COMMUNITY CHOICE AGGREGATION SUBCOMMITTEE RESEARCH/RESPONSES TO COUNCIL AND CITIZENS QUESTIONS

Topic: Questions regarding cities that have exited or plan to exit CCAs

1. Why did Huntington Beach (HB) exit their CCA? What were their penalties/costs for doing so?

   Huntington Beach voted to withdraw from Orange County Power Authority (OCPA) on **May 16–17, 2023** citing governance, transparency and financial concerns at OCPA. On October 23, 2023, HB moved residents to lower renewable less costly rate. HB service ended by **2024** per OCPA and news reports. LATimesOrange County Power Authority

   On September 23, 2024, OCPA determined the Stranded Resource Adequacy costs purchased for HB customers, and administrative, legal and other costs totaling $7,032,108 were offset by the costs saved from the October 2023 shift to lower cost resources which saved OCPA $7,467,753 resulting in no remaining liability for the departure of HB.

2. Why was Irvine considering an exit from OCPA? What are their potential penalties/costs?

   Irvine voted to withdraw from OCPA in December 2024. Irvine cited oversight, governance and financial concerns when it voted to leave. Specific exit costs were undetermined at the time of the vote; the JPA's continuing-liability clauses govern allocation of costs (e.g., power contracts, other obligations) and require an orderly withdrawal.

   September 9, 2025 Update: The Irvine City Council voted on September 9, 2025, to rescind their notice to withdraw. They remain a member of OCPA.

3. What is the process for a City to exit a CCA?

   CCA Joint Power Agreements (JPA) control withdrawal by Members.

   The San Diego Community Power Authority (SDCP) JPA §8.1.1 requires any JPA member to provide ≥180 days' notice of intent to withdraw membership with withdrawal effective at the start of the fiscal year.

The Clean Energy Alliance (CEA) JPA §8.1.1 requires any JPA member to provide at least one year's notice (unless the CEA board approves a shorter notice period) of its election to withdraw its membership.

Both JPAs include "Continuing Liability; Further Assurance" clauses which hold a withdrawing party responsible for its share of contracts/obligations procured by the JPA for the customers within the withdrawing Paty's service territory. However, both JPAs provide that any claims, demands, or liabilities covered hereunder, be funded from the rates paid by CCA customers within the withdrawing Party's service territory and NOT from the general fund of the withdrawing Party itself. Costs to the exiting customers to return to their provider of last resort, if any, are handled under SDG&E Rule 27 (utility transition rules/fees).

Rule 27 requires CCA customers that wish to leave a CCA after the opt-out period has expired to give SDGE 6 months' notice of intent to return and commit to 12 months of bundled SDGE electric service.

Topic: Resource Adequacy (RA) requirements

4. Why were CEA and SDCP penalized for non-compliance with RA requirements?

The CPUC adopted Resource Adequacy (RA) Requirements in 2004, to ensure the reliability of electric service in California. The program requires every load servicing entity (LSE) to show they have adequate resources to meet their demand forecast plus a planning reserve margin (PRM). Existing statewide RA shortages have made it difficult for newer market entrants, including CCAs, to meet local RA and system RA requirements. A California Community Choice Association Report: California's Constrained Resource Adequacy Market: Ratepayers Left Standing in a Game of Musical Chairs lists the following reasons for the tight RA market in California:

- "Weather conditions are more extreme, increasing load and reducing generation output.
- Hydro resource availability has declined under drought conditions.
- New resources are delayed due to permitting, interconnection, and supply chain challenges.
- The entire Western region is constrained, reducing the availability of imports to California and risking increased exports of California resources to meet other Western region requirements (e.g., Western Resource Adequacy Program (WRAP)).
- The CPUC has reduced the ability of LSEs to meet RA requirements with clean energy resources such as wind and solar."

- The CPUC authorized California's Investor-Owned Utilities (IOUs) to exceed their planning reserve margin targets for summer months, reducing RA supply for competing LSEs.
- Unnecessarily restrictive requirements for energy imports, resulting in reduced availability of imports to the CPUC-jurisdictional RA market".

Additionally, inadequate transmission availability in San Diego and Imperial Counties has been cited by CEA, SDCP and SDG&E as an additional hinderance to RA compliance.

5. What were the Resource Adequacy penalties applied to CEA, SDCP and SDG&E?

The chart below lists CPUC RA Finees assessed, RA Compliance waivers applied and granted, and one pending SDCP Appeal filed.

Year	SDGE	CEA	SDCP
2018	Local RA Waiver granted		
2019			
2020	Local RA Waiver granted		$581,818 Fine
2021			$388,288 Fine $62,979 Fine
2022			Local RA Waiver granted
2023			Local RA Waiver granted
2024	$1,500 Fine	$2,519,345 Fine	$8,489,956 Fine
		$35,431 Fine	Fine Appealed

6. How do the CCAs intend to correct RA deficiencies in the future?

CEA, SDCP and SDG&E have issued numerous Requests for Proposals (RFPs) identifying the quantity, and delivery point for the LSE's RA requirements. All have done the same for the next 3 years. While specifics have not been made publicly available as to price and project status windows, each CCA must seek approval from their governing board to issue new RFPs and seek authority to work with successful offers to get plants constructed and interconnected within timeline required for RA obligations.

7. What would it take for CCAs to demonstrate to CPUC that they comply with RA requirements?

Compliance is shown by timely CPUC RA filings to demonstrate compliance through earlier and more multi-year RA procurement efforts through the RFP process,

diversification of resources to include energy storage, demand reduction measures, and firm import resources and tighter month-ahead processes. CEA and SDCP Boards have both approved numerous RFPs and approved new contracts to meet their RA requirements. The remaining issue is whether the projects can overcome the local San Diego issues for construction, interconnection and transmission, and will come online within the dates required. If still unable, both CCAs and SDG&E can follow all rules to apply for a fee waiver for any shortage. SDCP has already preemptively requested Local RA waivers for the years 2025 through 2027. No decision has been made to date.

8. Is there something CCAs haven't done in the past that they'll need to do in the future to comply with RA requirements?

   The CPUC has adopted a new 24-hour "Slice-of-Day" (SOD) standard, with sufficient capacity procured across *all* hours of the highest demand day plus PRM which requires more specifics in RA compliant filings. This is an added complexity.

Topic: Renewable Energy Certificates

9. What is a renewable energy certificate /renewable energy credit?

   A Renewable generation facilities serving California load may be located anywhere within the Western Electric Coordination Council (WECC) region and sell energy and renewable energy credits (RECs) to a California retail seller of electricity to meet the LSE's renewable portfolio standards (RPS) obligation, provided the facility meets all RPS-eligibility criteria established by the California Energy Commission (CEC). The CEC's 10th RPS Eligibility Guidebook is available here.

   To prove electricity claimed to be renewable did in fact come from a qualified renewable generator and was transmitted to the reporting LSE, WECC, uses the Western Renewable Energy Information System (WREGIS) to track the electricity from generator to receiving LSE. WREGIS issues one (REC) for each Megawatt Hour (MWh) of qualifying electricity sent to the LSE.

10. What is the difference between bundled and unbundled RECs?

    California's RPS program separates and defines LSE's RPS obligations into three portfolio folio content categories (PCC):

    Category 1: Renewable energy and RECs from the facilities with a first point of interconnection within a California Balancing Authority (CBA), or facilities that schedule electricity into a CBA on an hourly or sub-hourly basis.

    Category 2: Renewable energy and RECs with incremental electricity, and/or substitute energy, from outside a CBA. Generally, Category 2 RECs are generated from out-of-state

renewable facilities and require a Substitute Energy Agreement that details the simultaneous purchase of energy and RECs from an RPS eligible facility.

Category 3: RECs that do not include the physical delivery of the energy that generated the REC. Generally, Category 3 RECs are associated with the sale and purchase of the RECs themselves, not the energy.

Category 1 RECs are bundled. Category 3 RECs only represent the renewable component of 1 MWh of electricity that is purchased by the LSE. The underlying electricity has been sold separately to a different purchaser without its renewable quality. Category 3 is an unbundled REC. Renewable energy and RECS that do not fully first interconnect to a California CBA but goes through other transmission paths, are not eligible for Category 1, but the renewable energy does qualify for Category 2.

The California Public Utilities Commission RPS Procurement Rules are available here.

11. Do all utilities use RECs?

    Yes, all renewable electricity requires a WREGIS REC to identify what type of electricity is being delivered. If the question intended is "Do all LSEs use some amount of Category 3 unbundled RECs?" the answer is currently, yes, SDG&E, CEA, and SDCP all use some Category 3 RECs, up to the allowable 10% limit.

12. What is the percentage of unbundled RECs used by each CCA?

    Both CEA and SDCP have provisions in their Formation documents that limit the use of unbundled RECs to meet their RPS requirements.

    In 2023: SDCP reported Unbundled RECs = **5%** for "PowerOn"; **0%** for "Power100".
    CEA reported unbundled RECs = **4%** for "Clean Impact" and "Green Impact"; **0%** for "100% Clean Impact."

13. If a utility uses RECs, does it mean that they are still using the same fossil fuel powered electricity otherwise transmitted by SDG&E?

    Yes and No. As explained in Question 9 above LSE's use RECs to prove there was a MWh of renewable energy created. Only the RECs in PCC 3 may be used with fossil fuel created electricity and only up to 10%.

Topic: Use Type Definitions

14. How is small commercial defined? How would that affect small Coronado businesses?

SDG&E uses non-residential tariffs such as Schedule A – Small General Service (Non-Residential) and AL-TOU for demand-metered service; small Coronado shops/offices most often fall on Schedule A or AL-TOU depending on load profile and metering. Those accounts would default to the CCA upon enrollment (opt-out available).

CCAs retain the SDGE customer definitions but have different rates. Attachment (6) shows the 2025 Joint Rate Comparisons in all schedules for SDCP and SDGE. Attachment (7) shows an illustrative SDGE-SDCP 2026 Rate Comparison for small commercial rates. Attachment (8) shows the 2025 Joint Rate Comparison for SDGE and CEA rates including small commercial. Customer details for each tariff are based on SDG&E definitions to allow direct rate comparisons.

15. How would most Coronado single-family homes be classified?

SDG&E has several residential tariffs with differences based on time of use, whether the customer has a net energy metering contract for a customer solar system, or whether the customer is on a lower cost plan because they qualify for reduced rates or have an electric vehicle charging rate for a level two charger. Both CCAs have equivalent tariffs for like customers. Most single-family homes without a special plan fall under Schedule DR / TOU-DR (time of use residential rate); those customers would be auto-enrolled in the CCA's generation default product with the same SDG&E delivery charges.

CEA automatically places all customers that do not qualify for low-cost CARE or FARE rates into their CEA Clean Impact Plus rate plan (50% Renewable + 75% carbon free) rate for residential customers.

SDCP standard DR rate is SDCP Power Base (45% renewable). SDCP also has a SDCP PowerOn rate (51.1% renewables and 4.3% carbon free).

Both CCAs residential rates are less than or equal to SDG&Es Residential Rates. For SDCP rate comparisons, *See* Attachments (1) and (2) to the CCA Subcommittee Report.

Topic: SDG&E Questions

16. How does SDG&E plan to increase its renewable energy content to meet state mandates?

    Through ongoing RPS/IRP procurement (renewables + storage), per SDG&E's RPS Plan and the 2024 IRP RFO focused on new clean resources and storage.

17. Has SDGE's renewable content gone down because of CCA competition?

    SDG&E's renewable content has fluctuated but remains above the state-required percentage at this time. SDG&E's Power Content Label (PCL) eligible-renewables share fluctuates year-to-year (e.g., 2022 vs. 2023) for multiple reasons (resource output, multi-year contracts, load migration). The PCL shows delivered portfolio—not necessarily a causal effect from CCAs alone. (See SDG&E 2023 PCL and prior year PCLs.) SDGE

18. Would joining a CCA affect the City's ability to secure funding support from SDG&E for undergrounding projects?

    No. CCAs replace SDG&E's former generation procurement only. SDG&E retains the responsibility to provide transmission and distribution delivery services. Residential undergrounding is a distribution matter.

Topic: CCA Community Reinvestments

19. How have the CCA's reinvested in member cities? Can we provide specific examples and grant values?

    Both CCAs reinvest revenues to keep electricity costs lower for all customers.

    SDCP- Community Grants & Member Agency Grants –
    SDCP went through a two-year community outreach program to identify what SDCP ratepayers prioritized as goals for SDCP potential programs. Near term programs adopted included providing assistance to qualifying customers to apply for CPUC and CEC programs including Disadvantaged Communities- DAC-SASH readiness, DAC-GT/CSGT community solar and Solar Battery Savings. SDCP signed a $2.4 million DERMS contract (2024–2027) to support flexible load programs and adopted a Feed-in-Tariff (FIT) which would accept FIT contracts up to 6 MW with 10/15/20-year terms.

In 2024 and 2025 SDCP had a solar + battery program. (Receive performance incentive payments when your battery supports the grid on weekdays between 4 p.m. and 9 p.m., when electricity is in high demand and most expensive. Enrolled customers are required to discharge 50% of their battery during the weekday dispatch window to power their home and support the local grid.

Additionally, SDCP allocates member agency grants of $50,000 per member agency. The amount is not tied to population size or average customer income levels.

CEA- Community Grants and Member Agency Programs-CEA adopted a FIT program for renewable generators from 500 kW–1 MW in size with a total program cap of 2 MW). CEA also adopted a demand response program and a solar+storage program to allow customers to adopt behind the meter solar and batteries in the CEA net metering program. After soliciting public input CEA is investing resources to lower rates while still balancing financial reserves to maintain and improve credit rating.

20. <u>What was the amount of the SDCP City of Imperial Beach grant?</u>

    The member agency grant is $50,000, the same as allocated to Chula Vista.

21. <u>Would Coronado qualify for grants/reinvestments? Would there be any disadvantaged community, demographic, or income limits on those programs?</u>

    SDCP- Coronado would be eligible as part of CCA membership for the $50,000 grant program. However, some programs (e.g., DAC-SASH, DAC-GT/CSGT) are *restricted* to disadvantaged/low-income customers by CPUC rules; general member-agency grants are not DAC-limited. However, programs like solar + storage incentives may be available to Coronado residents.

    CEA- does not have specific member agency allocations. Customer programs may be restricted to certain state requirements. However, programs like solar + storage incentives may be available to Coronado residents. The last round had customers from all 7 jurisdictions approved for grants.

Topic: Net Energy Metering

22. Could future changes to net metering rules affect consumers differently if they're enrolled in a CCA?

    Yes- There is nothing to prevent regulatory change for NEM program requirements as explained below but currently CEA and SDCP offer programs equivalent to SDG&E with slightly better reimbursement rates for NEM customers. California's regulations concerning reimbursement rates for customer distributed generation (usually solar) sent back to the grid have changed three times.

    The first reiteration, known as NEM 1.0, required Investor-Owned Utilities (IOUs) to track the kWh of electricity a customer took from the LSE and net the amount against the kWh of electricity the customer exported from their solar system to the grid. The monthly net amounts would be carried over from month to month and at the one-year mark, a true-up would be calculated, and the customer would either receive a bill if they used more kilowatt hours (kWh) than they produced, or would receive a check if the customer sent more kWh to the grid then they used. The distributed generation customer and the IOU would sign a contract for 20 years establishing the NEM rate and requirements once SDG&E approved the interconnection for the customer's solar system. Under NEM 1.0 the kWh value the customer received for their excess generation was the same as the kWh charge the customer would pay for electricity the customer purchased, even though the customer was not providing all the same attributes/benefits to the grid they were receiving from the grid.

    To avoid subsidization, the CPUC established a NEM 2.0, which paid an established kWh reimbursement rate closer to the actual benefit to the grid rather than the reciprocal benefit in NEM 1.0. To protect the incentive to install solar and the payback length, existing customers under a NEM 1.0 contract kept their rates and contract terms for the remainder of their 20-year initial contract term. The NEM 2.0 customer contracts still allow netting of the kilowatt hours received from the grid with the kWh the customer sent back to the grid each month but the kWh reimbursement rate was not the reciprocal generation rate charged by the LSE, but a new rate closer to the actual value to the grid, calculated by true up month.

    At the time the NEM 2.0 regulations were being developed, a separate CPUC proceeding was introduced to determine a minimum monthly charge and nonbypassable charges, that all customers should pay just to be connected to the grid regardless of electricity purchased. The new minimum and nonbypassable charges applied to distributed generation customers under their 20-year NEM 1.0 and NEM 2.0 contracts.

The current NEM 3.0 rate is known as the Net Billing Tarriff (NBT) or Solar Billing Plan (SBP). SBP does not credit excess energy sent to the grid at the same kWh time of use rate the customer pays to the IOU. Instead, the LSE computes an average kWh rate over 24 hours the LDC pays at wholesale to purchase energy. NBT customers still net their energy usage and pay nonbypassable and minimum charges.

23. What are the differences between SDCP, CEA and SDGE NEM programs?

    Per CPUC regulations customers with existing NEM contracts should be allowed to transfer their contracts for the remaining years on the contract.

    Both CCAs allow customers to move their existing NEM contract terms. To encourage customer self-generation, both CCAs provide additional net surplus compensation to the solar customer for electricity sent to the grid greater than what SDG&E provides.

    SDCP adds **$0.0075/kWh** more than the SDG&E export credit.
    CEA adds **$0.01/kWh** more than the SDG&E export credit.

24. What are the differences between their "true-up" processes for net metering?

    SDG&E computes the customer's monthly NEM total and rolls overages and underages to the next month until the final 12-month net total. If after 12 months the customer was a net generator, SDG&E and SDCP will pay the net amount per kWh as discussed above.

    Both SDCP and CEA default to NEM monthly true ups but customers can request annual billing and true up.

Topic: CCA Joint Powers Agreement

25. Does the JPA agreement outline potential risks and penalties if the City chooses to exit in the future?

    Yes—both CEA and SDCP JPAs contain "Continuing Liability; Further Assurance" clauses that keep a withdrawing city responsible for its share of contracts/obligations and require an orderly withdrawal to avoid harming remaining customers.

26. Is there a way to estimate the potential risks/penalties/costs of exiting before signing an agreement?

    Yes—by (1) reviewing the JPA's allocation formula and "continuing liability" language, (2) requesting a pro forma from the CCA showing Coronado's projected share of long-term contracts/reserves, and (3) modeling scenarios for customer opt-out and contract resale. SDG&E Rule 27 fees for customer return should also be included. There is no one-size number—costs depend on timing, market conditions, and the CCA's portfolio at exit.

Topic: Councilmember and Staff Expertise

27. What amount of expertise would Councilmembers or staff need to effectively carry out the City's duties as part of a CCA?

    Both CCAs employ professional staff/consultants and provide board orientations so member city reps can make informed decisions. Coronado's representative's role would be governance/oversight and participation on committees—not hands-on trading. CCA Boards provide policy determinations based on staff recommendations on rate setting mechanics. The January 15, 2026 San Diego Community Power Board Presentation summarizes the rate mechanics the Board ultimately approves:

    > The proposed rates were carefully designed to meet customer affordability and still yield revenues sufficient to collect Community Power's projected annual power supply costs and pay for other operating costs, debt service costs, community investments, a nominal planned reserve margin contribution and have a balanced budget. Additionally, the staff recommendation allows Community Power to balance customer affordability while maintaining its reserves and progress towards its 225- to 270-days cash on hand reserve goal and Rate Stabilization Reserve strategic goal, which cannot be achieved with additional rate.[1]

Topic: Miscellaneous

28. Will the electricity market keep being a "seller's market"?

    Resource Adequacy is tighter under the 24-hour SOD framework and rising PRM, which increases the value of capacity—especially storage and clean firm resources—in the near term. That said, the CPUC's continuing IRP procurements aim to add large volumes of new clean capacity that should ease tightness over time. The San Diego region suffer from the lack of available new transmission to bring new generation resources to the region.

29. Why are San Diego region rates so high?

    Major drivers are wildfire mitigation/resiliency spending, transmission/distribution investments, legacy power costs (recovered via PCIA/other non-bypassable charges), and broader wholesale market conditions—documented by the CPUC's Public Advocates Office and utility filings.

30. How would joining a CCA affect Navy, Port and State properties in Coronado?

    By statute (AB 117), CCA service is the **default** with an **opt-out**. Public agencies can opt out; many large state/federal accounts evaluate separately (some use direct access). SDG&E continues to deliver power and maintain infrastructure either way. Legislative Information San Diego Community Power

31. Why opt-out rather than opt-in?

    California's CCA law (AB 117) established default service with opt-out so CCAs could achieve stable customer bases and finance long-term contracts; new customers receive multiple notices and can switch back to SDG&E.

32. What are the enrollments by rate type exist in each CCA?

    On January 29, 2026, CEA Chief Executive Officer Greg Wade reported the CEA Power supply products by City as of December 31, 2025, in the following table.

Member City	Eligible Accounts	Clean Impact 50% Renewable	Clean Impact Plus - 75% carbon free	Green Impact 100% Renewable	Participation Rate
Carlsbad	52,240	167	49,386	655	91%
Del Mar	3,011	7	2,748	71	94%
Escondido	57,298	162	53,413	69	94%
Oceanside	74,491	209	69,074	103	93%
San Marcos	37,957	118	35,229	73	93%
Solana Beach	7,839	15	6,978	155	91%
Vista	39,574	84	36,979	329	94%
Total	275,410	762	253,807	1,455	93%

On December 4, 2025 SDCP listed their enrollments by product:

Jurisdiction	Eligible Accounts	PowerBase 45% renewable	Power On 53% Renewable + 2% carbon free	Power100 100% Renewable	Participation Rate
Chula Vista	99,738	458	93,985	914	95.6%
Encinitas	28,941	195	398	26,365	93.1%
Imperial Beach	10,281	37	10,263	82	95.9%
La Mesa	29,958	140	27,786	265	95.2%
National City	19,559	60	19,130	30	98.3%
San Diego	630,833	2,360	600,802	5,914	96.6%
SD County	191,509	1,412	172,847	802	91.6%
Total	1,010,509	4,932	925,211	34,372	95.5%

This document was prepared by the CCA Subcommittee and submitted for City Council review on 2/17/2026.

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Additional Reference Materials

Coronado Eagle Journal Articles

1. A Look at Community Choice Aggregations Ahead of Anticipated Coronado City Council Discussion Jan 19, 2026 https://www.coronadonewsca.com/news/coronado_city_news/a-look-at-community-choice-aggregations-ahead-of-anticipated-coronado-city-council-discussion/article_3162aaf1-b7ba-4f0a-9bc1-10af30e4828e.html

2. Coronado City Council Discusses EDCO Rates, CCA Subcommittee, Policy No. 2 Request, & More. June 30, 2025 https://www.coronadonewsca.com/news/coronado_city_news/coronado-city-council-discusses-edco-rates-cca-subcommittee-policy-no-2-request-more/article_f3097583-d039-48f0-85cb-f4a40b7d9135.html

3. City Council Votes To Establish CCA Subcommittee, Pursue More Information Jun 13, 2025 https://www.coronadonewsca.com/news/coronado_city_news/city-council-votes-to-establish-cca-subcommittee-pursue-more-information/article_fd53cdf6-fbf0-465c-985d-192e0660780c.html

San Diego Union Tribune Articles

1. Protesters take aim at SDG&E rates. Feb 2, 2026 https://www.sandiegouniontribune.com/2026/02/02/protesters-take-aim-at-sdge-rates/

2. The Clean Energy Alliance rolls out a rate relief program for its customers in North County. Jan 30, 2026 https://www.sandiegouniontribune.com/2026/01/30/the-clean-energy-alliance-rolls-out-a-rate-relief-program-for-its-customers-in-north-county/

3. San Diego Community Power's generation costs come in lower than SDG&E's. Jan 19, 2026 https://www.sandiegouniontribune.com/2026/01/19/san-diego-community-powers-generation-costs-come-in-lower-than-sdges/

4. Hold On! Another increase to your SDG&E Bill is coming. Jan 15, 2026 https://www.sandiegouniontribune.com/2026/01/15/hold-on-another-increase-to-your-sdge-bill-is-coming/

5. SDG&E bills will be a bit higher this year. Jan 9, 2026 https://www.sandiegouniontribune.com/2026/01/09/sdge-bills-will-be-a-bit-higher-this-year/

[1] San Diego Community Power, January 15, 2026 Board Agenda, Item 12 *Review and Approve 2026 Community Power Rates, to be Retroactively Effective as of January 1, 2026* https://sdcommunitypower.org/wp-content/uploads/2026/01/BOD-packet-01152026-4.pdf Last reviewed January 31 2026.