2017revised)

Staff Report – Item 5

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 5: Approve Memorandum of Understanding with the County of Los Angeles

Date: August 4, 2017

RECOMMENDATION:

Approve the attached Memorandum of Understanding with the County of Los Angeles to allow the LACCE Authority to accept an initial loan for start-up costs, to receive staff and contract services from the County, and to repay the County for loan and the value of those services.

BACKGROUND AND DISCUSSION:

On April 18, 2017, the County Board of Supervisors approved the attached Memorandum of Understanding (MOU) and authorized up to \$10,000,000 in initial funding for the LACCE Authority (LACCE). (Attachment 1).

Upon approval of this item by the LACCE Board, the MOU will be jointly executed by the parties and upon execution will go into effect.

Key provisions of the proposed MOU are:

- County to provide LACCE with a no-interest loan of up to \$10 million in initial funding, to be repaid by the end of Fiscal Year 2017-2018 (June 30, 2018). Per the proposed LACCE budget (Agenda Item #6), only \$6 million is contemplated to be loaned at the start of the program as this is sufficient to ensure adequate cashflow to operate the program in the first year. If additional funds are needed in the future, a second loan can be made up to the \$10 million total.
- The services provided by the County under the terms of the MOU are County staff – including those of the Treasurer, Auditor, and County Counsel – and contractors, including those for executive level support, financial and technical consultants, power procurement specialists, a billing/data support manager, and communications support.

Los Angeles Community Choice Energy

- The County's Auditor-Controller and Treasurer Tax Collector will provide services to the LACCE Authority until such time that the Board appoints a regular Auditor and Treasurer pursuant to Sections 5.3 and 5.4 of the LACCE JPA.
- Legal services will be provided by County Counsel until such time that the LACCE Authority procures its own counsel.

Attachments:

Attachment 1 - Memorandum of Understanding with the County of Los Angeles

MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN

THE COUNTY OF LOS ANGELES

AND

LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

This memorandum of understanding ("MOU") is entered into this _____ day of _____, 2017, by and between the County of Los Angeles ("County") and the Los Angeles Community Choice Energy Authority, a California nonprofit corporation, hereinafter referred to as the "LACCE Authority" for the following purposes and subject to the following understandings between the parties.

WHEREAS, the County desires to establish a community choice energy program in Los Angeles County to benefit the residents and businesses of County by providing lower cost, greener, and more local energy;

WHEREAS, the County desires to support the establishment of the LACCE Authority and its energy programs through its initial start-up phase;

WHEREAS, the LACCE Authority, with initial funding assistance from the County, intends to purchase electricity in the wholesale power market and to establish the program infrastructure to operate the LACCE program;

WHEREAS, the County intends to provide a no-interest loan to the LACCE Authority in an amount not to exceed \$10 million ("County Funds") to establish the Los Angeles Community Choice Energy Program which will then expected to be repaid to the County before the end of Fiscal Year 2018; and

WHEREAS, the County has provided and will continue to provide staff and consulting services for the development and implementation of the LACCE program and the LACCE Authority intends to repay the County for the value of those services.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto agree as follows:

1. General Provisions

- a.** The County and LACCE Authority are jointly referred to herein as the "Parties," and individually as "Party."
- b.** The Parties agree that all work contemplated under this MOU relating to the establishment and operation of the Los Angeles Community Choice Energy Program ("Program") which could potentially yield considerable benefits to

County of Los Angeles residents and businesses, including but not limited to lower electricity rates for customers and power that is significantly greener and more local than what is offered by Southern California Edison.

- c. This MOU shall commence on the earliest date of approval by all Parties, and shall continue until repayment of the County Funds and value of any County services to the County.
- d. The County may terminate this MOU for cause or convenience with written notification delivered to the other Party thirty (30) calendar days in advance. Once the County loan is fully repaid, the LACCE Authority may terminate this MOU for cause or convenience with written notification delivered to the other Party thirty (30) calendar days in advance.
- e. Except as otherwise provided herein, any amendment(s) to this Agreement shall be at the mutual consent of the County and the LACCE Authority, and shall be executed by an authorized designee of the County, and approved as to form for the County by County Counsel.

2. County Services to the LACCE Authority

- a. The County agrees, through its officers, departments, commissions, bodies, employees, consultants and/or contractors to perform needed services which may be requested of the County as hereinafter provided to the LACCE Authority.
- b. Notwithstanding these provisions, the LACCE Authority may obtain services from County for one year or less, or on a multi-year basis, unless sooner terminated by the County or the LACCE Authority.
- c. The LACCE Authority shall pay for such services as provided for under this MOU at rates or fees to be negotiated between the Chief Executive Officer ("CEO") and the County department(s) providing said services, and mutually agreed upon at the time services are requested.
- d. During the term of this MOU the staff of the offices of County Counsel, Auditor-Controller, County CEO, County Internal Services Department staff, County Executive Officer-Clerk of the Board of Supervisors, County Treasurer and Tax Collector, and others as appropriate and necessary shall serve the LACCE Authority in the performance of similar duties as said officers perform for the County for a duration of one year, unless extended by amendment to this MOU. No other function or service shall be performed hereunder by any County officer or department unless such function or service shall have been requested in writing by the LACCE Authority's Executive Director or on the order of the Board of Supervisors or the Board of Directors, and each such service or function shall be performed at the times and under circumstances which do not interfere with the performance of regular County operations. Authorized designees of both the County and the LACCE Authority shall acknowledge in writing the scope of services to be performed.

- e. All persons employed in the performance of such services and functions for the LACCE Authority shall be County officers, employees, consultants and/or contractors, and no such person shall be concurrently employed by the LACCE Authority, nor shall he or she have any LACCE Authority pension, employment claim or other status or right. Subject to this MOU, and only for the purpose of performing such services and functions and for the purpose of giving official status to the performance hereof, every County officer, employee, consultant and/or contractor engaged in performing such services or functions shall be deemed to be an officer, employee, consultant and/or contractor of said LACCE Authority while performing service to the LACCE Authority within the scope of this MOU. The LACCE Authority shall not be called upon to assume any liability for the direct payment of any salary, wages, or other compensation to any County personnel performing services hereunder for the LACCE Authority or any liability other than that provided for in this MOU.
- f. Except as otherwise specified, the LACCE Authority shall not be liable for compensation or indemnity to any County officer, employee, consultant and/or contractor for injury or sickness arising out of these services.
- g. Each County officer, department, commission, body, employee, consultant and/or contractor performing any service for the LACCE Authority provided herein shall keep reasonably itemized and detailed work or job records covering the cost of all services performed and all additional items and expenses incidental to the performance of such function or service.

3. Funding

- a. The County hereby provides initial interest-free funding to the LACCE Authority in an amount not to exceed Ten Million Dollars for the initial start-up costs which will cover establishing the Program operations to be provided for the following:
 - i. **Power Procurement:** Up to \$8 million is for power procurement and shall be used for power procurement for the first months of wholesale power to County municipal facilities located in County unincorporated areas. These funds will provided in the initial period of the formation of the LACCE Authority.
 - ii. **Administrative Costs:** Up to \$2 million is needed to include County staff working on the Program, a variety of consulting services that include staff services, executive level support to manage the implementation of the Program and the establishment of the LACCE Authority, financial and technical services, power procurement specialists, a billing/data support manager, and communications support. Additionally, administrative funds are required to pay fees associated with the Program and to post surety bonds with the California Public Utilities Commission and Southern California Edison.

- b.** Repayment for the County Funds is expected before the end of Fiscal Year 2018 when the LACCE Authority will obtain a loan from the financial market to be repaid from ratepayer revenue. Such financing package would include an amount sufficient to repay the County Funds and other County costs.
- 4.** In contemplation of the provisions of California Government Code section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an MOU as defined by Section 895 of said Government Code, the parties hereto, as between themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of said Government Code, will each assume the full liability would be imposed upon it, or any of its officers, agents or employees by law for injury caused by negligent or wrongful act or omission occurring in the performance of this MOU to the same extent that such a liability would be imposed in the absence of Section 895.2 of said Government Code. To achieve the above-stated purpose, each party indemnifies and holds harmless the other party for any loss, cost, or expense that may be imposed upon such other party solely by virtue of said Section 895.2. The County and the LACCE Authority agree to indemnify, defend and hold harmless each other against any and all liability, expense and claims arising from their respective acts or omissions. The provisions of Section 2778 of the California Civil Code are made hereof as if fully set forth.

5. Amendments

Except as otherwise provided herein, any amendment(s) to this Agreement shall be at the mutual consent of the County and the LACCE Authority, and shall be executed by an authorized designee of the County, and approved as to form for the County by County Counsel.

6. Assignments and Subcontracts

The LACCE Authority shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of the County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, the County consent shall require a written amendment to this Agreement, which is formally approved and executed by the LACCE Authority and County's CEO. In the event a transfer, exchange, assignment, or divestment results in a change in the person or entity with majority control of LACCE Authority at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

7. Notices and Approvals

All notices and approvals shall be directed to and made by the following representatives of the parties:

A: To the County:

Chief Executive Office
Kenneth Hahn Hall of Administration, Room 493
500 West Temple Street
Los Angeles, CA 90012
Attn: Gary Gero, Sustainability Officer

B: To the LACCE Authority:
Bill D. Carnahan, Interim Executive Director
Kenneth Hahn Hall of Administration, Room 493
500 West Temple Street
Los Angeles, CA 90012
Attn: Julie Gomez, LACCE Authority Board Secretary

8. Severability

If any provision of this Agreement, or the application thereof, is held to be invalid, then that invalidity shall not affect other provisions or applications of the Agreement that can be given effect without the invalid provision or application, and to this end the provisions of the Agreement are severable.

9. Effective Date

After the Agreement has been executed by the LACCE Authority's authorized representative, the effective date of the Agreement shall be the date that the Agreement is fully executed by the County's CEO.

IN WITNESS WHEREOF, the LACCE Authority has executed this Funding Agreement, or caused it to be duly executed by its authorized representative, and the County of Los Angeles by order of its Board of Supervisors, has delegated to its Chief Executive Officer the authority to execute this Agreement on its behalf on the date and year written below.

AUTHORITY:

Los Angeles Community Choice Energy

By: _____
Chair

Date: _____

COUNTY:

County of Los Angeles

By: _____
Sachi A. Hamai
Chief Executive Officer

Date: _____

APPROVED AS TO FORM FOR THE COUNTY:

MARY C. WICKHAM
County Counsel

By: _____
Behnaz Tashakorian
Senior Deputy County Counsel

Date: _____

Staff Report – Item 6

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 6: Approve the Fiscal Year 17-18 Budget

Date: August 4, 2017

RECOMMENDATION:

It is recommended that the Board approve the attached budget for Fiscal Year 17-18.

BACKGROUND AND DISCUSSION:

The proposed FY17-18 budget provides an estimate of revenues and an expenditure plan totaling \$15 million for the operations of the LACCE Authority through June 30, 2018.

Revenues for the LACCE Authority are estimated at \$4.0 million from four months of rate revenues (March-June 2018) and \$6 million in the form of a no-interest loan from the County. Additionally, by the end of FY17-18 LACCE anticipates acquiring a loan estimated at \$47 million, to repay the County for its initial \$6 million loan and to fund phases 2 and 3 of LACCE service.

LACCE expenditures include \$4.9 million for six months of power procurement (January-June 2018), \$0.7 million for contract services, \$0.7 million for required fees and bonds, \$0.2 million for new staff, \$0.2 million for office space and equipment, and \$6.7 million to repay the County for its initial loan and in-kind services provided by County staff and contractors.

While the County of Los Angeles agreed to provide the LACCE Authority with up to \$10 million in initial funding as an interest free loan for LACCE implementation and start up, based on the expected cashflow from program revenues (ratepayers), only \$6 million is needed by the LACCE Authority at this time. However, if it is determined at a future date that additional funds from the County are needed for LACCE program operations, additional funds can be loaned up to the \$10 million limit.

The attached budget (Attachment 1) provides the detailed revenue and expenditure plan, and a monthly cashflow (Attachment 2) and a detail of the County's reimbursable costs (Attachment 3) are also provided.

Los Angeles Community Choice Energy

Attachments:

Budget Attachment 1 – FY17-18 Budget

Budget Attachment 2 – FY 17-18 Monthly Budget

Budget Attachment 3 – County Reimbursable Costs

LACCE FISCAL YEAR 2017-18 BUDGET		
BUDGET ITEM	AMOUNT	NOTES
REVENUES		
LA County Loan	\$ 6,000,000	For Phase I power purchases and to provide cashflow; additional funds up to a total of \$10 M are available as needed.
Program Revenues (rates)	\$ 4,000,154	Revenues begin in March for January sales (4 months of revenue in FY17).
Phase 2-3 Loan	\$ 47,000,000	Expect private sector loan to provide capital for Phase 2 and 3 power purchases and to repay County.
Total Revenues	\$ 57,000,154	
EXPENDITURES		
New Staff		
Executive Director	\$ 150,000	Assume January 2018 start.
Assistant	\$ 50,000	Assume January 2018 start.
Subtotal New JPA Staff	\$ 200,000	
Existing Contract Services		
Executive Support (BD Management)	\$ 180,000	Assuming contract is assigned to LACCE in August 2017 and concludes in January 2018
Data Manager Consultant	\$ 3,000	
Subtotal Existing Contract Services	\$ 183,000	
New Contract Services		
Legal Services	\$ 200,000	Legal services to provide regulatory, financial market, and general legal support.
Communications and Outreach	\$ 150,000	Support for conducting outreach to residents and businesses, including assessment of best practices.
Power Procurement Consultant	\$ 150,000	Scheduling coordination and power procurement services.
Contingency	\$ 50,000	
Subtotal New Contract Services	\$ 550,000	
Office Space and Equipment		
	\$ 150,000	
Power Procurement	\$ 4,899,948	Six months of power purchases for Phase I. Includes non-bypassable charges.
Fees and Bonds		
Utility Fees	\$ 292,155	
CPUC Bond	\$ 100,000	
SCE Bond	\$ 260,000	
Subtotal Fees and Bonds	\$ 652,155	
Repayment to County	\$ 6,680,000	Includes initial loan and in-kind services provided by County staff and consultants.
Total Expenditures	\$ 13,315,103	
Net	\$ 43,685,051	

LACCE FY17-18 BUDGET BY MONTH

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	TOTAL
REVENUES													
LA County Loan	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000,000
Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 989,622	\$ 981,412	\$ 1,018,753	\$ 1,010,367	\$ 4,000,154
Phase 2-3 Loan											\$ 47,000,000	\$ -	\$ 47,000,000
Total Revenues	\$ -	\$ 6,000,000	\$ -	\$ -	\$ 989,622	\$ 981,412	\$ 48,018,753	\$ 1,010,367	\$ 57,000,154				
EXPENSES													
New JPA Staff													
Executive Director	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 150,000
Assistant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 50,000
Existing Consultants													
Executive Support	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 5,000	\$ -	\$ -	\$ -	\$ 180,000
Data Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 3,000
New Contracts													
Legal	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 200,000
Communication & Outreach	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000	\$ 150,000
Scheduling/Power Mgr		\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 150,000
Contingency	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 50,000
Office Space and Equipment													
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 150,000
Power Procurement													
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 865,935	\$ 848,181	\$ 847,597	\$ 774,560	\$ 791,673	\$ 772,002	\$ 4,899,948
Fees and Bonds													
Utility Fees	\$ -	\$ 780	\$ -	\$ -	\$ 2,960	\$ 6,228	\$ 3,683	\$ 3,683	\$ 723	\$ 723	\$ 130,620	\$ 142,754	\$ 292,155
CPUC Bond	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
SCE Bond	\$ -	\$ -	\$ -	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Repayment to County													
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,680,000	\$ 6,680,000
Total Expenditures	\$ -	\$ 25,780	\$ 85,000	\$ 445,000	\$ 77,960	\$ 81,228	\$ 1,028,451	\$ 980,698	\$ 957,153	\$ 879,117	\$ 1,041,127	\$ 7,713,589	\$ 13,315,102
Net Balance	\$ -	\$ 5,974,220	\$ (85,000)	\$ (445,000)	\$ (77,960)	\$ (81,228)	\$ (1,028,451)	\$ (980,698)	\$ 32,469	\$ 102,296	\$ 46,977,626	\$ (6,703,223)	\$ 43,685,052
Cash Flow	\$ -	\$ 5,974,220	\$ 5,889,220	\$ 5,444,220	\$ 5,366,260	\$ 5,285,032	\$ 4,256,581	\$ 3,275,883	\$ 3,308,353	\$ 3,410,648	\$ 50,388,274	\$ 43,685,052	

BUDGET DETAIL FOR COUNTY COSTS TO BE REPAYED BY LACCE	FY16-17	FY17-18	TOTAL
County Staff			
Internal Services Department	\$ 40,000	\$ 80,000	\$ 120,000
County Counsel	\$ 30,000	\$ 30,000	\$ 60,000
Administrative Support	\$ 10,000	\$ 20,000	\$ 30,000
Auditor-Controller	\$ -	\$ 50,000	\$ 50,000
Subtotal County Staff	\$ 80,000	\$ 180,000	\$ 260,000
Contract Services			
Executive Support	\$ 40,000	\$ 20,000	\$ 60,000
Technical and Regulatory (EES)	\$ 30,000	\$ 160,000	\$ 190,000
Financial Advisory Services	\$ 50,000	\$ 120,000	\$ 170,000
Subtotal Contract Services	\$ 120,000	\$ 300,000	\$ 420,000
Loan for Power Purchases	\$ -	\$ 6,000,000	\$ 6,000,000
TOTAL	\$ 200,000	\$ 6,480,000	\$ 6,680,000

Staff Report – Item 7

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 7: Public Hearing Item: Adopt Resolution 17-002 Approving the LACCE Implementation Plan and Authorize its Submittal to the CPUC

Date: August 4, 2017

RECOMMENDATION:

Conduct a public hearing and, upon conclusion, adopt Resolution 17-002 to approve the LACCE Implementation Plan and authorize staff to submit it to the CPUC.

BACKGROUND AND DISCUSSION:

Before providing electric services, LACCE must meet certain regulatory requirements set forth by the California Public Utilities Commission (CPUC). This includes the adoption of an Implementation Plan by the LACCE Authority Board of Directors, and the submittal of that plan to the CPUC for certification. The Implementation Plan must include the following:

- An organizational structure of the program, its operations, and its funding;
- Provisions for disclosure and due process in setting rates and allocating costs among participants;
- Methods for entering into and terminating agreements with other entities;
- Rights and responsibilities of program participants;
- Provisions for termination of the program; and
- Description of third parties that will be supplying electricity under the program.

The CPUC has 90 days to complete a review and certify the Plan, though it is noted that previous reviews for other community choice energy programs have been completed in less time.

Importantly, Southern California Edison (SCE) does not begin formally working on community choice aggregation implementation until an Implementation Plan has been filed. Therefore, submittal of the Plan is necessary for SCE to formally begin the process to transfer accounts into LACCE service.

This Implementation Plan details the governance of LACCE and covers the launch of Phase 1 of LACCE services. Following the initial enrollment period, LACCE staff will

Los Angeles Community Choice Energy

prepare and present an amended Implementation Plan that details the launch of Phases 2 and 3 that will detail each of the cities that are included in the program along with the total electric load of the County and cities combined. This amended Implementation Plan will be presented to the LACCE Authority Board in January 2018.

Attachments:

LACCE Implementation Plan for Phase 1

Resolution No. 17-002 Approving the LACCE Implementation Plan

RESOLUTION NO. 17-002

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY ADOPTING THE IMPLEMENTATION PLAN REQUIRED BY PUBLIC UTILITIES CODE SECTION 366.2(c)(3).

THE BOARD OF DIRECTORS OF THE LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

Section 1. Recitals:

(a) The Los Angeles Community Choice Energy (“LACCE”) Authority is a joint powers authority established on June 27, 2017 for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2.0

(b) The members of the LACCE Authority include the Cities of South Pasadena and Rolling Hills Estates, and the County of Los Angeles

(c) Public Utilities Code Section 366.2 requires that before commencing a community choice aggregation program, the LACCE Authority first must prepare and adopt an Implementation Plan to be filed with the California Public Utilities Commission.

(d) The LACCE Implementation Plan and Statement of Intent was presented to the Board of Directors at a duly noticed public hearing for its consideration and adoption.

Section 2. Adoption.

After conducting a duly noticed public hearing as required by Public Utilities Code Section 366.2(c)(3), the Board of Directors hereby adopts the LACCE Implementation Plan and Statement of Intent. ADOPTED AND APPROVED this 4th day of August, 2017

Acting Chair, Los Angeles Community
Choice Energy Authority

Attest:

Secretary, Los Angeles Community
Choice Energy Authority

Los Angeles Community Choice Energy (LACCE)

DRAFT COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

[August 2017]

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CHAPTER 1 – Introduction

The Los Angeles Community Choice Energy (“LACCE”) Authority is a public agency located within Los Angeles County, formed for the purpose of implementing a community choice aggregation program (“CCA”, or “Community Choice Energy” – “CCE” – which has been recently used as an alternative identifying term for the CCA service model), which has been named Los Angeles Community Choice Energy (the “Program” or “LACCE”). Member Agencies of the LACCE Authority include two (2) municipalities located within the County of Los Angeles (“County”) as well as the unincorporated areas of the County itself (together, the “Members” or “Member Agencies”), which have elected to allow the LACCE Authority to provide electric generation service within their respective jurisdictions. Currently, the following Members Agencies comprise the LACCE Authority:

Los Angeles County (unincorporated)	City of South Pasadena
City of Rolling Hills	

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes the LACCE Authority’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of the County that currently take bundled electric service from Southern California Edison (“SCE”). The LACCE Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over SCE’s transmission and distribution system. The planned start date for the Program is January 15, 2018. All current SCE customers within the LACCE Authority’s service area will receive information describing the LACCE Program and will have multiple opportunities to choose to remain full requirement (“bundled”) customers of SCE, in which case they will not be enrolled. Thus, participation in the LACCE Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of LACCE will enable customers within the LACCE Authority’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. The LACCE Authority’s primary objectives in implementing this Program are to provide cost competitive electric services; reduce electric sector greenhouse gas emissions (“GHGs”) within the County; stimulate renewable energy development; implement distributed energy resources; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for residents and businesses through local control. The prospective benefits to consumers include increased renewable and other low-GHG emitting energy supplies, stable and competitive electric rates, and the opportunity for public participation in determining which technologies are utilized to meet local electricity needs.

To ensure successful operation of the Program, the LACCE Authority is currently soliciting energy suppliers and marketers through a competitive process and will negotiate with one or more qualified

suppliers throughout the summer and fall of 2017. Final selection of the LACCE Authority's initial energy supplier(s) will be made by the LACCE Authority following administration of the aforementioned solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for the LACCE Authority's initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal Authority for the LACCE Authority to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the LACCE Program. The CPUC also has responsibility for registering the LACCE Authority as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On August 4, 2017, the LACCE Authority, at a duly noticed public hearing, considered and adopted this Implementation Plan, through Resolution 17-002 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and SCE has approved tariffs for imposition of the cost recovery mechanism. Finally, each of the LACCE Authority's Members has adopted an ordinance to implement a CCA program through its participation in the LACCE Authority, and each of the Members has adopted a resolution permitting the LACCE Authority to provide service within its jurisdiction¹. With each of these milestones having been accomplished, the LACCE Authority submits this Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this Implementation Plan and resolution of any outstanding issues, the LACCE Authority will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides the LACCE Authority's statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

¹ Copies of individual ordinances adopted by the LACCE Authority's Members are included within Appendix A.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process

Chapter 3: Organizational Structure

Chapter 4: Startup Plan & Funding

Chapter 5: Program Phase-In

Chapter 6: Load Forecast & Resource Plan

Chapter 7: Financial Plan

Chapter 8: Rate setting

Chapter 9: Customer Rights and Responsibilities

Chapter 10: Procurement Process

Chapter 11: Contingency Plan for Program Termination

Appendix A: the LACCE Authority Resolution No. 17-002(Adopting Implementation Plan)

Appendix B: the LACCE Authority Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

CHAPTER 2 – Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2015, Los Angeles County began investigating formation of a CCA Program in the County, pursuant to California state law, with the following objectives: 1) provide cost-competitive electric services; 2) reduce greenhouse gas emissions related to the use of electric power within the County; and 3) increase the use of renewable energy resources relative to the incumbent utility. A technical feasibility study for a CCA Program serving the County was completed for the the LACCE Authority Partnership in July 28, 2016.

After nearly 2 years of collaborative work by representatives of the Los Angeles County, city governments, independent consultants, local experts and stakeholders, the LACCE Authority was formed in July 2017 for purposes of implementing the LACCE Program. Subsequently, the LACCE Authority approved this Implementation Plan through a duly-noted public hearing, complying with the standards stated in California Public Utilities Code Section 366.2. The LACCE Authority is continuing discussions with additional Cities regarding membership in the JPA. This Implementation Plan will be updated as additional Cities become partners in the LACCE Authority.

The LACCE Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the Member Agencies. The LACCE Authority plans to offer choices to eligible customers through creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, distributed energy generation, customized pricing options for large energy users, and support of local renewable energy projects through offering of a standardized power purchasing agreement or Feed-In Tariff. Commercial direct access customers are not included as it is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

Process of Aggregation

Before they are enrolled in the Program, prospective LACCE customers will receive two written notices in the mail from the LACCE Authority that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to the first phase of customers in November 2017. Initial enrollment notices will be provided to

subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by the LACCE Authority. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

Customers enrolled in the LACCE Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (SCE). The electric bill for Program customers will show separate charges for generation procured by the LACCE Authority as well as other charges related to electricity delivery and other utility charges assessed by SCE.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the LACCE Program without penalty and return to the distribution utility (SCE). LACCE customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by the LACCE Authority but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the LACCE Program and to have agreed to the LACCE Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

LACCE Customers will pay the generation charges set by the LACCE Authority and no longer pay the costs of SCE generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

The LACCE Authority's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (SCE). The LACCE Authority will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by the LACCE Authority's Board.

Initial LACCE Program rates will be established following approval of LACCE's inaugural program budget, reflecting final costs from the LACCE Program's energy supplier(s). The LACCE Authority's rate policies and procedures are detailed in Chapter 7. Information regarding final LACCE Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once the LACCE Authority gives definitive notice to SCE that it will commence service, LACCE customers will generally not be responsible for costs associated with SCE's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and

new generation costs that are deemed to provide system-wide benefits will continue to be charged by SCE to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in SCE's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both SCE bundled customers as well as CCA and Direct Access customers².

Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet California's prevailing renewable energy procurement mandate for all enrolled customers. LACCE customers will also have the opportunity to participate in a 50 percent or 100 percent renewable supply option. To the extent that customers choose the LACCE Authority's 50 percent or 100 percent renewable energy option, the renewable content of the LACCE Authority's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, the LACCE Authority will consider independent development of new local renewable generation resources. The LACCE Authority seeks to establish a resource portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources.

Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of LACCE Program implementation. LACCE customers will continue to pay the public benefits surcharges to the distribution utility, which will fund energy efficiency programs for all customers, regardless of generation supplier.

The energy efficiency investments ultimately planned for the LACCE Program, as described in Chapter 6, will follow the LACCE Authority's successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of the LACCE Authority-administered energy efficiency programs. Thus, the LACCE Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

² For SCE bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in SCE's tariffs as separate rates/charges paid by all customers (with limited exceptions).

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of the LACCE Authority and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of the LACCE Authority are outlined and discussed below.

Organizational Overview

In August 2017, the LACCE Authority formed its Board of Directors to serve as its Governing Board. The Board is responsible for establishing LACCE Program policies and objectives and overseeing the LACCE Authority's operation. In August 2017, the Board appointed an Interim Executive Director executive director to manage the operation of the LACCE Authority in accordance with policies adopted by the Board. When the LACCE Authority receives CPUC certification, the executive director will proceed to appoint staff and contractors to manage the LACCE Authority's activities. These activities include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), Supply acquisition (energy trading, contract negotiation and system development) and Legal and government affairs

Governance

The LACCE Program will be governed by the LACCE Authority's Board, which shall include one appointed designee from each of the Members. The LACCE Authority will be a joint powers agency formed under California law created on June 27, 2017. The Members of the LACCE Authority include two (2) municipalities located within the County as well as the unincorporated areas of the County, all of which have elected to allow the LACCE Authority to provide electric generation service within their respective jurisdictions. The LACCE Authority's Board will be comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The LACCE Program will be operated under the direction of an executive director appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the Executive Director, who has general responsibility for program operations, consistent with the policies established by the Board. The Board will elect a Chairman and Vice Chairman and will establish an Executive Committee, Finance Committee, and Community Advisory Committee. In the future, the Board may also establish other committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. The LACCE Authority may also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect the LACCE Authority and its customers and would provide analytical support and recommendations to the Board in these regards.

Management

The LACCE Authority Board of Directors has appointed an Interim Executive Director, who has management responsibilities over functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as the LACCE Authority's General Counsel. In performing his obligations to the LACCE Authority, the Executive Director may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors.

Major functions of the LACCE Authority that will be managed by the Executive Director are summarized below.

Administration

The LACCE Authority's Executive Director is responsible for managing the organization's human resources and administrative functions and will coordinate with the LACCE Board, as necessary, with regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues.

Finance

The Executive Director is also responsible for managing the financial affairs of the LACCE Authority, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. The LACCE Authority will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low income subsidy programs, provided that the overall revenue requirement is achieved.

The LACCE Authority may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.

The LACCE Authority's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the LACCE Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or

credit rating are identified, the LACCE Authority will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

Marketing & Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. The LACCE Authority will conduct program marketing to raise consumer awareness of the LACCE Program and to establish the LACCE “brand” in the minds of the public, with the goal of retaining and attracting as many customers as possible into the LACCE Program. Outgoing communications will also promote LACCE’s customer programs. Additionally, LACCE will communicate with key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance the LACCE Authority’s ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. The LACCE Authority will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the LACCE Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility’s billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and the LACCE Authority, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of the LACCE Authority.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. The LACCE Authority will initially contract with a third party, who has demonstrated the necessary experience and administers an appropriate customer information system to perform the customer account and billing services functions.

Power Resources & Energy Programs

The LACCE Authority must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. The LACCE Authority’s long term resource plans (addressing the 10-20 year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. The LACCE Authority may develop and administer complementary energy programs that may be offered to LACCE customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching

goals and objectives of the LACCE Authority.

The LACCE Authority will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of the LACCE Authority will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by the LACCE Authority on an annual basis.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

The LACCE Authority will initially contract with one or more experienced and financially sound third party energy services providers to perform all of the electric supply operations for the LACCE Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

Local Energy Programs

A key focus of the LACCE Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow the identification of requisite funding sources.

The LACCE Authority will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-resources. The LACCE Authority will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings

to customers throughout its service territory, including the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by LACCE customers.

Governmental Affairs & General Counsel

The LACCE Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California’s Renewables Portfolio Standard (“RPS”), and overall representation on issues that will impact the LACCE Authority, its Members and customers. The LACCE Authority will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission.

Under the direction of its General Counsel, the LACCE Authority may retain outside legal services, as necessary, to administer the LACCE Authority, review contracts, and provide overall legal support related to activities of the LACCE Program.

CHAPTER 4 – Startup Plan & Funding

This Chapter presents the LACCE Authority’s plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, the LACCE Authority may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
 - Electric supplier and scheduling coordinator
 - Data management provider (if separate from energy supply)
- Define and execute communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
- Post CCA bond and complete requisite registration requirements
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the LACCE Program will be the responsibility of the LACCE Program’s contractors (and are assumed to be covered by any fees/charges imposed by such contractors). These may include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of LACCE staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements would include a Executive Director, a General Counsel, and other personnel needed to support regulatory, procurement, finance, and communications activities.

For budgetary purposes, it is assumed that 5 to 10 full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will be retained, as needed, to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

Capital Requirements

The Start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on the LACCE Authority's anticipated start-up activities and phase-in schedule, a total need of nearly \$50 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding the LACCE Authority's expected capital requirements and general Program finances.

Related to the LACCE Authority's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by the LACCE Authority's power supplier(s)); 2) requisite deposit with the California Independent System Operator prior to commencing market operations; 3) CCA bond (posted with the CPUC); and 4) SCE service fee deposit.

Operating revenues from sales of electricity will be remitted to the LACCE Authority beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. The LACCE Authority will need working capital to support electricity procurement and costs related to program management, which is included in the LACCE Authority's initial capital requirements.

Financing Plan

The LACCE Authority's initial capital requirement will be provided via a \$10 million loan from Los Angeles County and conventional financing methods (e.g., bank loans and/or lines of credit); subsumed in the initial capital requirement is the LACCE Authority's initial start-up funding (\$10 million), which has been provided by LA County in accordance with the LACCE Authority's JPA Agreement – these amounts are to be repaid by the LACCE Authority no later than June 30, 2018. For all other amounts borrowed, the LACCE Authority will make repayments (including any interest, as applicable). The LACCE Authority will recover the principal and interest costs associated with the start-up funding via retail generation rates charged LACCE customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first several years of operations.

CHAPTER 5 – Program Phase-In

The LACCE Authority will roll out its service offering to customers over the course of three or more phases:

Phase 1. LA County Municipal accounts

Phase 2. Municipal, Commercial and Industrial Customers in JPA service area

Phase 3. All Remaining Customers in JPA service area

This approach provides the LACCE Authority with the ability to initiate its program with sufficient economic scale before building to full program integration for an expected customer base of approximately 285,000 accounts, post customer opt-out. The LACCE Authority will offer service to all customers on a phased basis, which is expected to be completed within 12 months of initial service to Phase 1 customers.

Phase 1 of the Program is targeted to begin on or about January 15, 2018, subject to a decision to proceed by the LACCE Authority. During Phase 1, the LACCE Authority anticipates serving approximately 1,700 accounts, comprised of all LA County municipal accounts, totaling nearly 170 GWh of annual energy sales. Specific accounts to be included in Phase 1 will be approximately five (5) percent of the LACCE Authority's total customer load and will be specifically defined after further analysis and consideration by the LACCE Authority.

Phase 2 of the Program will commence following successful operation of the LACCE Program over an approximate six-month term, which corresponds with an expected Phase 2 service commencement date occurring no later than June 2018. It is anticipated that approximately 25,000 additional customers, comprised of commercial and industrial customers, will be included in Phase 2, with annual energy consumption approximating 1,950 GWh, or fifty-five (55) percent of the LACCE Authority's total prospective customer load, inclusive of Phase 1. The LACCE Authority is currently refining the potential composition of Phase 2 accounts in consideration of cost of service and customer load characteristics as well as other operational considerations. The LACCE Authority may provide the opportunity for future customers of the LACCE Authority to make a positive election to enroll in Phase 2, even if that customer is not initially scheduled to be offered service during Phase 2. This accelerated enrollment opportunity would open during June 2018 and close as early as December 2018.

Following the successful completion of Phase 1 and Phase 2 customer enrollments, the LACCE Authority will complete roll out to all remaining customers in Phase 3, which is currently expected to occur no later than December 2018, subject to roll-out success of previous phases. This phase is expected to include residential accounts within LACCE's service territory as well as all agricultural and street lighting accounts. Phase 3 will total approximately 285,000 accounts with annual energy consumption of approximately 3,470 GWh, or one hundred (100) percent of LACCE's current prospective customer load, inclusive of Phases 1 and 2.

To the extent that additional customers require enrollment after the completion of Phase 3, the LACCE Authority will evaluate a subsequent phase of CCA enrollment.

The LACCE Authority may also evaluate other phase-in options based on current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

CHAPTER 6 – Load Forecast & Resource Plan

Introduction

This Chapter describes the planned mix of electric resources that will meet the energy demands of the LACCE Authority customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key polices are as follows:

- The LACCE Authority will seek to increase use of renewable energy resources and distributed energy resources in order to reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
- The LACCE Authority will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- The LACCE Authority will apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- The LACCE Authority will benefit the area’s economy through investment in local infrastructure, energy projects and energy programs.

The LACCE Authority’s initial resource mix will include a proportion of renewable energy meeting California’s prevailing RPS procurement mandate. As the LACCE Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the LACCE Program to achieve increased renewable energy content over time.

The LACCE Authority’s aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

The plan described in this section would accomplish the following:

Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer three distinct generation rate tariffs: 1) 100 percent renewable energy; 2) 50 percent renewable energy; and 3) a LACCE service option that includes a proportion of renewable energy meeting California’s prevailing renewable energy procurement mandate.

Member agencies will choose the default option into which their customers will be enrolled when service begins. After enrollment, customers will be allowed to participate in any of the three available energy supply options.

Continue increasing renewable energy supplies over time to meet or exceed state mandates, subject to resource availability and economic viability.

Actively pursue energy efficiency projects and programs using program revenues, in collaboration with the other efficiency program administrators in the region. Additionally, if LACCE is successful in applying for administration of public funding to support locally administered efficiency programs, it will even more robustly work to reduce net electricity purchases within the region.

Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff; a standardized power purchase agreement or “Feed-In Tariff”; and other creative, customer-focused programs targeting increased access to local renewable energy sources.

The LACCE Authority will comply with regulatory rules applicable to California load serving entities. The LACCE Authority will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. The LACCE Authority will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve LACCE’s customers, even if there were a need for the LACCE Program to cease operations and return customers to SCE. In addition, the LACCE Authority will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to the LACCE Authority’s status as a California load serving entity, the LACCE Authority’s resource plan includes a diverse mix of power purchases, renewable energy, distributed energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of the LACCE Authority’s resource plan is to reduce electric sector GHG emissions while offering competitive generation rates to participating customers. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by the LACCE Authority.

Once the LACCE Program demonstrates it can operate successfully, the LACCE Authority may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable

generation owned by the LACCE Authority or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of the LACCE Authority's electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the LACCE Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, the LACCE Authority may consider partnering with an experienced public power developer and could enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the LACCE Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be preferable to the LACCE Authority as it works to achieve increasing levels of renewable energy supply to its customers.

The LACCE Authority's resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, the LACCE Authority will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

The LACCE Authority's indicative resource plan for the years 2018 through 2027 is summarized in the following table. Note that the LACCE Authority's projections reflect a portfolio mix of 60% renewable resources and 40% conventional resources for Phase 1. Subject to the availability of funds, a sizable percentage of the conventional resources reflected in the following table will be replaced with GHG-free resources.

Table 1
Los Angeles Community Choice Energy
Proposed Resource Plan (GWh)
2018 to 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
LACCE Demand										
Retail Demand	1,419	3,465	3,472	3,479	3,486	3,493	3,500	3,507	3,514	3,521
Dist. Gen	0	0	0	0	0	0	0	0	0	0
Energy Efficiency	0	0	0	0	0	0	0	0	0	0
Losses and UFE	92	225	226	226	226	227	227	228	228	229
TOTAL DEMAND	1,511	3,690	3,698	3,705	3,712	3,720	3,727	3,735	3,742	3,750
LACCE Supply										
Renewable Resources										
Total Renewable Resources	887	1,639	1,654	1,673	1,682	1,692	1,702	1,712	1,723	1,733
Conventional Resources										
Total Conventional Resources	624	2,051	2,044	2,032	2,030	2,027	2,025	2,022	2,020	2,017
TOTAL SUPPLY	1,511	3,690	3,698	3,705	3,712	3,720	3,727	3,735	3,742	3,750
Energy Open Position	0	0	0	0	0	0	0	0	0	0

Supply Requirements

The starting point for the LACCE Authority’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile”. The electric sales forecast and load profile will be affected by the LACCE Authority’s plan to introduce the LACCE Program to customers in phases and the degree to which customers choose to remain with SCE during the customer enrollment and opt-out periods. The LACCE Authority’s phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the LACCE Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. For the first phase, LA County municipal accounts, the LACCE Authority anticipates a 100% participation rate. For subsequent phases, the LACCE Authority anticipates an overall customer participation rate of approximately 90 percent of SCE bundled service customers, based on reported opt-out rates for the Marin Clean Energy, Sonoma Clean Power and Lancaster Choice Energy CCA programs. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that the LACCE Authority will offer three distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as the LACCE Authority’s public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by the LACCE Authority on their regularly scheduled meter read date over an approximately thirty-day period. Approximately 58 service accounts per day will be switched over during the first month of service. For Phase 2, the number of accounts switched over to LACCE service will increase to about 817 accounts per day. For Phase 3, the number of accounts switched over to LACCE service will increase again to about 8,840 accounts per day. The number of accounts served by the LACCE Authority at the end of each phase is shown in the table below.

LACCE Customers	Eligible Accounts	Jan-18 Phase 1	Jun-18 Phase 2	Dec-18 Phase 3
Residential	258,828	43	-	258,785
Small Commercial	21,229	746	20,175	308
Medium Commercial	3,609	167	3,642	(200)
Large Commercial	269	17	248	4
Industrial	123	10	111	2
Street Lighting & Traffic	1,281	690	580	11
Agricultural & Pumping	848	64	857	(74)
Total	286,188	1,738	25,613	258,836

The LACCE Authority assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.2% annual growth) over the noted planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations in SCE service area, which makes it fairly difficult to anticipate the actual levels of customer participation within the LACCE Program. The LACCE Authority believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Los Angeles County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by LACCE for each of the next ten years is shown in the following table:

Table 3
Los Angeles Community Choice Energy
Retail Service Accounts (End of Year)
2018 to 2027

LACCE Customers	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	258,303	258,820	259,337	259,856	260,376	253,955	254,463	254,972	255,482	255,993
Small Commercial	21,193	21,235	21,278	21,320	21,363	20,872	20,914	20,955	20,997	21,039
Medium Commercial	3,612	3,619	3,627	3,634	3,641	3,634	3,641	3,648	3,655	3,663
Large Commercial	269	269	270	270	271	268	269	269	270	271
Industrial	125	125	125	125	126	119	119	120	120	120
Street Lighting & Traffic	1,275	1,277	1,280	1,282	1,285	1,283	1,286	1,288	1,291	1,294
Agricultural & Pumping	858	860	861	863	865	857	859	861	863	864
Total	285,634	286,205	286,778	287,351	287,926	280,989	281,551	282,114	282,678	283,244

Sales Forecast

The LACCE Authority’s forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below.

Table 4
Los Angeles Community Choice Energy
Annual Energy Requirements (GWh)
2018 to 2027

LACCE Energy Req.	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Retail Energy	1,419	3,465	3,472	3,479	3,486	3,493	3,500	3,507	3,514	3,521
Losses and UFE	92	225	226	226	226	227	227	228	228	229
Total Load Requirement	1,511	3,690	3,698	3,705	3,712	3,720	3,727	3,735	3,742	3,750

Capacity Requirements

The CPUC’s resource adequacy standards applicable to the LACCE Program require a demonstration one year in advance that LACCE has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, LACCE must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of the LACCE Authority’s capacity requirements must be procured locally, from the Greater LA area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater LA Area. The LACCE Authority would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (SCE service area) local capacity requirements adopted by the CPUC based on the LACCE Authority’s forecasted peak load. The LACCE Authority must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

The LACCE Authority is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible resource adequacy framework. The estimated forward resource adequacy requirements for 2018 through 2020 are shown in the following tables³:

Table 5			
Los Angeles Community Choice Energy			
Forward Capacity and Reserve Requirements (MW)			
2018 to 2020			
Month	2018	2019	2020
January	33	676	678
February	35	535	509
March	35	645	646
April	38	717	719
May	37	610	611
June	39	750	752
July	831	837	838
August	868	875	876
September	973	982	984
October	892	893	895
November	543	544	545
December	696	698	699

³ The figures shown above are estimates. The LACCE Authority’s resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC’s resource adequacy compliance process.

The LACCE Authority’s plan ensures that sufficient reserves will be procured to meet its peak load at all times. The LACCE Authority’s projected annual capacity requirements are shown in the following table:

Table 6
Los Angeles Community Choice Energy
Capacity Requirements (MW)
2018 to 2027

Demand (MW)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Retail Demand	973	982	984	984	986	987	989	991	993	995
Losses and UFE	0	0	0	0	0	0	0	0	0	0
Total Net Peak Demand	973	982	984	984	986	987	989	991	993	995
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	146	147	148	148	148	148	148	149	149	149
Capacity Requirement Including Reserve	1,119	1,129	1,131	1,131	1,133	1,136	1,138	1,140	1,142	1,145

Local capacity requirements are a function of the SCE area resource adequacy requirements and the LACCE Authority’s projected peak demand. The LACCE Authority will need to work with the CPUC’s Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of the LACCE Authority’s annual local capacity requirement for the ten-year planning period ranges from approximately 399 MW to 409 MW as shown in the following table:

Table 7
Los Angeles Community Choice Energy
Local Capacity Requirements (MW)
2018 to 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
LACE Peak	973	982	984	984	986	987	989	991	993	995
Local Capacity Req. (% of Peak)	41%	41%	41%	41%	41%	41%	41%	41%	41%	41%
LA Basin Share of Local Capacity	76%	76%	76%	76%	76%	76%	76%	76%	76%	76%
Other SCE Areas (Big Creek/Ventura) Share of Local Capacity	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
LACCE Local Capacity Req., LA Basin	305	308	308	308	309	309	310	311	311	312
LACCE Local Capacity Req., Other SCE	94	95	95	95	95	95	96	96	96	96
LACCE Local Capacity Req., Total	399	402	403	403	404	405	406	406	407	408

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

The LACCE Authority will coordinate with SCE and appropriate state agencies to manage the transition of responsibility for resource adequacy from SCE to the LACCE Authority during CCA program phase-in. For system resource adequacy requirements, the LACCE Authority will make month-ahead showings for each month that the LACCE Authority plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. The LACCE Authority will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, the LACCE Authority will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining the LACCE Authority's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to the LACCE Authority.

California's RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California's RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 350 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 50 percent procurement mandate – for planning purposes, the LACCE Authority has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 50 percent RPS. The LACCE Authority will also adopt an integrated resource plan in compliance with SB 350 – the LACCE Authority understands that various details related to this planning requirement have yet to be developed, and the LACCE Authority intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, the LACCE Authority will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

The LACCE Authority's Renewables Portfolio Standards Requirement

The LACCE Authority's annual RPS procurement requirements, as specified under California's RPS

program, are shown in the table below. When reviewing this table, it is important to note that the LACCE Authority projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.

Table 8
Los Angeles Community Choice Energy
RPS Requirements (MWh)
2018 to 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Retail Sales	1,419	3,465	3,472	3,479	3,486	3,493	3,500	3,507	3,514	3,521
Baseline	355	1,005	1,146	1,209	1,272	1,336	1,400	1,461	1,523	1,584
% of Current Year Retail Sales*	25%	29%	33%	35%	37%	38%	40%	42%	43%	45%

*Note: Specific details related to SB 350 implementation have yet to be identified. For purposes of this table, the LACCE Authority assumed a straight-line increase from California’s 33 percent RPS procurement mandate in 2020 to California’s new, 50 percent RPS procurement mandate in 2030. The LACCE Authority may choose to accelerate this schedule in the future.

Purchased Power

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of LACCE Program operation. The LACCE Authority will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including the LACCE Authority’s desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Program.

Renewable Resources

the LACCE Authority will initially secure necessary renewable power supply from its third party electric supplier(s). The LACCE Authority may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by the LACCE Authority. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by the LACCE Authority, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission’s RPS rules and any additional guidelines ultimately adopted by the LACCE Authority. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of the LACCE Authority’s load zone, as defined by the CAISO.

Energy Efficiency

The LACCE Authority’s energy efficiency goals will reflect a strong commitment to increasing energy

efficiency within the County, expanding beyond the savings achieved by SCE's programs. To promote the achievement of this goal, the LACCE Authority plans to complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by LACCE customers. To the extent that the LACCE Authority is successful in this application process, receiving funding to administer additional energy efficiency programs within the region, it will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace the LACCE Authority's need for traditional electric procurement activities. Additional details related to the LACCE Authority's energy efficiency plan will be developed once LACCE Program phase-in is underway.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., the LACCE Authority), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. This resource plan anticipates that the LACCE Authority's demand response programs would partially offset its local capacity requirements beginning in 2020.

SCE offers several demand response programs to its customers, and the LACCE Authority intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by the LACCE Authority. The LACCE Authority may also adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in the LACCE Authority's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. The LACCE Authority may utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with the LACCE Authority's policies and the state's Energy Action Plan, clean distributed

generation is a component of the integrated resource plan. The LACCE Authority will work to promote deployment of photovoltaic (PV) systems within the LACCE Authority's service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. The LACCE Authority also plans to implement a net energy metering program and a feed-in-tariff to promote local investment in distributed generation.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, the LACCE Authority may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regard to the LACCE Authority's prospective net energy metering program, it is anticipated that the LACCE Authority would eventually adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to the LACCE Authority. Such a program would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including SCE. However, the LACCE Authority may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within LA County. To the extent that incentives offered by the LACCE Authority improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the LACCE Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

The LACCE Authority's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the LACCE Program's monthly costs and revenues and specifically accounts for the phased enrollment of LACCE Program customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
 - Ancillary Service Requirements;
 - Grid Management and other CAISO Charges;
 - Scheduling Coordination;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- CCA Bond and Security Deposit;
- Pre-Startup Cost; and
- Debt Service.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that the LACCE Authority charges a standard, default electricity tariff similar to the generation rates of SCE for each customer class and an optional 100% renewable energy tariff at a premium reflective of incremental renewable power costs. More detail on LACCE Program rates can be found in Chapter 8.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for the LACCE Authority to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by the LACCE Authority, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be \$56.5 million. Working capital requirements peak soon after enrollment of the Phase 3 customers.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move the LACCE Authority through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected LACCE Program operations for the period beginning January 2018 through December 2027⁴. The LACCE Authority has also included a summary of Program reserves, which are expected to accrue over this same period of time.

⁴ Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

Table 9
Los Angeles Community Choice Energy
Summary of CCA Program Start-Up and Phase-In
2018 to 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Revenue from Operations (\$)											
Electric Sales Rev	\$92,221,765	\$241,139,907	\$250,468,101	\$255,504,930	\$261,959,532	\$248,317,287	\$252,171,999	\$255,098,549	\$258,137,112	\$261,649,544	\$2,376,668,726
Less Uncollected Accounts	\$256,380	\$858,650	\$871,797	\$889,097	\$905,405	\$921,311	\$938,450	\$955,930	\$973,759	\$991,944	\$8,562,722
Total Revenues	\$92,478,145	\$234,935,245	\$244,004,475	\$248,911,579	\$255,193,948	\$241,965,055	\$245,723,818	\$248,581,777	\$251,548,820	\$254,976,267	\$2,315,630,681
Cost of Operations (\$)											
Cost of Energy	\$47,576,052	\$155,137,061	\$157,742,310	\$161,126,819	\$164,311,692	\$167,414,776	\$170,763,071	\$174,178,333	\$177,661,899	\$181,215,137	\$1,557,127,151
PCIA	\$25,429,976	\$64,949,044	\$89,025,139	\$87,930,395	\$86,876,842	\$66,506,721	\$50,912,808	\$38,975,219	\$29,836,651	\$22,840,815	\$563,283,611
Operating & Administrative											
Billing & Data Management	\$600,172	\$4,357,019	\$4,365,733	\$4,374,465	\$4,383,214	\$4,391,980	\$4,400,764	\$4,409,566	\$4,418,385	\$4,427,222	\$40,128,519
SCE Fees	\$784,730	\$1,429,214	\$1,432,072	\$1,434,936	\$1,437,805	\$1,440,681	\$1,443,562	\$1,446,449	\$1,449,341	\$1,452,240	\$13,751,029
Tech. Services	\$580,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$1,150,000	\$10,930,000
Staffing	\$1,135,000	\$2,825,400	\$2,881,908	\$2,939,546	\$2,998,337	\$3,058,304	\$3,119,470	\$3,181,859	\$3,245,496	\$3,310,406	\$28,695,727
G&A Exp.	\$600,000	\$356,000	\$312,120	\$318,362	\$324,730	\$331,224	\$337,849	\$344,606	\$351,498	\$358,528	\$3,634,916
Debt Service	\$0	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$58,277,059
Total O&A Costs	\$3,699,902	\$16,592,862	\$16,617,062	\$16,692,538	\$16,769,315	\$16,847,418	\$16,926,873	\$17,007,708	\$17,089,949	\$17,173,624	\$155,417,250
Operating Reserves	\$5,369,415	\$16,567,528	\$18,436,916	\$18,602,483	\$18,757,049	\$17,553,824	\$16,702,193	\$16,111,288	\$15,721,195	\$15,486,070	\$159,307,961
New Programs Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost & Reserves	\$52,945,468	\$188,297,450	\$192,796,287	\$196,421,839	\$199,838,056	\$201,816,018	\$204,392,137	\$207,297,329	\$210,473,044	\$213,874,832	\$1,868,152,460
CCA Program Surplus/(Deficit)	\$39,532,677	\$53,701,106	\$58,543,611	\$59,972,188	\$63,026,881	\$47,422,581	\$48,718,312	\$48,757,150	\$48,637,828	\$48,766,655	\$517,078,988

Table 10
Los Angeles Community Choice Energy
Reserves Summary
2018 to 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Reserve Additions											
Operating Reserve Contr.	\$44,902,092	\$70,268,634	\$76,980,526	\$78,574,671	\$81,783,930	\$64,976,405	\$65,420,504	\$64,868,438	\$64,359,023	\$64,252,726	\$676,386,949
Cash from Financing	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000,000
Total Additions	\$49,902,092	\$70,268,634	\$76,980,526	\$78,574,671	\$81,783,930	\$64,976,405	\$65,420,504	\$64,868,438	\$64,359,023	\$64,252,726	\$681,386,949
Reserves Outlays											
Start-Up Funding Payments	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000,000
Working Capital Repayment	\$0	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$6,475,229	\$58,277,059
New Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserve Outlays	\$10,000,000	\$6,475,229	\$68,277,059								
Rate Stabilization Reserve Balance	\$39,902,092	\$103,695,497	\$174,200,795	\$246,300,237	\$321,608,938	\$380,110,114	\$439,055,390	\$497,448,599	\$555,332,393	\$613,109,890	\$3,370,763,946

The surpluses achieved during the phase-in period serve to build the LACCE Authority's net financial position and credit profile and to provide operating reserves for the LACCE Authority in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within the LACCE Authority's resource mix.

The LACCE Authority Financings

It is anticipated that one or more financings, inclusive of prospective direct term loans between the LACCE Authority and its Member Agencies, will be necessary to support LACCE Program implementation. Subsequent capital requirements will be self-funded from the LACCE Authority's accrued financial reserves. The anticipated financing approach is described below.

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the LACCE Program are \$50 million. This amount is dependent upon the electric load served by the LACCE Authority, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period as these variables become known. Once the LACCE Program is up and running, these costs would be recovered from customers through retail rates.

LA County will provide \$10 million in initial funding for start-up and phase 1 costs. LACCE currently projects repaying this interest free loan within the first year of operations, subject to change based on final power prices. It is assumed that the remaining financing will be primarily secured via a short-term loan or letter of credit, which would allow the LACCE Authority to draw cash as required. It is assumed that the remaining financing will be primarily secured via a short-term loan or letter of credit, which would allow the LACCE Authority to draw cash as required. Requisite financing would need to be arranged no later than the fourth quarter of 2017.

Renewable Resource Project Financing

the LACCE Authority may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful LACCE Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. The LACCE Authority's ability to directly finance projects will likely require a track record of five to ten years of successful program operations demonstrating strong underlying credit to support the financing; direct financing undertaken by the LACCE Authority would not be expected to occur sooner than 2023.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of LACCE.

CHAPTER 8 – Rate Setting, Program Terms and Conditions

Introduction

This Chapter describes the initial policies proposed for the LACCE Authority in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the LACCE Authority's Board. The LACCE Authority would retain Authority to modify program policies from time to time at its discretion.

Rate Policies

The LACCE Authority will establish rates sufficient to recover all costs related to operation of the LACCE Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the LACCE Authority. As a general policy, rates will be uniform for all similarly situated customers enrolled in the LACCE Program throughout the service area of the LACCE Authority.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option including a proportionate quantity of renewable energy meeting California's prevailing renewable energy procurement mandate;
- 50 percent renewable energy supply option
- 100 percent renewable energy supply option
- Allow individual member agencies to choose the default energy supply option into which their customers will be enrolled
- Allow customers to participate in any of the three energy supply options after enrollment
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The LACCE Authority's primary goal is to offer its customers competitive rates for electric services relative to the incumbent utility SCE. As planned, the value provided by the LACCE Program will also include options for a higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility, enhanced energy efficiency and customer programs, community focus, local investment and control. The LACCE Authority currently plans to offer customers rates matching SCE's during Phase 1, and to target lower rates in subsequent phases, subject to final power price bids.

As previously discussed, the LACCE Program will increase renewable energy supply to program customers, relative to the incumbent utility, by offering three distinct rate tariffs. The initial renewable energy content provided under the LACCE Authority's base Tariff will meet California's prevailing renewable energy procurement mandate, and the LACCE Authority will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. The LACCE Authority will also offer its customers a 50% and 100% renewable energy Tariff, which will supply participating customers with either 50 percent or 100 percent renewable energy at rates that reflect the LACCE Authority's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through SCE.

Rate Stability

The LACCE Authority will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent LACCE Program rates from directly tracking similar rates offered by the distribution utility, SCE, and may result in differences from the general rate-related targets initially established for the LACCE Program. The LACCE Authority will attempt to maintain general rate parity with SCE to ensure that LACCE Program rates are not drastically different from the competitive alternative.

Equity among Customer Classes

The LACCE Authority's initial rates will match rates offered by SCE, subject to final power price bids. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the LACCE Authority.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the LACCE Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

LACCE Program rates must collect sufficient revenue from participating customers to fully fund the LACCE Authority's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of the LACCE Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in the LACCE Authority's rate stabilization fund may be used from time to time to augment operating revenues.

Rate Design

the LACCE Authority will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the LACCE Program.

Custom Pricing Options

The LACCE Authority may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. The LACCE Authority may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

As planned, customers with on-site generation eligible for net metering from SCE will be offered a net energy metering rate from the LACCE Authority. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The SCE net metering tariff (NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule NEM. The objective is that the LACCE Authority's net energy metering tariff will apply to the generation component of the bill, and the SCE net energy metering tariff will apply to the utility's portion of the bill. The LACCE Authority plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the LACCE Authority.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by the LACCE Authority following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, the LACCE Authority will prepare an annual budget and corresponding customer rates. Any proposed rate adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, the LACCE Authority will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer's monthly electricity bill (on the page addressing the LACCE Authority charges). The notice will provide a summary of the proposed rate adjustment and will include a link to the LACCE Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of the LACCE Authority to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the LACCE Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the LACCE Board from time to time.

By adopting this Implementation Plan, the LACCE Authority will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The LACCE Authority retains Authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. The LACCE Authority will likely use its own mailing service for requisite enrollment notices rather than including the notices in SCE's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying the LACCE Authority using the LACCE Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting SCE, they would be transferred to the LACCE Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after LACCE service commences. Opt-out requests made on or before the sixtieth day following start of LACCE Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by the LACCE Authority during the time the customer took service from the LACCE Program, but will otherwise not be subject to any penalty or transfer fee from the LACCE Authority.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the LACCE Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing the LACCE Authority's privacy policy regarding customer usage information. The LACCE Authority will have the Authority

to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the LACCE Program’s customer base.

Termination Fee

Customers that are automatically enrolled in the LACCE Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which the LACCE Authority reserves the right to impose, if deemed necessary. Customers that relocate within the LACCE Authority’s service territory would have LACCE service continued at their new address. If a customer relocating to an address within the LACCE Authority’s service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of the LACCE Authority’s service territory would not be subject to the Termination Fee. If deemed applicable by the LACCE Authority, SCE would collect the Termination Fee from returning customers as part of the LACCE Authority’s final bill to the customer.

For illustrative purposes, the LACCE Authority Termination Fee could vary by customer class as set forth in the table below, subject to a final determination by the LACCE Authority.

Table 11 Los Angeles Community Choice Energy Illustrative Schedule of Fees for Service Termination*	
Customer Class	Fee
Residential	\$5
Non-Residential	\$25

*Note that the LACCE Authority has yet to adopt a Schedule of Fees for Service Termination. The fees reflected in this table are representative of similar charges adopted by California’s operating CCA programs.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by the LACCE Authority subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to SCE on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by SCE and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality

the LACCE Authority will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. The LACCE Authority will maintain the confidentiality of individual customers’ names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of

the LACCE Authority or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable the LACCE Authority to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. The LACCE Authority will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at the LACCE Authority's discretion.

Responsibility for Payment

Customers will be obligated to pay LACCE Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, LACCE will not be able to direct that electricity service be shut off for failure to pay the LACCE Authority bills. However, SCE has the right to shut off electricity to customers for failure to pay electricity bills, and SCE Electric Rule 23 mandates that partial payments are to be allocated pro rata between SCE and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SCE would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Under certain circumstances, LACCE customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the LACCE Program. A deposit would be required for an applicant who previously had been a customer of SCE or LACCE and whose electric service has been discontinued by SCE or the LACCE Authority during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SCE Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment⁵. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SCE.

⁵ A customer whose service is discontinued by the LACCE Authority is returned to SCE generation service.

CHAPTER 10 --- Procurement Process

Introduction

This Chapter describes the LACCE Authority's initial procurement policies and the key third party service agreements by which the LACCE Authority will obtain operational services for the LACCE Program. By adopting this Implementation Plan, the LACCE Authority will have approved the general procurement policies contained herein to be effective at Program initiation. The LACCE Authority retains Authority to modify Program policies from time to time at its discretion.

Procurement Methods

The LACCE Authority will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that the LACCE Authority will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

The LACCE Authority will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the LACCE Authority's discretion. Authority for terminating agreements will generally mirror the Authority for entering into such agreements.

Key Contracts

Electric Supply Contract

The LACCE Authority will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet LACCE customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. The LACCE Authority may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. The LACCE Authority would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

The LACCE Authority will solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet LACCE customer demand. The LACCE Authority may designate the primary supplier to be responsible for day-to-day energy supply operations of the LACCE Program and for managing the predominant supply risks for the term of the contract. The primary supplier may also contribute to meeting the Program's renewable energy supply goals. However, additional suppliers

may be identified to supplement requisite renewable energy supplier of the LACCE program. Finally, the primary supplier may be responsible for ensuring the LACCE Authority's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

As this point in time, the LACCE Authority has commenced the requisite competitive solicitation process to identify its initial energy supplier(s). The LACCE Authority anticipates executing the electric supply contract for Phase 1 loads in fall 2017. The contract for Phase 2 and Phase 3 loads will be executed shortly thereafter.

Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SCE, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract may be separate from the electric supply contract. It is anticipated that a single contractor will be selected to perform all of the data management functions⁶.

The data manager is responsible for the following services:

- Data exchange with SCE;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives the LACCE Authority greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

As this point in time, the LACCE Authority has commenced the requisite competitive solicitation process to identify its data management services provider. It is anticipated that the LACCE Authority will execute a contract for data management services in September.

⁶ The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

Electric Supply Procurement Process

In the third quarter of 2017, the LACCE Authority plans to solicit proposals for shaped energy, renewable energy, carbon free energy, resource adequacy capacity, and scheduling coordinator services from a highly qualified pool of suppliers. Contract negotiations will commence immediately following proposal evaluation. Following the identification of short-listed energy services provider candidates, the LACCE Authority will update the Commission regarding its selection process. It is anticipated that final supplier selection will be made by the LACCE Authority in the Fall of 2017.

CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of LACCE Program termination. By adopting the original Implementation Plan, the LACCE Authority will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that the LACCE Authority would terminate the LACCE Program and return its customers to SCE service, the proposed process is designed to minimize the impacts on its customers and on SCE. The proposed termination plan follows the requirements set forth in SCE’s tariff Rule 23 governing service to CCAs. The LACCE Authority retains Authority to modify program policies from time to time at its discretion.

Termination by the LACCE Authority

The LACCE Authority will offer services for the long term with no planned Program termination date. In the unanticipated event that the LACCE Authority decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to the LACCE Authority consistent with the terms set forth in the JPA Agreement. Following such notice, the LACCE Authority’s Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that the LACCE Authority affirmatively votes to proceed with JPA termination, the LACCE Authority would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SCE. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to SCE and the CPUC before transferring customers, and the LACCE Authority would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

The LACCE Authority will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. The LACCE Authority will post financial security in the

appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

CHAPTER 12 – Appendices

Appendix A: LACCE Authority Resolution No. 17-002 to Adopt the Implementation Plan

Appendix B: LACCE Authority Joint Powers Agreement

Staff Report – Item 8

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 8: Authorize the Executive Director to Release Request for Proposals for Scheduling Coordination Services

Date: August 4, 2017

RECOMMENDATION:

Authorize the Executive Director to release the attached Request for Proposals (RFP), or one substantially similar to the attached, for Scheduling Coordination Services.

BACKGROUND AND DISCUSSION:

Phase 1 of LACCE service is anticipated to begin in January 2018 with the County municipal accounts in the County's unincorporated area. To meet the January 2018 launch date, LACCE must secure the services of a Scheduling Coordinator to provide the following critical services:

- Resource portfolio management and load scheduling
- Facilitate energy delivery to SCE load aggregation point(s)
- Power supply risk management
- Assistance in the procurement of power supply
- All regulatory and compliance filings
- Regular communications and interaction with the California Independent Systems Operator (CAISO), including certification that the LACCE's power procurement plans meet CAISO resource adequacy requirements

Contracting Process

Staff will evaluate proposals based on criteria established in the RFP to select a vendor who is most qualified to provide the necessary Scheduling Coordinator services. Staff will negotiate a contract with the selected vendor, and return to the Board at the October Board meeting for approval of the final contract for a Scheduling Coordinator. The contract will include a provision that allows the Executive Director to terminate the contract for convenience if necessary.

Attachment:

Attachment 1 - RFP for a Scheduling Coordination Services

DRAFT

**REQUEST FOR PROPOSALS
ELECTRIC POWER SCHEDULING SERVICES**

Los Angeles Community Choice Energy (LACCE) is issuing this Request for Proposals (RFP) to solicit proposals for a contract with an organization for electric power scheduling services. These services will support retail electric customers of LACCE who will participate in LACCE’s Community Choice Aggregation Program. The Business Plan for LACCE which provides details of this program is available online at: http://file.lacounty.gov/SDSInter/green/247381_BoardMotionofSept152016ItemNo6-FinalReport.pdf. This RFP is for services and technical assistance only. Another solicitation process will be undertaken for the actual procurement of power supply commodity products and related ancillary services.

LACCE will conduct evaluations of service providers through this RFP, and plans to negotiate and execute an agreement with the selected proposer.

1. Timetable

The timetable for this RFP is as follows:

Release of RFP	_____
Written Questions Due	_____
Questions and Answers Released	_____
Proposals Due by (5:00 pm Pacific Standard Time)	_____

2. Proposer Questions

Proposers may submit questions regarding this RFP by email to _____. All questions must be received by 5:00 pm Pacific Time on _____. When submitting questions, please specify which section of the RFP you are referencing and quote the language that prompted the question. LACCE reserves the right to group similar questions when providing answers. Questions may address issues and concerns that the evaluation criteria and/or business requirements would unfairly disadvantage proposers or, due to unclear instructions, may result in LACCE not receiving the best possible responses from proposer.

3. Proposal Submission

The final proposal should be submitted by email to _____ by 5:00 pm Pacific Time on _____. Please include the subject line "PROPOSAL FOR ELECTRIC POWER SCHEDULING SERVICES."

It is the sole responsibility of the submitting proposer to ensure that its proposal is received before the submission deadline. Submitting proposers shall bear all risks associated with delays in delivery. Any proposals received after the scheduled closing date and time for receipt of proposals will not be accepted.

4. Proposal Evaluation and Criteria

False, misleading, incomplete, or deceptively unresponsive statements in connection with a proposal shall be sufficient cause for rejection of the proposal. The evaluation and determination in this area shall be at LACCE's sole judgment and this judgment shall be final. Proposals will be evaluated using the following criteria:

- *Proposer's Qualifications (33%)*

Proposer will be evaluated on their experience, financial viability, and capacity as a corporation or other entity to perform the required services based on information provided in the proposal. Operational experience of the proposer's organization and of key personnel, including similar services, number of times the firm has provided services similar, years of experience and volume of energy supplied, and experience providing services in California.

Proposer will be evaluated on the verification of references of the proposal. This review may result in point deductions up to one hundred percent (100%) of the total points awarded in this evaluation category. Additionally, a review of terminated contracts will be conducted which may result in point deductions.

- *Proposer's Approach to Providing Required Services and References (33%)*

The proposer will be evaluated on its description of the methodology to be used to meet LACCE's requirements based on information provided in the proposal. All references will be checked and evaluated.

- *Cost Proposal Evaluation Criteria (34%)*

The maximum number of points will be awarded to the lowest cost qualified proposal.

- *Exceptions to Requirements of the Statement of Work*

Proposer will be evaluated on their willingness to accept the Terms and Conditions and the Statement of Work. LACCE may deduct rating points or disqualify the proposal in its entirety if the exceptions are material enough to deem the proposal non-responsive. Proposers are further notified that LACCE may disqualify any proposer with whom LACCE cannot satisfactorily negotiate a contract.

5. Selection Process

LACCE reserves the sole right to judge the contents of the proposals submitted pursuant to this RFP and to review, evaluate and select the successful proposal. The selection process will begin immediately following the proposal submission deadline.

Evaluation of the proposals will be made by an Evaluation Committee selected by LACCE. The Committee will evaluate the proposals and will use the evaluation approach to select a prospective contractor. All proposals will be evaluated based on the criteria listed in this RFP.

After a prospective proposer has been selected, LACCE and the prospective proposer will negotiate a contract for execution by LACCE. If a satisfactory contract cannot be negotiated, LACCE may, at its sole discretion, begin contract negotiations with the next qualified proposer who submitted a proposal, as determined by the LACCE.

LACCE retains the right to select a proposal other than the proposal receiving the highest number of points if LACCE determines, in its sole discretion, another proposal is the most overall qualified, cost-effective, responsive, responsible and/or in the best interests of LACCE. After the contract has been executed with the selected proposer, all other proposers will be notified.

6. Additional Information

This RFP is a solicitation for proposals only, and is not intended as an offer to enter into a contract. LACCE may, at its sole discretion, reject any or all proposals submitted in response to this RFP or may, in its sole discretion, reject all proposals and cancel this RFP in its entirety. LACCE shall not be liable for any costs incurred by the proposer in connection with the preparation and submission of any proposal. LACCE reserves the right to waive inconsequential disparities in a submitted proposal. LACCE has the right to amend the RFP by written addendum. LACCE is responsible only for that which is expressly stated in the solicitation document and any authorized written addenda. Such addendum shall be made available to each person or organization which LACCE records indicate has received this RFP. Should such addendum require additional information not previously requested, failure to address the requirements of such addendum may result in the proposal being found non-responsive and not being considered, as determined in the sole discretion of LACCE. LACCE is not responsible for and shall not be bound by any representations otherwise made by any individual acting or purporting to act on its behalf.

Responses to this solicitation shall become the exclusive property of LACCE. The recommended proposer's proposal will become a matter of public record when contract negotiations are complete and LACCE receives a letter from the recommended proposer's authorized officer that the negotiated contract is the firm offer of the recommended proposer. All proposals will become a matter of public record when an agreement is executed by LACCE. Exceptions to disclosure are those parts or portions of all proposals that are justifiably defined as business or trade secrets, and plainly

marked by the proposer as "Trade Secret", "Confidential", or "Proprietary". LACCE shall not, in any way, be liable or responsible for the disclosure of any such record or any parts thereof, if disclosure is required or permitted under the California Public Records Act or otherwise by law. In the event LACCE is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "Confidential", "Trade Secrets", or "Proprietary", proposer agrees to defend and indemnify LACCE from all costs and expenses, including reasonable attorneys' fees, incurred in connection with any action, proceedings, or liability arising in connection with the Public Records Act request.

All contact regarding this RFP or any matter relating thereto must be in writing and may be emailed to:

If it is discovered that the proposer contacted and received information from any LACCE personnel, other than the person specified above, regarding this solicitation, LACCE, in its sole determination, may disqualify their proposal from further consideration.

Thank you for your interest in doing business with the LACCE.

Sincerely,

Name: _____
Address: _____
Phone No.: _____
Email: _____

ATTACHMENTS

Attachment – Statement of Work

STATEMENT OF WORK

I. Background:

The Los Angeles Community Choice Energy Authority is seeking proposers to provide power scheduling services for customers of Los Angeles Community Choice Energy (LACCE) who will participate in LACCE's Community Choice Aggregation Program. The Business Plan for LACCE is available online at http://file.lacounty.gov/SDSInter/green/247381_BoardMotionofSept152016ItemNo6-FinalReport.pdf for more details on this program.

It is anticipated that LACCE will ramp up to full operation in three phases. This Statement of Work (SOW) is intended to fulfill the needs of all phases for a 3-year period. A timeline and summary of the expected characteristics of this phase is presented below. It should be noted that this timeline has been updated from the timeline contained in the aforementioned Business Plan.

Exhibit 1 LACCE Phase-In Schedule					
Phase	Assumed Start	Eligibility	Total Customer Accounts	Total Load (GWh)	Annual Peak Demand (MW)
Phase 1	April 1 2018	Municipal Facilities	1,700	170	40
Phase 2	June 2018	Municipal, Commercial, and Industrial	27,000	1,950	463
Phase 3	Q4	All Customers	285,000	3,470	1,000

Data for Phases 2 and 3 include accounts, load, peak, and revenues from previous phases. Estimates assume a 95% and 85% participation rate for residential and non-residential customers respectively. Loads are expressed as wholesale load, including 7 percent transmission and distribution losses. Revenues and loads are presented on an annual basis assuming each phase would be run for a full year. Operating Revenues include CCA costs, Franchise Fee Surcharge, and SCE's Power Charge Indifference Adjustment (PCIA) charges.

II. Purpose and Objectives:

LACCE seeks proposals for services to effectuate the delivery of all needed and shaped wholesale power to the Southern California Edison (SCE) system in sufficient amounts to meet the total load requirements of LACCE's customers per the timeline above.

III. Scope of Work:

The proposer shall provide **all** of the following services:

- a) **California Independent System Operator (CAISO) Scheduling Coordination**

LACCE requires all CAISO interface services, which include the submission to the CAISO of all schedules and meter data reports required to be filed by the Scheduling Coordinator (proposer) for the meters enrolled in the LACCE service territory, and the submission of schedules, bids, and other required information for LACCE’s shaped energy, renewable energy, and resource adequacy capacity in accordance with the obligations of a Schedule Coordinator as defined by the CAISO.

Proposer will be responsible for scheduling load on a short-term basis (i.e., week-ahead, day-ahead, and hour-ahead), submitting resource schedules to the CAISO day-ahead market, scheduling ancillary services, validating CAISO statements for load settlements, minimizing and managing real-time energy imbalance exposure, as well as managing a Congestion Revenue Rights (“CRR”) portfolio and bidding into the various CRR auctions. It is anticipated that the CAISO-required security deposit is the responsibility of the proposer. The cost of this deposit should be included in the proposer’s bid price.

Additionally, the proposer will be required to submit regulatory and compliance filings, such as monthly Resource Adequacy (RA) compliance reports, to the CAISO.

It is anticipated that the proposer will also be responsible for satisfying the various CAISO financial requirements and obligations (i.e., collateral obligations), as well as all applicable regulatory requirements imposed by the California Public Utilities Commission and the Federal Energy Regulatory Commission. Proposers must be certified by CAISO as a Schedule Coordinator, or must put forward a certified Schedule Coordinator that will be responsible for scheduling loads and resources under the proposal. If the proposer is not a certified CAISO service provider and will be putting forward a third-party to serve in this capacity, LACCE will require these proposers to submit responses that are co-signed by the anticipated service provider, verifying the intended business relationship and the anticipated scope of services to be provided.

b) Shaped Conventional Energy

Assist in procuring power supply requirements associated with the LACCE customer accounts. The proposer will be obligated to facilitate the delivery of energy in quantities sufficient to meet the needs of participating LACCE customers based on the proposers’ forecast of LACCE load requirements which will be informed, in part, by data obtained from the meter readings supplied by SCE.

c) Delivery Point

The proposer shall facilitate the delivery of the energy to the SCE Load Aggregation Point (“Delivery Point”) as defined by the CAISO. The proposer shall facilitate the shaping of energy deliveries to match the hourly load requirements of LACCE customers.

d) Ancillary Services

Assist in the procurement of all necessary ancillary services required in supplying the Shaped Energy to the Delivery Point. Ancillary Services shall include regulation service, operating reserves and any other services required by the CAISO.

e) Resource Adequacy Capacity

LACCE will need Qualifying Capacity to satisfy its Resource Adequacy Requirements (“RAR”) for both CAISO System and Local RAR resources. System RAR capacity is needed to meet 115% of the LACCE forecast monthly peak demand (“MW”). A portion of the Capacity supplied should qualify as Local Capacity in quantities sufficient to satisfy the Local Resource Adequacy Requirements applicable to LACCE. The proposer will facilitate the acquisition of all RAR needs of LACCE.

f) Financing and Risk Management

Proposers must develop a Risk Management Strategy for LACCE for procuring power supply throughout the phases described in Exhibit 1 for LACCE operations. The Risk Management Strategy shall address, at a minimum, Energy Products market price risk, Energy Products supplier risk, LACCE credit risk, and other risks typically incurred in the California wholesale bulk power markets.

g) Renewable Energy

Proposer will assist LACCE in obtaining the required renewable energy from qualifying renewable resources that meet the eligibility criteria for renewable resources (Eligible Renewable Resources) published by the California Energy Commission (CEC) for the Renewable Portfolio Standards (RPS) program. These renewable resources generally include power from qualifying wind, small hydroelectric, geothermal, biogas including landfill gas, digester gases and gas conversion or gasification technologies, direct combustion biomass, biodiesel power producing facilities, photovoltaic, solar thermal, fuel cells using eligible renewable fuels, qualifying municipal solid waste conversion, tidal current, ocean wave, and ocean thermal technology.

The renewable energy products must meet the delivery requirements established under Portfolio Content Categories 1 (PCC1) and 2 (PCC2) as defined under California’s RPS program. In order to enable LACCE’s compliance with the RPS, all renewable energy certificates associated with the requested renewable energy product volumes will be transferred to LACCE via the Western Renewable Energy Generation Information System (“WREGIS”).

LACCE will prioritize the procurement of energy from local renewable resources within the LACCE service territory. Proposers shall propose a strategy for developing and/or procuring local, renewable resources as part of their response.

h) Distributed Energy Resources

LACCE will work with state agencies and SCE to promote the deployment of Distributed Energy Resources (DER), such as rooftop solar and batteries, within LACCE's jurisdiction, with the goal of maximizing the use of the available incentives that are funded through retail rates and public goods surcharges as well as promoting DER throughout LACCE's service territory. Proposers must describe the approach they would take in promoting DER.

Term of the Agreement:

The term of the agreement is expected to begin in _____ and extend to _____.

Staff Report – Item 9

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 9: Authorize the Executive Director to Release Request for Proposals for Power Supply for Phase 1

Date: August 4, 2017

RECOMMENDATION:

Authorize the Executive Director to release the attached Request for Proposals (RFP), or one substantially similar to the attached, to procure power supplies for Phase 1 electric service delivery.

BACKGROUND AND DISCUSSION:

Phase 1 of LACCE service is scheduled to begin in January 2018 with the County's 1,700 municipal accounts in the unincorporated areas of the County. To meet the January 2018 launch date, LACCE must begin soliciting for power supply to satisfy the Phase 1 load requirements and begin electrical delivery. Approval of this item will authorize the Executive Director to issue a Request for Proposals to qualified vendors for the necessary power supply for Phase 1.

It is noted that the LACCE Board retains the authority to require a separate solicitation for Phases 2 and 3 in early 2018 or to negotiate with the Phase 1 vendor to amend their contract to provide power for Phases 2 and 3 if desired. If a separate vendor is selected for Phases 2 and 3, the LACCE Board also retains the authority to terminate the contract for Phase 1 power procurement and to negotiate to include the Phase 1 service in the contract of the selected vendor for Phases 2 and 3.

Request for Proposals Summary

Resource portfolio options – The RFP will request pricing for four separate resource portfolios:

- Option 1 – match SoCal Edison's level of renewable (about 33%)
- Option 2 – 50% renewable
- Option 3 – Maximum renewable percentage that matches SCE's base rate price
- Option 4 – 100% renewable

Los Angeles Community Choice Energy

Pricing submitted by vendors will be based upon market prices at the time the proposal is received by LACCE. Evaluation of proposals will be predicated on these initial prices. A preferred vendor will then be selected. The selected vendor will be permitted to refresh these prices just before Phase 1 launch based upon any changes in wholesale market prices and/or final resource portfolio options selected by LACCE for Phase 1 customers.

Term length – The RFP will request pricing for power supply based on a three-year contract. Three years was selected as a medium-term contract length that will ensure that LACCE will receive competitive bids from vendors when they respond to the RFP.

Contracting Process

Staff will evaluate proposals based on criteria established in the RFP to select a vendor who is most qualified to meet the needs of LACCE for Phase 1 power supply. Staff will negotiate a contract with the selected vendor, and return to the Board at the October Board meeting for approval of the final power supply contract. The contract will include a provision that allows the Executive Director to terminate the contract for convenience if necessary.

Attachments:

Attachment 1 - RFP for Power Supply for Phase 1

LOS ANGELES COMMUNITY CHOICE ENERGY

REQUEST FOR PROPOSALS

FOR THE

**PURCHASE OF POWER SUPPLY COMMODITY PRODUCTS AND
ANCILLARY SERVICES**

RFP RELEASE DATE: _____
RESPONSE DEADLINE: _____

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Overview

Los Angeles Community Choice Energy (“LACCE”) is seeking proposals for the purchase of power supply commodity products and related ancillary services to supply retail electricity requirements of customers of the LACCE Community Choice Aggregation Program (“CCA Program” or “Program”).

At full enrollment, peak demand and annual energy consumption for the LACCE Program are projected to be approximately 1 GW and 3,470 GWh respectively. LACCE’s retail service accounts are expected to total approximately 285,000.

LACCE anticipates enrolling prospective LACCE customers in three phases. These phases are illustrated on Exhibit 1 below.

Exhibit 1 LACCE Metrics					
Phase	Assumed Start	Eligibility	Total Customer Accounts	Total Load (GWh)	Annual Peak Demand (MW)
Phase 1	January 2018	Municipal Facilities	1,700	170	40
Phase 2	June 2018	Municipal, Commercial, and Industrial	27,000	1,950	463
Phase 3	Q4 2018	All Customers	285,000	3,470	1,000

Data for Phases 2 and 3 include accounts, load and peak from previous phases. Estimates assume a 95% and 85% participation rate for residential and non-residential customers respectively. Loads are expressed as wholesale load, including 7 percent transmission and distribution losses. Loads are presented on an annual basis assuming each phase would be run for a full year.

This Request for Proposals (“RFP”) is seeking proposals to reliably meet the electric supply commodity purchase and ancillary service requirements of the Phase 1 LACCE Program. The term of these requested products will be three years. Responsive proposals will accommodate LACCE’s anticipated service commencement date for Phase 1, which is expected to occur in January, 2018. This RFP seeks proposals for the following energy products and services necessary to support LACCE Phase 1 operation:

- Shaped or block energy
- RPS-eligible renewable energy
- Large hydroelectric generated carbon free energy
- Resource adequacy capacity

The power supply and ancillary services requirements for Phases 2 and 3 of LACCE operations will be the subject of subsequent RFPs. Respondents must submit proposals and indicative prices for the full set of requirements (all requested products and services) noted in this RFP.

This RFP will be conducted in accordance with the schedule set forth below. Final proposer selection will be contingent upon LACCE authorization to proceed with implementation of the Program.

RFP Schedule

Release RFP	_____
Deadline for Question Submittal	_____
Response to Questions	_____
Proposals Due	_____
Notification of Short List	_____
Begin Contract Negotiations	_____
Best and Final Indicative Pricing	_____
Contract Approval and Execution	_____

Overview of LACCE Power Supply Requirements

LACCE has specified four *representative* resource portfolios for LACCE Phase 1 customers, and has evaluated the impact of the varying levels of renewable and carbon free resources in LACCE’s portfolios. For each resource portfolio below, the share of energy sourced from renewable sources, and other (non-renewable) sources is specified. Renewable resources refer to resources that qualify under the State’s Renewable Portfolio Standards (“RPS”). At present, SCE’s power supply is roughly 35 percent renewable. LACCE wishes to offer four preferred resource portfolio options to its customers. These options follow:

- **Match SCE Renewable:** LACCE will match SCE’s renewable targets (currently 35%)
- **50% Renewable:** LACCE will offer 50% renewable energy
- **Maximize Renewables up to SCE current retail rate level:** Maximize renewable energy until LACCE generation rate equals SCE generation rate
- **100% Renewables:** LACCE will offer 100% renewable energy

Per the State’s RPS requirements, smaller scale renewable installations (e.g. rooftop solar) installed by LACCE customers are not counted in the renewable percentages shown in this RFP. Only power purchased and paid for by LACCE from RPS-eligible installations will count towards the renewable percentage.

Overview of Requested Pricing

This RFP is directed at Phase 1 LACCE loads only. Phases 2 and 3 power supply will be analyzed and acquired through a subsequent RFP process.

For Phase 1 customers, LACCE requests a three-year, firm price for the four resource portfolio options above. This firm price per portfolio option can be fixed for the three-year term or graduated annually. The proposer's initial response should be priced for the three-year period based upon market prices at the time the proposal is received by LACCE. Evaluation of proposals will be predicated on these initial prices. A preferred proposer will then be selected. The preferred proposer will be allowed to refresh these prices just before Phase 1 launch based upon any changes in wholesale market prices and/or final resource portfolio options selected by LACCE for Phase 1 customers.

Details of Requested Products and Services

For Phase 1, LACCE is requesting a turnkey "full requirements" type of contract where the proposer provides all the needed power supply commodity and ancillary service requirements to meet Phase 1 loads. For purposes of this contract, LACCE defines ancillary services according to the standard California Independent System Operator ("CAISO") definition: Regulation, Spinning Reserve, Non-Spinning Reserve, Voltage Support and Black Start together with such other interconnected operation services as the CAISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the CAISO Controlled Grid in accordance with WECC standards and Good Utility Practice¹.

LACCE is in the process of obtaining an independent California Independent System Operator ("CAISO") schedule coordinator and power supply services expert to provide scheduling coordinator services, assist LACCE in the mechanics of optimizing its power supply costs and ancillary services purchases, evaluate power procurement RFPs and provide general power supply consulting services. This current RFP is intended to provide the actual power supply commodity products and ancillary services needed to meet the needs of LACCE retail customers. It is anticipated that the successful proposer to this RFP will work closely with LACCE's scheduling coordinator to minimize LACCE's total supply costs.

Full requirements turnkey pricing for the four noted resource portfolio options is requested from proposers. Definitions of terms relevant to LACCE's power supply requirements follow:

1. Shaped Energy – Electric energy requirements, in specified volumes, associated with the LACCE Phase 1 customer load requirements. The selected proposer shall be responsible

¹ http://www.caiso.com/Documents/AppendixA_Definitions_asof_Apr10_2017.pdf

for electric energy delivery, as defined by the CAISO. Proposers shall bid a shaped energy profile where deliveries match the projected hourly load profiles of LACCE.

2. Renewable Energy – Energy and renewable energy certificates from qualifying renewable resources that meet the eligibility criteria established under California’s RPS program (also known as “Eligible Renewable Resources”), as published and occasionally updated by the California Energy Commission (“CEC”). Eligible Renewable Resources, as defined by the CEC, generally include electric generators utilizing one or more of the following technologies: wind, small hydroelectric (30 MW or less), geothermal, biogas including landfill gas, digester gases and gas conversion or gasification technologies, direct combustion biomass, biodiesel power producing facilities, photovoltaic, solar thermal, fuel cells using eligible renewable fuels, qualifying municipal solid waste conversion, tidal current, ocean wave, and ocean thermal technology.

LACCE seeks proposals that include renewable energy products meeting the delivery requirements established for Portfolio Content Category 1 (“PCC1”) and Portfolio Content Category 2 (“PCC2”), as defined under California’s RPS program. The specific annual volumes of PCC1 and PCC2 renewable energy will depend on which resource portfolio option is being priced. LACCE expects that all renewable energy certificates associated with the requested renewable energy product volumes will be transferred in a timely manner by the proposer to LACCE via the Western Renewable Energy Generation Information System (“WREGIS”).

3. Carbon Free Energy – LACCE seeks proposals for additional carbon free energy volumes to supplement the aforementioned renewable energy volumes. For purposes of this RFP, carbon free energy will be limited to unit-specific hydroelectric generators located within the Western Electricity Coordinating Council and deliverable to California, and accompanied with sufficient documentation to substantiate LACCE’s inclusion of such volumes under the reporting requirements of California’s Power Source Disclosure Program, including related hydroelectricity claims, on LACCE’s annual Power Content Label. All carbon free energy shall be scheduled for delivery to the CAISO in a manner that eliminates any financial risks to LACCE while ensuring that GHG emission benefits associated with such volumes are retained by LACCE.
4. Resource Adequacy Capacity – All proposals must contain resource adequacy (“RA”) capacity satisfying applicable requirements for the following capacity products: (1) SP 15 System RA; (2) Local RA; and (3) Flexible RA.

Delivery Term

The anticipated duration of any power purchase agreement entered into under this RFP will be three years and for Phase 1 load only. The term of the agreement is expected to begin on/around January, 2018 and extend to December 31, 2020.

Evaluation Criteria

Proposals will be evaluated based on the following list of criteria:

- Qualifications and experience of the respondent providing similar products and services, including the capability and experience of key personnel as well as experience with other public and/or private agencies (10%)
- History of successfully performing services for public and/or private agencies and other CCA's (17%)
- Financial viability of the respondent (7%)
- Cost to LACCE for the products and services identified in this RFP; (33%)
- Proposed approach, including a clearly demonstrated understanding of the intended scope of products and services to be provided (20%)
- Pertinent references (13%)

LACCE reserves the right to consider factors other than those specified above and to request additional information from any/all respondents as part of the selection process. Through issuance of this RFP, LACCE makes no commitment to any proposer and provides no guarantee that a contract will be awarded. LACCE reserves the right to discontinue this RFP process at any time for any reason. LACCE will bear no costs associated with the preparation of any proposals.

Financial and Operational Capabilities

The proposer must provide evidence of financial, technical and operational capabilities for delivery of the requested energy products and performance of the requested services.

The proposer or any guarantor must provide the following:

- Audited financial statements from the previous two years or a web-link where such information is accessible.
- If available, a credit rating from two of the following: Standard & Poor's, Moody's, or Fitch Investor Services from the most recent rating agency report.

Proposer should demonstrate access to reasonable levels of performance security, which shall be commensurate with the provision of requested products and services.

Proposer should demonstrate their qualifications in providing similar energy products and services within the CAISO control area.

Proposer should provide a minimum of three (3) references for current and/or prior agreements under which the respondent provided similar energy products and services to load

serving entities or retail customers, preferably within California.

Respondent Proprietary Information

Information submitted in response to this RFP will be used by LACCE or its designated representatives, including consultants, solely for the purpose of evaluating the proposals. Proprietary data should be specifically identified on every applicable page of the proposer's proposal; proposers should mark or stamp applicable pages as "Confidential" or "Proprietary." Reasonable care will be exercised so that information clearly marked as proprietary or confidential will be kept confidential, except as required by law or regulatory authority. LACCE, its employees and consultants will not be liable for the accidental disclosure of such data, even if it is marked.

Proposal Format

Proposal information should be organized into the following sections:

- Introduction and Executive Summary - Briefly describe the firm, its organization, key personnel, and operations, and provide similar information for any third parties that will be relied upon to provide the proposed services.
- Description of Proposed Services – Describe the proposed services and power supply sources.
- Financial, Technical, and Operational Qualifications – Demonstrate the firm's financial viability, qualifications, and experience in providing the proposed services. As noted above, include supporting financial statements, credit reports, references, description of sustainability practices and other relevant information.
- Master Agreement – Provide a proposed master agreement terms and conditions, or include statement indicating acceptance of LACCE's proposed master contract.
- Pricing – Provide indicative pricing for the four power products noted above. These products are for full requirements supply for a three-year term for Phase 1 loads. These products are:
 - Match SCE renewable levels – The product should mirror the SCE percentage of renewable energy for the three-year term. SCE's forecast percentage of renewable energy contained in its standard rates can be referenced at ??????.
 - 50% renewable – This product should contain 50% renewable energy consistent with the defined resources contained in the California RPS regulations.

- Maximize renewables up to where the resultant LACCE generation rate is equal to SCE's generation rate. This product should maximize the percentage of renewable resources up to the point where the resultant generation rate equals SCE's generation rate.
- 100% renewables – This product should contain 100% renewable energy for the three-year period.

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Reservation of Rights

LACCE reserves the right to change the requirements, due dates, and other CCA Program requirements as may be necessary for the development of the overall CCA Program.

Proposal Delivery

Proposals must be received by 2:00 P.M. Pacific Prevailing Time on _____ through electronic submission and shall be directed to the following point of contact:

Los Angeles Community Choice Energy
Phone: _____

Attention: _____
Email: _____

Inquiries regarding this RFP may be directed, in writing to _____ no later than _____.

Thank you for your interest in doing business with LACCE.

Sincerely,

Name
Address
Phone
Email

Attachments:

- Attachment A – Prospective Contractor References
- Attachment B – Prospective Contractor List of Contracts
- Attachment C – Prospective Contractor List of Terminated Contracts
- Attachment D – Sample Contract

Staff Report – Item 10

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 10: Authorize the Executive Director to Execute a Contract for Communication and Outreach Services

Date: August 4, 2017

RECOMMENDATION:

Authorize the Executive Director to solicit for the provision of communications and outreach services to the LACCE Authority and to execute, amend, and/or terminate for convenience if necessary contracts for those services in an amount not to exceed \$25,000 for the remainder of FY 17-18.

BACKGROUND AND DISCUSSION:

The Initial Budget for LACCE provides up to \$150,000 in expenditures for communication and outreach services for FY 17-18. Because LACCE immediately requires the services of an experienced firm to assist with program branding, website design and development, and related services as it begins operations, a contract in the amount of \$25,000 for these initial services is proposed.

It is noted that more robust outreach and communication services will be required in the future as LACCE prepares to service commercial and residential customers. As such, County staff are working with a contractor now to conduct a best practices assessment of the communication and outreach strategies of existing CCAs. The value of this contract is \$25,000 which, when combined with the proposed contract, leaves \$100,000 available in the future for additional communications services. LACCE staff anticipates returning to the Board in late 2017 or early 2018 for direction and authorization to begin an expanded outreach effort for phases 2 and 3 using the results of this best practices study.

Upon approval of this item, the Executive Director will solicit for and negotiate a contract for these services, and will report to the Board the contract terms once executed.

Staff Report – Item 11

To: Los Angeles Community Choice Energy Board of Directors

From: LACCE Staff

Item 11: Authorize the Executive Director to Execute Contracts for Necessary and Appropriate Legal Services

Date: August 4, 2017

RECOMMENDATION:

Authorize the Executive Director to solicit for the provision of legal services to the LACCE Authority and to execute, amend, and/or terminate for convenience if necessary contracts for those services in an amount not to exceed \$200,000 for the remainder of FY 17-18.

BACKGROUND AND DISCUSSION:

LACCE will require legal assistance in a multitude of areas that concern the operation of a community choice aggregation program, including: CPUC regulatory issues, the negotiation of energy and financial contracts, and general municipal and state law as it pertains to joint powers authorities. Contracting with experts in these fields ensures that LACCE operations will be compliant with applicable laws, and that it receives appropriate and sound advice on crucial regulatory and contracting matters.

The Initial Budget for LACCE provides up to \$200,000 in expenditures for legal services for FY 17-18. Upon approval of this item, the Executive Director, in consultation with County Counsel, will solicit for and execute contracts with qualified vendors for these services. The Executive Director will report the contract terms to the LACCE Authority Board upon execution. These time and materials contracts will rely on the use of specific task orders to manage costs. The contracts will include a clause providing for termination for cause or convenience with 30 days notice should the Executive Director or the Board seek other counsel in the future.