

STAFF REPORT

City of Lancaster

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Date: September 12, 2023

To: Mayor Parris and City Council Members

From: Jason Caudle, City Manager

Subject: Lancaster Energy – 2022 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 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 2022 Annual Reports and Power Content Labels (PCL) prepared for the LE community choice aggregation (CCA) program.

Fiscal Impact:

There is no fiscal impact associated with this action.

Background:

The PCL is analogous to a nutrition label, conveying information regarding the various power sources/products 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, statutory procurement mandates, and related power purchases completed during the reporting year.

The PCL format is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers – the California Energy Commission (CEC) administers these requirements under California’s Power Source Disclosure Program. Data presented in each PCL includes the proportionate share of total energy supply related to specific fuel sources/resource categories, including renewable and conventional generating technologies.

An emission factor for each retail service offering, as calculated using the CEC’s prescribed methodology, is also provided in the PCL. If a retail seller procures a certain percentage of its energy requirements from the market (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 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 2022. Renewable fuel sources may include biomass waste, hydroelectricity, solar, geothermal, and wind. For LE Clear Choice customers, 38.6% of the total energy supply was sourced from renewable energy resources. For LE Smart Choice customers, 99.7% of energy deliveries were sourced from renewable energy resources, including bundled and unbundled renewable energy products.

Recent changes to power source disclosure regulations have also altered how 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 questions should they arise.

To fulfill its Power Source Disclosure Program reporting obligations for 2022, LE, as a public agency, must provide the CEC with the City Council’s attestation regarding the accuracy of the information included in each 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.

The above excerpt from applicable regulations, subdivision (a)(1) refers to a third-party audit, which is unnecessary 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 2022 calendar year. The study conducted 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 2022, the Council is being asked to provide an attestation covering both the PCL and associated Annual Reports, 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. Consistent with applicable regulations, all customers currently enrolled in the LE program will soon receive the PCL via U.S. mail.

Based on reviews previously completed by staff and CalChoice's technical consultants, staff requests that the Council provide the requisite attestation. Upon approval, a copy of this staff report and related meeting minutes will be forwarded to the CEC, completing LE's attestation requirements under California's Power Source Disclosure Program for the 2022 calendar year.

Attachments:

LE 2022 Power Content Label

LE Clear Choice 2022 PSD Annual Report

LE Smart Choice 2022 PSD Annual Report