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California Community Choice Aggregator Issues Third Pre-Pay Green Bond.

Clean Power Alliance on Sept. 12 said it has issued its third municipal non-recourse Clean Energy Project Revenue Bond through the California Community Choice Financing Authority.

The $1.524 billion bond issuance is expected to reduce CPA's renewable energy costs by an estimated $93 million over the initial eight-year period of the bond, or an average of $11.6 million annually.

The savings from this prepay transaction are locked in until 2032, at which time the bond will be repriced.

Founded in 2017, Clean Power Alliance is the locally operated not-for-profit electricity provider for 33 cities across Los Angeles County and Ventura County, as well as the unincorporated areas of both counties.

The bond received an investment-grade A1 rating from Moody's and a 'Green Bonds' designation by Kestrel Verifiers.

CPA issued its first two Clean Energy Project Revenue bonds in February 2023 and April 2023, respectively. The three bond issuances are expected to generate total annual savings of approximately $25.3 million.

Energy prepayment bonds are long-term financial transactions available to public agencies like CPA to provide power procurement cost savings.

A Clean Energy Project Revenue Bond is a form of wholesale electricity prepayment that requires three key parties: a tax-exempt public electricity retailer (CPA in this transaction), a taxable energy supplier (J Aron & Company, LLC in this transaction), and a municipal bond issuer (CCCFA in this transaction)

The three parties then enter into long-term power supply agreements for zero-emission clean electricity sources such as solar, wind, geothermal, and hydropower. The municipal bond issuer issues tax-exempt bonds (underwritten by Goldman Sachs in this transaction) to fund a prepayment of energy that will be delivered over 30 years.

The energy supplier provides a discount to the tax-exempt public electricity retailer in exchange for the prepayment of power purchases funded by the bond proceeds.

CPA has assigned three solar-plus-storage power purchase agreements to this prepay transaction. The bond will be utilized to prepay the purchase of a combined capacity of 854.5 megawatts of renewable energy.

For the bond, CPA was advised by municipal financial advisor Municipal Capital Markets Group and

by the law firm Chapman & Cutler.

publicpower.org

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