



Honorable Mayor and Members of the Hermosa Beach City Council

**RECOGNIZING OCTOBER 2, 2024 AS CALIFORNIA CLEAN AIR DAY AND UPDATE
ON CLEAN POWER ALLIANCE TRANSITION IN HERMOSA BEACH**

(Environmental Programs Manager Doug Krauss)

Recommended Action:

Staff recommends City Council receive and file an update on the City's transition to Clean Power Alliance (CPA) of Southern California to provide improved renewable energy options to the City and its energy users.

Executive Summary:

In March 2024, Clean Power Alliance (CPA) of Southern California transitioned Hermosa Beach customers to 100% renewable energy (Green Power). At the July 9, 2024 City Council meeting, Councilmember Saemann requested, and Councilmember Justin Massey supported, directing staff to return to City Council with an update regarding the City's transition to CPA. The following provides general information on the customer transition including how many customers opted out of the program or to another rate level. Staff will also present additional programs now available to Hermosa Beach customers.

Background:

In 2006, the City of Hermosa Beach endorsed the U.S. Mayors Climate Protection Agreement, also known as the "Cool Cities Program," committing to the greenhouse gas (GHG) emissions reductions outlined in the Kyoto Protocol. This commitment led to the creation of a Sustainability Plan in 2011, followed by both a Carbon Neutral Scoping Plan and a Municipal Carbon Neutral Plan in 2015 (**Attachment 1**). PLAN Hermosa, completed in 2017, incorporates many of these strategies and outlines the steps the City should take to meet its emission-reduction goals.

The State of California set its GHG reduction targets through AB 32 and Executive Order S-3-05, requiring local governments to reduce emissions by 15 percent below 2005 levels by 2020. PLAN Hermosa established the following targets for the City:

1. A community emissions reduction target of at least 66 percent below 2005 levels by 2040; and
 2. A municipal emissions reduction of 80 percent or more below 2005 levels by 2030.
- Municipal emissions result from City-owned facilities and operations, while community emissions stem from all privately-owned facilities and activities within the City, including

residential and commercial sectors. While the City has greater control over municipal emissions, community emissions represent a larger share, arising from a more varied source.

Before joining CPA, the City took several steps to reduce emissions, including:

- Installed 33 electric vehicle chargers citywide, 27 of which are available for public use and 6 for City fleet.
- Installed a 99 kilowatt (kW) solar photovoltaic system on the Community Center.
- Retrofitted over 900 streetlights with LED technology, reducing energy consumption by approximately 360,000 kilowatt hours (kWh) over the last three years.
- Updated its Clean Fleet policy in 2017 to support the transition to zero and low-emissions vehicles and equipment, in line with the City’s carbon reduction goals.

Despite this progress, the City needed do more to meet the targets set in PLAN Hermosa. According to the City’s emissions inventories, community energy use, both residential and commercial, contributed approximately 40 percent of overall GHG emissions. Transitioning to 100 percent renewable sources for energy, compared to Southern California Edison’s (SCE) current default service of approximately 36 percent renewable energy, is projected to reduce the City’s emissions instantly by approximately 40 percent, significantly advancing both municipal and community emissions reduction goals.

On September 28, 2022, City Council approved the City of Hermosa Beach joining CPA, California’s largest community choice aggregator, serving 35 agencies across Los Angeles and Ventura counties. CPA operates a Joint Powers Authority (JPA) and each member agency has a representative on the Board of Directors. On March 14, 2023, Council appointed Councilmember Justin Massey as the City’s representative to the CPA Board, which determines the CPA’s programs, rates, and policies with guidance from CPA staff.

After transitioning to CPA, customers continue receiving bills from SCE, but they now include CPA charges. CPA offers three energy options: Lean Power (40 percent clean energy, similar to SCE’s base product), Clean Power (50 percent clean energy), and 100 percent Green Power (100 percent renewable energy). On October 25, 2022, Council approved the 100 percent renewable Green Power as the City’s default option.

Past Board, Commission, and Council Actions

Meeting Date	Description
<u>November 18, 2014</u>	Hosted Study Session and approved Feasibility Study to Explore formation of a CCA.
<u>February 24, 2015</u>	Accepted Carbon Neutral Municipal Plan.
<u>August 22, 2017</u>	Adopted Plan Hermosa.

Meeting Date	Description
November 6, 2021	Hosted Council Retreat to discuss emissions reductions strategies and directed staff to return to Council with CCA options and recommendations.
January 25, 2022	Approved funding a feasibility study with CPA and transitioned City facilities to SCE's 100 Green Rates.
September 28, 2022	Introduced an Ordinance Approving a JPA to join CPA.
October 11, 2022	Adopted Ordinance Approving JPA to join CPA.
October 25, 2022	Approved the 100 Percent Renewable Energy Default Rate.
March 14, 2023	Appointed representative to serve on CPA Board.
July 9, 2024	Councilmember Saemann requested, and Councilmember Justin Massey supported, directing staff to return to City Council with an update regarding the City's transition to CPA.

Discussion:

Following City Council approval, Hermosa Beach customers were transitioned from SCE accounts to CPA in March of 2024. Monthly mailers were sent to all customers from January through May 2024, announcing the transition and providing details on how to obtain more information. The mailers informed customers about their options to either opt out of CPA and remain with SCE or switch from the default 100 percent renewable Green Power rate to one of the other two available options: Clean Power (50 percent renewable) or Lean Power (40 percent renewable).

As of September 2024, 6.6 percent of Hermosa Beach customers, including both commercial and residential customers, have opted out of CPA. For comparison, the combined opt-out rate for Hermosa Beach, Monrovia, and Santa Paula—cities that joined CPA in 2024—is 8 percent, while the overall opt-out rate across all 35 CPA agencies is 7 percent. Additionally, only 3.2 percent of Hermosa Beach customers opted down to a rate level other than 100% renewable Green Power.

CPA offers several new and ongoing programs and incentives to Hermosa Beach CPA customers and member agencies including:

- Rebates for residential battery storage;
- Bill discounts for income-qualified customers;
- Demand response programs for both residential and commercial customers;
- Support and funding for members agencies implementing electric vehicle charging, solar installations, and building electrification projects; and
- Workforce development programs.

Information regarding these programs is available on the Clean Power Alliance website at cleanpoweralliance.org.

By switching to 100 percent renewable sources for energy, the City achieved its goal of reducing GHG emissions by approximately 40 percent, resulting in a 65 percent reduction in municipal operations emissions and a 54 percent reduction in community-wide emissions.

The City will continue implementing additional sustainability measures and inventorying its emissions in line with the GHG reduction goals outlined in PLAN Hermosa. Current initiatives include upgrading HVAC systems; retrofitting lighting; and adopting greener construction practices. Planned upgrades to the Clark Building will incorporate electric appliances, solar panels, and battery storage. As a CPA member agency, Hermosa Beach may benefit from partnerships with CPA, leveraging their technical expertise, industry relationships, and collective purchasing power to advance these initiatives.

General Plan Consistency:

This report and associated recommendations have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

Sustainability and Conservation Element

Goal 1. Hermosa Beach is a low-carbon municipal organization, reducing greenhouse gases at a rate that meets or exceeds 80% below 2005 levels by 2030.

Policy:

- ***Low-carbon municipality.*** Demonstrate environmental leadership and reduce greenhouse gas emissions from municipal facilities and operations by at least 80% below 2005 levels by 2030.

Goal 2. Hermosa Beach is a low-carbon community meeting State greenhouse gas reduction goals by 2040.

Policy:

- ***2.1 State targets and goals.*** Reduce greenhouse gas emissions at a rate that meets long-term State targets and goals to reduce emissions by at least 66% below 2005 levels by 2040.

Fiscal Impact:

There is no fiscal impact associated with the recommended action.

Attachment:

Municipal Carbon Neutral Plan

Respectfully Submitted by: Doug Krauss, Environmental Programs Manager

Reviewed by: Angela Crespi, Deputy City Manager

Approved: Suja Lowenthal, City Manager