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TITLE:

ORANGE COUNTY POWER AUTHORITY - FEASIBILITY STUDY

DEPARTMENT: CITY MANAGER’S OFFICE

PRESENTED BY: LORI ANN FARRELL HARRISON, CITY MANAGER

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RECOMMENDATION:

Staff recommends the City Council authorize the City Manager and City Attorney to issue a non-disclosure agreement to release City of Costa Mesa load data from Southern California Edison (SCE) to the Orange County Power Authority (OCPA) to conduct a feasibility study to determine whether joining OCPA is mutually beneficial.

BACKGROUND:

The California State Assembly Bill 117 (AB117) enacted in 2002, gave cities and counties the ability to aggregate the electric loads of residents, businesses, and public facilities to facilitate the purchase and sale of energy. It allowed local governments to form Community Choice Energy (CCE) programs that offer an alternative electric power option to constituents currently served electric power by investor-owned utilities (IOUs). There are several CCEs throughout California with the intent to deliver competitive rates, promote local control, reduce greenhouse gas (GHG) emissions, increase renewable energy, and potentially enhance economic activity by creating local jobs.

Under the CCE model, local governments purchase and manage their community’s electric power supply, sourcing power from a preferred mix of traditional and renewable generation sources, while the incumbent IOU, in our case Southern California Edison, continues to provide distribution service. CCE is a customer opt-out program where the CCE provides power supply and behind the meter

services, including energy efficiency programs, net energy metering, or other programs that promote the deployment of distributed energy resources (DERs). This gives CCEs the opportunity to design and potentially reduce retail rates for their constituents, promote local economic development, and offer a cleaner power supply while building resilience.

History of OCPA

With start-up funding from the City of Irvine, the Orange County Power Authority (OCPA) was formed in 2020 to provide customers with an alternative power provider that may offer higher levels of 'cleaner' or 'greener' electric power than default levels offered by current providers, Southern California Edison (SCE) and San Diego Gas and Electric (SDGE).

In April 2022, OCPA began providing power to commercial customers in Irvine, Huntington Beach, Buena Park, and Fullerton. OCPA began providing power for residential customers in October 2022.

ANALYSIS:

The City of Costa Mesa previously considered joining OCPA. In early 2020, the City of Irvine sent invitation letters to Orange County Cities to initiate discussions on a potential CCE partnership. After much consideration, at the regular Costa Mesa City Council meeting on November 17, 2020, the City Council voted to have the City Manager and City Attorney negotiate the final terms of the CCE agreement with OCPA. However, due to the precedence of the COVID-19 pandemic, and the leadership structure of the OCPA at the time, the City did not execute an agreement with OCPA.

In early 2024, representatives from OCPA and several Council Members requested the reconsideration of an agreement between the City of Costa Mesa and OCPA given the experience gained by OCPA over the past four years since inception. In order to consider whether joining OCPA could be mutually beneficial, OCPA recommended conducting a feasibility study. To conduct a feasibility study, OCPA requires a non-disclosure agreement to facilitate the procurement and analysis of Southern California Edison (SCE) load data. The feasibility study is a basic first step to determine the potential benefits of joining OCPA.

According to OCPA, the procurement of Southern California load data takes approximately 12 weeks. Once the data is procured, OCPA would conduct an internal load data analysis and produce a feasibility study, which would take approximately six weeks. After the conclusion of the study, the results would be presented to the City Council, at which point a determination could be made as to whether the City should further evaluate joining the joint powers authority for the community's benefit.

ALTERNATIVES:

City Council may choose not to authorize the non-disclosure agreement.

FISCAL REVIEW:

The Finance Department has reviewed the report and concludes that there is no fiscal impact of authorizing an NDA for the purpose of conducting a feasibility study.

LEGAL REVIEW:

The City Attorney's Office has reviewed the report and approves it as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the City Council's goal to Advance Environmental Sustainability and Climate Resiliency.

CONCLUSION:

Staff recommend the City Council authorize the City Manager and City Attorney to develop a non-disclosure agreement to release City of Costa Mesa load data from Southern California Edison (SCE) to the Orange County Power Authority (OCPA) in order to conduct a feasibility study.