

STAFF REPORT

City of Lancaster

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Date: September 13, 2022

To: Mayor Parris and City Council Members

From: Jason Caudle, City Manager

Subject: Lancaster Energy – 2021 Power Content Label and Attestation

Recommendation:

Provide the attestation specified under California’s Power Source Disclosure (PSD) Program, which requires the governing council of a public agency providing retail electric service to endorse the accuracy of each annual report and power content label, as submitted to the California Energy Commission, for the previous year. In the case of Lancaster Energy (LE), such attestations will be based on the California Choice Energy Authority’s (CalChoice) technical review and will address the 2021 Annual Reports and Power Content Labels (PCL) prepared for the LE community choice aggregation (CCA) program.

Fiscal Impact:

None.

Background:

California Public Utilities Code requires all retail sellers of electric energy, including LE to disclose “accurate, reliable, and simple-to-understand information on sources of energy” that are delivered to their respective customers via an annual Power Content Label (PCL). The PCL is analogous to a nutrition label, conveying information regarding the various power sources/products that are procured on behalf of each retail electricity customer. California’s retail electricity sellers, including LE, will each have unique PCLs based on internally adopted procurement policies and related power purchases that were completed during the reporting year. The PCL format is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers – the CEC administers these requirements under California’s Power Source Disclosure Program.

Information presented in each PCL includes the proportionate share of total energy supply related to specific fuel sources/resource categories, including both renewable and conventional generating technologies. If a retail seller procures a certain percentage of its energy requirements from the market at large (meaning, sources of power that cannot be traced back to a specific generator), the PCL must identify such purchases as “unspecified sources of power”. It is very common for most retail electricity sellers to utilize “unspecified source of power.”

In accordance with statewide mandates and internally adopted planning targets, LE procured a substantial portion of its electric energy supply from generating resources utilizing various renewable fuel sources in 2021. Renewable fuel sources may include biomass & waste,

hydroelectricity, solar, geothermal and wind. For LE Clear Choice customers, 31.2% of total energy supply was sourced from renewable energy resources. LE Smart Choice customers, 100% of energy deliveries were sourced from renewable energy resources. Recent changes to power source disclosure regulations have also altered the manner in which certain renewable energy purchases must be reported/reflected on the PCL. More specifically, “unbundled” renewable energy certificates (meaning, renewable energy attributes that are sold/purchased separately from associated electric power) must now be displayed outside the area in which “bundled” renewable energy purchases (meaning, renewable energy attributes that are sold/purchased with associated electric power) are reported. This adaptation to the PCL format may result in some customer confusion, as determining the total quantity of renewable energy purchased on behalf of each customer now requires the summation of two values: “Eligible Renewable”, plus “Percentage of Retail Sales Covered by Retired Unbundled RECs”. LE is prepared to answer related question, should they arise.

Consistent with applicable regulations, all customers currently enrolled in the LE program will soon receive the PCL via U.S. mail.

To fulfill its Power Source Disclosure Program reporting obligations for 2021, LE as a public agency, must provide the CEC with the City Council’s attestation regarding the accuracy of information included in the annual Power Source Disclosure Report (submitted to the CEC earlier in 2022, according to the applicable reporting deadline) and PCL, consistent with the following element of PSD Program regulations.

A retail supplier that is a public agency providing electric services is not required to comply with the provisions of subdivision (a)(1) if the board of directors of the public agency submits to the Energy Commission an attestation of the veracity of each annual report and power content label for the previous year.

In the following excerpt from applicable regulations, subdivision (a)(1) refers to a third-party audit, which is not necessary for public agencies, including the City.

While developing LE’s PCL, California Choice Energy Authority (CalChoice) and its technical consultants performed a detailed review of all power purchases completed for the 2021 calendar year. The review performed by CalChoice and its technical consultants found no inaccuracies or inconsistencies in such information, which was subsequently entered in LE’s annual Power Source Disclosure report(s) and PCL. To fulfill its attestation requirements for 2021, Council is being asked to provide an attestation covering both the PCL and associated Annual Report(s), as specified in the excerpt above – both elements of the PSD Program reflect information that was consistently and accurately presented for the LE CCA Program.

Based on reviews previously completed by staff and CalChoice’s technical consultants, staff is requesting that your Council provide the requisite attestation at this time.

Upon approval, a copy of this staff report and related meeting minutes will be forwarded to the CEC, thereby completing LE's attestation requirements under California's Power Source Disclosure Program for the 2021 calendar year.

Attachments:

LE 2021 Power Content Label

LE Clear Choice 2021 PSD Annual Report

LE Smart Choice 2021 PSD Annual Report