



Board of Directors Meeting

Wednesday, January 22, 2019

6:00 pm

Hayward Library

888 C Street

2nd Floor

Hayward, CA 94544

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 736-4981 or Scabrera@ebce.org.

If you have anything that you wish to be distributed to the Board, please hand it to the clerk who will distribute the information to the Board members and other staff. Please bring at least 25 copies.

1. Welcome & Roll Call

2. Pledge of Allegiance

3. Public Comment

This item is reserved for persons wishing to address the Board on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker. The Board Chair may increase or decrease the time allotted to each speaker.

CONSENT AGENDA

4. Approval of Minutes from December 18, 2019

5. Contracts entered into (Informational Item)

6. Extension of Agreement with the Weideman Group for Legislative Advocacy and Advisory Services

Adopt a Resolution authorizing the CEO to negotiate and execute a first amendment to an agreement with Weideman Group to provide government relations representation services for the term of January 1, 2020 to December 31, 2020, with an additional amount not to exceed \$125,000.

- 7. Fiscal Year 2019-2020 Mid-Year Budget Report (Informational Item)**
Receive update on Mid-Year Budget.

REGULAR AGENDA

8. CEO REPORT

- A. Executive Committee Meeting;
- B. Marketing and Outreach update;
- C. Local Development Business Plan Update and
- D. Update on Opt-out

9. Community Advisory Committee Report

- 10. Treasurer's Report (Informational Item)**
Receive report on EBCE Cash position.

- 11. Legislative Position on AB 1839 (Action Item)**
Take a "support" position on AB 1839 (Bonta).

- 12. Local Development Budget Update (Informational Item)**
Receive update on Local Development Activities.

- 13. 2020 Integrated Resource Plan Filing Overview and Update (Informational Item)**
Receive update the 2020 Integrated Resource Plan Filing

- 14. Carbon-Free Allocation (Informational Item)**
Receive an update on the questions asked in the December 18, 2019 Board Meeting to guide the policy direction relative to the potential pathways.

- 15. 2020 PCIA Impacts (Informational Item)**
Receive update on expected changes to the PCIA in 2020 and potential strategies to mitigate impacts.

- 16. 2020 Meeting Schedule (Informational Item)**
Receive the 2020 EBCE Board, Community Advisory and committees schedule.

- 17. Board Member and Staff Announcements including requests to place items on future Board Agendas**

- 18. Adjournment - to Date: Wednesday February 19, 2020**
Location: City of Hayward
Council Chambers
777 B Street
Hayward CA 94544



Consent Item 5

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: Contracts Entered into
DATE: January 22, 2020

RECOMMENDATION

Accept the CEO's report on contracts entered into between December 13, 2019 and January 15, 2020.

1. C-2019-104, Worley Group (Monrovia, CA), First Amendment to the Consulting Services Agreement, adds an additional \$100,000 to the NTE (authorized by R-2019-28, July 18, 2018) for technical regulatory services, and extends the termination date to June 30, 2020.
2. C-2019-105, FinalOption Corp (dba Pacific Printing) (San Leandro, CA), First Amendment to Consulting Services Agreement, extends the Agreement through June 30, 2020 and removes the requirement for task orders.
3. C-2019-106, FinalOption Corp (dba Pacific Printing), Task Order 10, allocates \$192,000 from the approved budget to print and mail the Joint Rate Mailers.
4. C-2020-02, InterEthnica (San Francisco), Consulting Services Agreement allows for language translation services through July 30, 2020, NTE \$40,000.
5. C-2020-04, Pure Palate, (Manhattan Beach, CA), First Amendment to Consulting Services Agreement extends contract through April 30, 2020 for concept design services for a model electric kitchen and adds \$5,000 to the not to exceed amount for a total of \$15,000.
6. C-2020-05, Optony (Oakland, CA), First Amendment to Consulting Services Agreement, extends contract through June 30, 2020 and adds \$9,000 to the not to exceed for a total of \$24,000.

7. C-2020-06, ARUP North America (San Francisco), First Amendment to Consulting Services Agreement for solar and storage analysis services, adds for additional scope for services that will Enhance Resilience for Medical Baseline/Electricity Dependent Residents and extends the termination date to January 31, 2020.



Consent Item 6

TO: East Bay Community Energy Board of Directors

FROM: Melissa Brandt, Senior Director of Public Policy and Deputy General Counsel

SUBJECT: Extension of Agreement with the Weideman Group for Legislative Advocacy and Advisory Services

DATE: January 22, 2020

Recommendation

Adopt a Resolution authorizing the CEO to negotiate and execute a first amendment to an agreement with Weideman Group to provide government relations representation services for the term of January 1, 2020 to December 31, 2020, with an additional amount not to exceed \$125,000.

Background and Discussion

On January 17, 2018, the Board approved selection of Weideman Group to provide legislative advocacy and advisory services to East Bay Community Energy (EBCE) throughout 2018. On January 16, 2019, the Board approved extending Weideman Group's services by entering into a new one-year agreement with Weideman Group. Weideman Group has represented EBCE with legislators and their staff in Sacramento, in close coordination with the Public Policy Department and in accordance with the Board's adopted positions on legislative bills.

Weideman Group has over 30 years of experience representing entities seeking to navigate California's complex policymaking landscape. Mark Weideman, Principal and Founder will continue to serve as EBCE's chief lobbyist and strategist. Weideman Group professionals have represented both public and private entities in energy and utility matters before the California Legislature, the Governor's Office, the California Energy Commission, the California Public Utilities Commission, the California Environmental Protection Agency, and the California Air Resources Board, among others. Weideman Group also has strong relationships with elected officials, especially the Bay Area delegation.

In 2019, Weideman Group facilitated countless meetings in Sacramento and in-district, and supported EBCE in developing relationships with legislators and their staffs, as well as administration officials and other key strategic partners. Weideman Group lobbied on behalf of EBCE on key bills such as AB 56 (E.Garcia), SB 49 (Skinner), SB 155 (Bradford), and SB 520 (Hertzberg), among others.

EBCE seeks continued assistance from Weideman Group for legislative advocacy and advisory services in 2020, both to represent EBCE's views on bills in the new legislative cycle as well as to provide legislative advocacy and advice around any bills that EBCE may choose to sponsor.

As EBCE entered into a new Consulting Services Agreement with Weideman Group in 2019, staff recommends authorizing the CEO to extend the previous agreement with Weideman Group with an additional \$125,000 for the duration of 2020.

Fiscal Impact

This contract will result in an additional not to exceed \$125,000 spend in calendar year 2020. Legislative Advocacy and Advisory Services are included in the current fiscal year budget at this level.

Attachments

- A. Resolution Authorizing the CEO to execute a consulting services agreement extension with Weideman Group
- B. First Amendment to the Consulting Services Agreement

RESOLUTION NO. __

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO EXECUTE A CONSULTING SERVICES AGREEMENT EXTENTION WITH WEIDEMAN GROUP FOR LEGISLATIVE ADVOCACY AND ADVISORY SERVICES

THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

WHEREAS, The East Bay Community Energy Authority (“EBCE”) was formed on December 1, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs in all of the member jurisdictions.

WHEREAS, On January 17, 2018, the Board approved selection of Weideman Group to provide legislative advocacy and advisory services to East Bay Community Energy (EBCE) throughout 2018. On January 16, 2019, the Board approved extending Weideman Group’s services by entering into a new one-year agreement with Weideman Group

WHEREAS, Legislative Advocacy and Advisory Services are included in the current fiscal year budget at \$125,000.

WHEREAS, In 2019, Weideman Group facilitated countless meetings in Sacramento and in-district, and supported EBCE in developing relationships with legislators and their staffs, as well as administration officials and other key strategic partners. In 2020, EBCE would benefit from continued assistance from Weideman Group for legislative advocacy and advisory services, both to represent EBCE’s views on bills in the new legislative cycle as well as to provide legislative advocacy and advice around any bills that EBCE may choose to sponsor.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The CEO or his designee is hereby designated to negotiate and execute an Amendment to the Consulting Services Agreement with Weideman Group in substantially the same form as attached in Exhibit A, which shall add an additional amount of \$125,000 in compensation to the not to exceed amount and extend the term through December 31, 2020.

ADOPTED AND APPROVED this 22nd day of January, 2020.

Dan Kalb, Chair

ATTEST:

Stephanie Cabrera, Clerk of the Board

**First Amendment to the Consulting Services Agreement
for Services by and Between East Bay Community Energy Authority and
Weideman Group, Inc.**

This First Amendment to the Agreement with Weideman Group, Inc. for Consulting Services (“Amendment”) is made this 1st day of January, 2020, by and between the East Bay Community Energy Authority, a Joint Powers Agency formed under the laws of the State of California (“EBCE”) and Weideman Group, Inc. a California corporation, for the purposes of adding additional compensation and extending the term of the Agreement.

Recitals

- A. EBCE and Weideman Group entered into that certain agreement for consulting services dated January 1, 2019, wherein Weideman Group agreed to provide government relations representation services to EBCE.
- B. EBCE desires to continue to use Weideman Group’s expertise and Weideman Group is available to assist EBCE in this area.

Now therefore, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- 1. Section 2 of the Agreement is modified to identify a termination date of 12/31/2020.
- 2. Section 6.1 of the Agreement is modified so that the maximum compensation under the Agreement is \$250,000 (adding an additional amount of \$125,000 for additional services).
- 3. All other terms and conditions in the Agreement not otherwise modified by this Amendment will remain in full force and effect.

In witness whereof, the Parties have entered into this Amendment on the date written above.

East Bay Community Energy Authority,
A Joint Powers Authority

Weideman Group
A California corporation

Name:
Title:

Mark Weideman
As Chief Executive Officer and Secretary

Approve as to Form
EBCE General Counsel



Consent Item 7

TO: East Bay Community Energy Board of Directors
FROM: Jason Bartlett, Finance Manager
SUBJECT: Fiscal Year 2019-20 Mid-Year Budget Report (Informational Item)
DATE: January 22, 2020

Recommendation

Receive update on Mid-Year Budget.

Background and Discussion

This staff report compares EBCE's financial performance for the current fiscal year from July 1, 2019 through November 30, 2019 with the approved June budget. December's revenues and expenses are still being reconciled, and therefore not included in this report. Staff is working to amend the future mid-year reporting schedule to February to allow for December settlements. Attachment A provides the numerical table summaries and comparisons. The difference for each category shown in dollar amounts and percentages relative to budgeted amounts.

Highlights from this comparison show:

- Revenues and sources are 1.2% (\$2.7m) below budgeted amounts, due to lower volumes in demand
- Energy costs are lower by 1.8% (\$3.1m) as compared to budgeted amounts. This is also due to lower volumes in required supply, lower prices, and more accounts than expected
- Overhead is 50.8% (\$4.3m) under budgeted costs, due to ramping up in local development spending, delayed staffing, and more efficient management in operating costs (marketing, consultants, and G&A requirements)
- Interest costs are 51.9% (\$295k) below budget due to retirement of outstanding debt in August, and renegotiated rates with credit facility
- Overall spending is 4.3% (\$7.6m) less than budgeted, the combination of lower energy and lower overhead costs
- The Net Position has increased by 10.8% (\$4.9m) above budget, which is accounted as the difference in revenues and overall costs.
- Total operating margin increased to 22.9% from 20.4% as a result of the above factors

Fiscal Impact

This report has no fiscal impact

Attachments

A. FY 2019-20 Mid-Year Budget Report Table

ATTACHMENT A: Fiscal Year 2019-20 Mid-Year Performance

	FY 2019-20 Jul - Nov BUDGET	FY 2019-20 Jul -Nov ACTUALS	Difference	% Difference
REVENUE AND OTHER SOURCES				
Electricity Sales	224,861,853	221,880,444	(2,981,408)	-1.3%
Investment Income	186,383	399,958	213,575	114.6%
Bad Debt	(1,129,310)	(1,111,276)	18,034	-1.6%
Other Income	-	73,484	73,484	
Total Revenue and Other Sources	223,918,926	221,242,611	(2,676,316)	-1.2%
<i>Margin:</i>	<i>20.4%</i>	<i>22.9%</i>		
EXPENSES AND OTHER USES				
ENERGY OPERATIONS				
Cost of Energy	165,167,856	161,908,026	(3,259,830)	-2.0%
Scheduling/Broker Fees	272,000	324,647	52,647	19.4%
Data Management/Customer Service	2,801,184	2,917,820	116,637	4.2%
PG&E Service Fees (Billing/Metering)	933,728	972,452	38,724	4.1%
Total Energy Operating Costs	169,174,768	166,122,946	(3,051,822)	-1.8%
OVERHEAD OPERATIONS				
Personnel	2,705,317	2,052,061	(653,256)	-24.1%
Marketing, Outreach, Communications	942,917	412,018	(530,899)	-56.3%
Legal, Policy, & Regulatory Affairs	660,833	482,362	(178,471)	-27.0%
Local Development	2,614,583	323,948	(2,290,636)	-87.6%
Other Professional Services	505,833	243,488	(262,345)	-51.9%
General & Administrative	954,083	607,950	(346,133)	-36.3%
Depreciation	25,417	13,017	(12,399)	-48.8%
Total Overhead Operating Costs	8,408,984	4,134,845	(4,274,139)	-50.8%
TOTAL ENERGY & OPERATING EXPENSES	177,583,751	170,257,791	(7,325,961)	-4.1%
Earnings Before Interest	46,335,175	50,984,820	4,649,645	10.0%
INTEREST PAYMENTS				
Borrowing Interest	569,259	274,009	(295,250)	-51.9%
Total Interest Payments	569,259	274,009	(295,250)	-51.9%
TOTAL EXPENSES & INTEREST DUE	178,153,010	170,531,800	(7,621,210)	-4.3%
NET INCREASE (DECREASE) IN POSITION	45,765,916	50,710,811	4,944,895	10.8%



Staff Report Item 8

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: CEO Report (Informational Item)
DATE: January 22, 2020

Recommendation

Accept Chief Executive Officer (CEO) report on update items below.

Executive Committee Meeting

The Executive Committee did not meet during the month of December.

New Staff

Stefanie Tanenhaus, Principal Regulatory Analyst

Stefanie joins EBCE from Energy and Environmental Economics (E3), where she focused on distributed and system-wide resource planning and economic evaluation. Prior to E3, Stefanie helped develop PG&E's strategy and positions on renewable energy policies and worked on the implementation of California's climate policies for the Natural Resources Defense Council (NRDC).

She received an M.S. in Civil and Environmental Engineering from Stanford University, and a B.S. in Biomedical Engineering from Washington University in St. Louis. Stefanie lives in Oakland with her husband and three pets, two of which came from southern AZ where she co-founded a non-profit that provides programming to kids living on both sides of the border.

Marketing and Account Services Update

Marketing and Outreach Highlights

- **Joint Rate Mailer** - Mailed at beginning of December 2019 (~510,000)
- **Local Sponsorships** - awarded ~\$25k to 11 new local organizations
- **Chinook Book** - Shared promotional links with cities for local newsletters
- **Alameda Green Business** - Began certification process and sponsorship of local program

- **Event Sponsorships** - Confirmed sponsorship of Oakland Marathon, Bike to Work Day, Multiple Climate-oriented Hackathons
- **Outreach** - Attended 11 events in November and December for a total of nearly 500 personal interactions (numbers slightly lower due to major holidays in each month)

Account Services Highlights

- **NEM Enrollment** - Final notice sent in January; all enrollment complete
- **Rate Migration** - EVA (electric vehicle rate) migrated to EV2A rate in November/December (about 6,000 customers)
- **New Commercial “B” Rates** - New time-of-use rates for commercial customers available for voluntary enrollment as of December. New web resources available at <https://ebce.org/new-commercial-industrial-time-of-use-rates-available-now/>
- **Technology Update** - Updates to backend systems scheduled to launch in March. Will improve cost savings presentation on the bill
- **Direct Access** - Customers considering direct access must share final contracts with PG&E in early February

Public Engagement Highlights

- **Implementation Plan** - Submitted an addendum to the Implementation Plan on December 20th, to include the new member cities of Pleasanton, Newark, and Tracy for service starting 2021
- **CPUC Certification** - Anticipate the CPUC will certify the addendum in March 2020
- **New Board Members**

City	Director	Alternate
Pleasanton	Council Member Jerry Pentin	Council Member Kathy Narum
Newark	Council Member Mike Hannon	Mayor Alan Nagy
Tracy	Voting on appointments at their January 21, 2020 council meeting	



Staff Report Item 10

TO: East Bay Community Energy Board of Directors
FROM: Howard Chang, Chief Operating Officer & Treasurer
SUBJECT: Treasurer’s Report (Informational Item)
DATE: January 22, 2020

Recommendation:

Receive report on EBCE Cash position.

Treasurer’s Report

For quarter end December 31, 2019, EBCE has maintained a positive cash balance on all EBCE bank accounts. Below is a summary of Account balances, cash received, and outstanding loan balances.

Account Balances as of 12/31/19

Ending In	Account	Amount
*0045	Internal Operating	\$ 1,176,160
*2886	Operating Fund	\$ 50,235,323
*3199	Lockbox (Includes \$5,000,000 reserve)	\$ 14,927,371
*6189	Operating Reserve Fund	\$ 17,437,099
*8900	Money Market	\$ 12,016,838
*9364	Insured Cash Sweep	\$ 35,444,650
Total		\$ 131,237,441
Last Quarter		\$ 98,791,720
Increase/(Decrease)		\$ 32,445,721

Cash Received by month into Lockbox Account

October	2019	\$ 55,909,917
November	2019	\$ 44,116,759
December	2019	\$ 38,094,408
<hr/>		
Total		\$138,121,084

Outstanding Loan Balances:

Barclays Credit Facility: \$0.00

Collateral/Customer Pre-payments:

\$300,000 currently held

Customer Delinquency:

As of January 6, 2020

30 - 60 Days: \$1,441,922

60 - 90 Days: \$ 187,560

90+ Days: \$1,897,743

More recent data has not yet been provided by PG&E and billing vendor on the date this report was generated

Other Highlights

- EBCE has amended its credit facility with Barclays by increasing the borrowing amount from \$50 million to \$80 million
 - A full discussion on this highlight is available as Item 12 from the December 18, 2019 Board Meeting Agenda
- EBCE, for the first time, has allocated revenues to its reserve funds at a total of \$40,513,687 (10.5% of 2018-2019 Fiscal Year revenues)
 - More detail on this highlight is also available from the December 18, 2019 Board Meeting Agenda as Item 14



Staff Report Item 11

TO: East Bay Community Energy Board of Directors
FROM: Melissa Brandt, Senior Director of Public Policy and Deputy General Counsel
SUBJECT: Legislative Position on AB 1839
DATE: January 22, 2020

Recommendation

Take a “support” position on AB 1839 (Bonta).

Background and Discussion

Assembly member Bonta introduced Assembly Bill (AB) 1839 on January 6, 2020. This bill would add a section to the Public Resources Code to create the California Green New Deal. The goal is for the state to adopt a policy framework to implement, through principles and goals, a commitment to reduce severe climate change impacts while protecting the public health and the environment, to overcome systemic racial injustice, and to ensure all California residents enjoy a 21st century standard of living without regard to their wealth or income.

Among the principles that the bill declares all residents have the right to is “access to clean, affordable, carbon-free, and reliable utilities, including energy and communications.” The bill would require the Legislature and state agencies to consider goals around:

- (a) Enacting measures to ensure a just transition in California for workers impacted by the phasing out of fossil fuels.
- (b) Ensuring that the jobs created or maintained by climate policy are good, family-supporting jobs with career ladders, benefits and protections for workers’ rights to organize, and that pipelines into these jobs are created for workers from historically disadvantaged communities, in accord with the recommendations of the climate labor report mandated in Chapter 135 of the Statutes of 2017 (Assembly Bill 398).
- (c) Significantly increasing measures to assist those impacted by the effects of climate change, including, but not limited to, floods, fires, heatwaves, sea level rise, droughts, and disease.
- (d) Significantly reducing disparate standard of living indices for historically impacted communities of color, including income inequality, educational achievement gaps, health care access gaps, and environmental burdens by 2030.

- (e) Increasing affordable housing and public transportation by double their current availability by 2030, maximizing safe, complete streets for walking and biking, and replacing remaining gas vehicles with electric vehicles.
- (f) Accelerating reductions of air pollution to avoid the most catastrophic impacts of climate change.

The bill would further create a Council with a membership of state agency leaders appointed by the Governor. The Council would submit a report to the Legislature by January 1, 2022 to make recommendations on policies to achieve the goals stated above.

EBCE has joined Asm Bonta’s stakeholder group to continue to refine the bill over the next month. Asm Bonta’s office has asked potential supporters to submit their support letters early on in the legislative cycle. Given that a number of the goals in the Green New Deal as laid out in this bill align with EBCE’s general legislative principles around accelerating decarbonization and promoting local development, as well as our public policy positions on disadvantaged communities, environmental sustainability, and educational, neighborhood & social services as laid out in our Legislative Program, EBCE staff recommend taking a “support” position on AB 1839.

AB 1839 is pending referral to a policy committee and is expected to be amended in February.

Fiscal Impact

None.

Attachments

None.



Staff Report Item 12

TO: East Bay Community Energy Board of Directors

FROM: JP Ross, Senior Director Local Development, Innovation and Electrification

SUBJECT: Local Development Budget Update (Informational Item)

DATE: January 22, 2020

Recommendation

Receive update on Local Development Activities.

Background and Discussion

On June 19, 2019 the Board approved the Local Development budget proposed by Staff. The approved budget of \$6.34M included a Capital set aside of \$1.2M for above market costs associated with Alameda County renewable energy contracts as well as \$1.5M in additional funds that were unallocated as of the June meeting. The Board approved a Staff request for an additional \$500k at the November Board meeting to develop an initiative to support resilience for Medical baseline customers during Public Safety Power Shutoffs, increasing the total budget to \$6.84M.

The following report describes the Local Development activities and initiatives that are currently in process and planned for the remainder of FY20.

Budget

2020 Budget - Approved 6.19.19	
Program Areas	2020 Budget (\$000)
Demand Response	(\$150)
Energy Efficiency	(\$100)
Building Electrification	(\$675)
Vehicle Electrification	(\$2,000)
Collaborative Procurement	(\$600)
Enhanced NEM	(\$350)
Community Investment Fund	(\$600)
Sponsorships/Events	(\$65)
Capital Set Aside	(\$1,200)
Unallocated Funds 6.16.19	(\$1,500)
Additional Medical Baseline 11.20.19	(\$500)
	(\$7,740)
Non Operational Revenue	
BAAQMD Grant	\$150
Grants and LCFS Credits	\$750
Local Development Budget	(\$6,840)

Mid Year Local Development Budget Update January 22, 2020 (\$000)		
Program Areas	Spent/Contracted	Planned
Demand Response	(\$195)	
Energy Efficiency	(\$100)	
Building Electrification	(\$400)	(\$900)
Vehicle Electrification	(\$400)	(\$1,760)
Collaborative Procurement	(\$500)	(\$620)
Enhanced NEM		
Community Investment Fund	(\$400)	(\$250)
Sponsorships/Events	(\$20)	(\$45)
Capital Set Aside	(\$1,200)	
Sub-Total LDBP Operating Funding	(\$3,215)	(\$3,575)
Non Operational Revenue		
BAAQMD Grant	\$150	
Grants and LCFS Credits	\$750	
LDBP Operating Funds*	(\$5,890)	
Additional Local Development Spending		
LDBP Staff Costs	(\$600)	
LDBP Reserve Funds - DC Fast Charging Pilot		(\$1,400)

*The Mid-Year budget has -\$1M in funds still to be allocated

Program Metrics and Success Criteria

Programs will be evaluated based on a set of success criteria that staff is developing in coordination with the Community Advisory Committee. Criteria include:

- Environmental Benefits of greenhouse gas and criteria pollutant emissions reductions.
- Economic Benefits of jobs created and cost savings
- Social Benefits for impacted and disadvantaged communities

Staffing

Budget: \$600k

The Local Development team now includes four full time staff. Staffing costs do not come from the local development budget, but are included herein as a line item for informational purposes.

Demand Response

Peak Day Pricing

Budget \$100k

Timeframe: Post program evaluation

Peak Day Pricing (PDP) is a demand response program offered by EBCE to non-residential customers. EBCE ran this program in 2019 and called events based on weather conditions and forecasted pricing. Customers were notified one day ahead of Event Days and encouraged to shift or reduce their load from 2pm to 6pm the next day to avoid surcharges and help alleviate peak demand. EBCE enrolled 16 commercial customers with 30 meters. EBCE called 8 event days and is in the process of evaluating the program to report back to the Board.

Battery Demand Response Pilot

Budget \$5k

Timeframe: Post program evaluation

EBCE developed and ran the Battery Demand Response Pilot in 2019. The purpose of the Pilot was to test how EBCE can use existing behind the meter batteries to reduce procurement costs. The pilot was offered to customers and aggregators operating BTM battery storage systems. EBCE offered \$100/MWh for energy delivered by batteries during event hours. EBCE enrolled 500kWh of batteries into the pilot program and called 2 events during the summer period. Staff is in the process of evaluating the program to report back to the Board.

Energy Efficiency

Developing Cost Effective Energy Efficiency Opportunities

Budget \$100k

Timeframe: In-Process

EBCE has retained ReCurve, an energy efficiency consultancy, to analyze all of EBCE's meters to help identify opportunities for cost effective energy efficiency procurements. This will allow EBCE to deliver time-based energy savings and target programs to the customers who will benefit most from participation. This analysis will allow EBCE to issue "pay for performance" solicitations that pay for delivered energy efficiency savings to EBCE.

Energy Efficiency Strategy Development

Budget \$0 - Staff Time

Timeframe: In-Process

State law allows CCAs to access public purpose funding for EE programs, and several CCAs including MCE, Lancaster and Redwood Coast Energy Authority have successfully applied to administer these funds. Staff is evaluating the opportunity to administer and run Energy Efficiency (EE) programs funded by Public Purpose Funds. There is a significant amount of overhead to administer CPUC EE programs. Staff will determine if EBCE can bring value to our customers through running our own EE portfolio.

Building Electrification

Reach Code Initiative

Budget \$300k

Timeframe: In-Process

The Reach Code initiative has been supporting our Cities to pass building and vehicle electrification reach codes, which will come into effect in 2020. Passing Reach Codes is a very important step for cities to take to ensure the future building stock has the necessary electrical capacity to support the state's goal of 5 million zero emission vehicles (ZEV) on California roadways (80,000 in Alameda County) by 2030 and 250,000 chargers statewide by 2025. The existing building stock was not constructed to support EV charging. Upgrading these buildings with additional electrical capacity is expensive and a significant barrier to vehicle electrification. EBCE's consultant, TRC Engineering, has been supporting city staff with the development of staff reports,

cost effectiveness tests and model codes. In addition to technical support EBCE has offered any city that passes a reach code a \$10,000 grant. We expect 7-8 cities to pass reach codes for 2020 adoption.

High Rise Multi-Family Technical Assistance

Budget \$100k

Timeframe: In-Process

Multi-family high rise buildings are a major area of new development across EBCE's territory. Staff is aware of 28 buildings with ~5400 dwelling units currently under development in EBCE territory. However, all electric high-rise multifamily buildings are not yet compliant with the California Energy Commission and many developers are unfamiliar with all electric systems for space and water heating or cooking. EBCE has retained Association for Energy Affordability to provide technical assistance to developments that will be filing for building permits in the near future. AEA has completed a webinar for developers, which is posted on the EBCE website, and is currently enrolling developers to receive technical support.

Heat Pump Hot Water Heater Incentive Program

Budget \$300k

Timeframe: Planned

Heat Pump Water heaters are an efficient technology to heat water with electricity. Currently approximately 90% of domestic water heating is done with natural gas, and half of the gas use in homes is for water heating. Natural gas combustion in homes is a major source of indoor air pollution and greenhouse gases. Heat pump hot water heaters can provide clean, safe water heating to EBCE customers while also reducing GHG emissions and energy bills and increasing electricity sales. EBCE is evaluating the opportunity to launch a regional water heater incentive program administered by StopWaste with other Bay Area CCA's.

Induction Cooking Education Campaign

Budget \$300k

Timeframe: Planned

Electrification is key to responding to the climate crisis and moving away from burning natural gas in buildings. People are very attached to gas cooking and have a strong aversion to electric ranges, based on previous experience with traditional electric coil stovetops that are slow to respond and difficult to control. This emotional attachment is evident with the legal challenge to the City of Berkeley natural gas ban, which is being lead by the California Restaurant Association. EBCE is developing an induction cooking education campaign that will engage the public and professional chefs with new electric kitchen appliances that are more powerful, more responsive and safer to operate than gas appliances. The campaign will include outreach at festivals, farmers markets and curated electric cooking events where participants can experience first-hand the benefits of all electric kitchens.

Induction Cooking Restaurant Incentive

Budget \$200k

Timeframe: Planned

Induction cooking in commercial kitchens is still an emerging technology and more costly than gas appliances. EBCE will provide incentives to restaurants to install induction cooktops. The incentive will cover the difference in price between induction and natural gas cooktops.

Transportation Electrification:

Municipal Fleet Electrification

Budget \$400k

Timeframe: In-Process

EBCE is providing technical assistance to six (6) member communities to complete rapid fleet electrification assessment and plans assistance to up to 6 EBCE member communities. The goal of this project is to enable each community to have a plan on how to electrify their municipal fleets by 2030, and to approve policies in 2021 that would set them on path to achieving goal.

Projects have launched for the cities of Albany, Berkeley, Dublin, Oakland. Each of these cities expressed interest and committed to participation by a pre-RFP deadline EBCE established in Summer 2019. Pending members have since indicated interest. Remaining budget allows for Hayward and Alameda County (pending internal approval) to join the project. Additional assessments for other cities is TBD based on increased budget.

This work also connects to EBCE's collaboration with the California Energy Commission (CEC) to bring a major EV charging infrastructure program to Alameda County in 2021. Helping member communities understand where they need charging infrastructure to support municipal fleet electrification will enable them to more easily access these incentive dollars should EBCE's CALeVIP project be approved (see CALeVIP description below).

California Energy Commission Electric Vehicle Incentive Program (EViP)

Budget \$1.5M from FY20 budget will be held for 2021 EViP incentives

Timeframe: In-Process

The CEC's CALeVIP investment program brings significant state funding to counties with the greatest need of charging infrastructure. Paired with investment from a lead project partner, the goal of CALeVIP is to provide robust financial incentives for EV charging infrastructure to meet California's mandate of 5 million ZEVs on roadways by 2030 (with 80,000 in Alameda County), and 250,000 chargers by 2025. EBCE has coordinated with the CEC throughout 2019/20 on development of a countywide CALeVIP project that if approved by the CEC would launch in 2021. Based on the state's budget availability for 2021 projects the CEC's investment in Alameda County could range from \$20M-\$33M. EBCE submitted a required, non-binding Letter of Intent to the CEC requesting \$33M for a 4-year incentive program. As the lead project partner, **EBCE will provide an additional \$16M of funding (\$4M/year; 2021-2024).** Because this would be a countywide program, EBCE is also coordinating with Alameda

Municipal Power who is considering an investment commitment for fast charging in their service area.

Streamlined EV Charging Infrastructure Permitting AB1236 Compliance

Budget \$0 - Staff Time

Timeframe: In-Process

On January 1, 2016 AB 1236 went into effect, requiring every city and county to adopt an ordinance (by September 30, 2017) that created an expedited, streamlined permitting process for EV charging infrastructure. It also required creation of a checklist of requirements consistent with the legislature's goals and intent of AB 1236 to be posted on a city's permitting website. Many cities are not in compliance with AB 1236 across the state which in turn is slowing deployment of charging infrastructure. A new CEC requirement of all CALeVIP projects is that incentive funds are only accessible in AB 1236 compliant jurisdictions. In turn, EBCE began providing technical assistance to current and pending members, and the City of Alameda, to help each jurisdiction become compliant. EBCE's goal is to streamline the entirety of Alameda County by March 2020, in advance of CEC consideration of our CALeVIP project. In 2019 EBCE helped the following communities achieve compliance: Alameda County, Berkeley, Emeryville, Fremont, Livermore, Piedmont and San Leandro. Communities that will be streamlined by March include Albany, Dublin, Hayward, Oakland, and Pleasanton. EBCE is also coordinating with the Governor's office to update their EVCS Permit Streamlining Map as each of our communities ordinances and/or checklists are approved. For going above and beyond to achieve to streamline permitting countywide in November 2019 the Governor's office recognized EBCE with their first "ZEVE Award".

Publicly Accessible Charging at Municipal Sites

Budget \$1.4M from Local Development Reserve Funds

Timeframe: Planned

EBCE has been in discussion with Municipal partners who have identified public locations for DC Fast and/or Level 2 Chargers. For example, Oakland submitted an application for Electric Vehicle Charge Network (EVCN) program for 188 charge points but was not awarded funds due to program oversubscription. We will work with stakeholders to identify sites and costs for projects located in MUD "hotspots", in low-income communities, and/or conveniently near interstate corridors. EBCE would use Local Development Reserve Funds to help develop these projects and then recover those funds through both Low Carbon Fuel Standard (LCFS) credits and revenue generated from the chargers.

EV Charging Infrastructure Mapping - MUDs:

Budget \$0 - Staff Time

Timeframe: Completed

Using EBCE data we have mapped MUD density throughout our service area to target EV charging infrastructure investments. As previously noted, deploying charging infrastructure in existing MUDs can be challenging due to a number of critical factors including electrical capacity, parking configurations and parking designation. To

enable MUD resident's access to electric mobility options, EBCE is assessing development of a dense network of fast charging hubs strategically located near MUD "hotspots". This data is being used to inform EBCE's CALeVIP project development.

CALSTART M/HD vehicle electrification

Budget \$120k

Timeframe: Planned

In 2019 EBCE requested and received light, medium and heavy-duty (M/HD) vehicle registration data from the Department of Motor Vehicle. EBCE is currently analyzing this information to understand the ecosystem of all vehicles in our service area. We are also working specifically to establish relationships with the Port of Oakland, as well as transportation, distribution and logistics companies to determine Class 3-6 fleet operations, routes, and performance needs. EBCE has also signed onto CALSTART's Global Drive to Zero program. Drive to Zero aims to catalyze the growth of zero emission M/HD vehicle sector and establish first success markets in key regions, like Alameda County. EBCE will work with the CALSTART team to develop activities that result in future pilot initiatives to enable rapid scaling of Class 3-6 vehicle electrification in Alameda County. This collaboration also aims to help prepare fleets for pending 2021-2024 CALeVIP charging infrastructure incentive (see above).

Zero Emission Off-Road Equipment - Forklift Incentive Program

Budget TBD

Timeframe: Planned

In 2019 EBCE requested and received forklift registration data from CARB and is working to understand the ecosystem of engine and fuel types in Alameda County. We are also analyzing applicable incentive programs administered by PG&E (e.g., EV Fleet Ready) and CALSTART (e.g., CORE) to determine where gaps in funding may exist. EBCE plans to assess the cost of incentive program development to fill identified gaps, and the benefits to EBCE of LCFS credit revenue generation from the charging of electric forklifts. Based on the outcome of this analysis, EBCE will decide in 2020 whether to issue an RFP for consultant services to assist with administration of a potential incentive program.

Electric Carshare Pilot at Multi-Unit Affordable Housing

Budget \$40k

Timeframe: Planned

EBCE is working with on-demand electric car share provider Envoy to co-fund deployment of charging infrastructure in four EAH affordable MUD properties. Envoy's car share program enables residents who struggle to find reliable transportation an affordable, zero emission mobility option. Envoy was awarded a grant from the CEC to develop projects in the Bay Area. However, the EAH sites in Alameda County exceeded the grants allowable per project spending limit. EBCE is leveraging the CEC's investment and providing gap funding to Envoy in the form of an additional grant to enable development of these affordable MUD projects. Our investment will establish new collaborative relationships with EAH and Envoy while providing EBCE

with valuable insight on deployment of charging infrastructure in existing MUDs and charging utilization by electric car share users.

RE100 for EV LCFS

Budget \$0 - Staff Time

Timeframe: Completed

EBCE has become the first CCA, and the first load serving entity in the state, to receive CARB approval to register its 100% renewable energy product as a certified Renewable Pathway in their LCFS program. This step makes it possible for charging infrastructure network providers to capture highly valuable LCFS credits in a way that previously was only accessible through the procurement of renewable energy credits. EBCE is enabling vehicle miles traveled throughout Alameda County to be powered by 100% renewable energy and creating new opportunities for collaboration with charging network providers.

Resilience

EBCE is engaging in a variety of efforts to support enhanced community resilience in the face of increased Pacific Gas and Electric (PG&E) public safety power shutoffs (PSPS) events, and the ongoing threat of a major disaster (e.g., earthquake) in the San Francisco Bay Area. We are committed to investing resources that increase deployment of solar and/or battery energy storage systems (BES) to enable residents, businesses and our local government partners to retain essential power supply during a grid outage. EBCE efforts have been prioritized to focus on solutions for critical municipal facilities and our most vulnerable customers including low-income residents and disadvantaged communities (DAC), and those with electricity dependent medical conditions.

Through the initiatives described below, EBCE is addressing customer identification, outreach, technical assistance and providing procurement pathways that reduce the cost and complexity of BES systems. In turn, EBCE is in a unique position to promote other incentives like the Self-Generation Incentive Program (SGIP) to maximize participation and minimize costs of participation. With this funding our outreach efforts will amplify, enabling EBCE to reach our most vulnerable customers and the municipal and commercial organizations/businesses that serve them.

These resilience initiatives and programs are utilizing budgets from both the Collaborative Procurement and Enhanced NEM areas of the Local Development Business Plan budget. EBCE is using its purchasing power to reduce costs and providing innovative ongoing incentives to increase customer participation.

BAAQMD Critical Facility Project

Budget \$300k

Timeframe: In-Process

EBCE is working through a Bay Area Air Quality Management District Climate Protection grant, and with its local government partners, to: 1) identify critical

municipal facilities designated to serve the community in time of emergency/grid outage, 2) assess the potential for solar and/or BES system deployment, 3) size resilience systems, and 4) develop a procurement pathway that reduces the cost and complexity of project development. Leveraging lessons learned from the Distributed Resource Adequacy and Resilience RFP described above, EBCE will issue an RFP on behalf of its local government partners summer 2020 and aims for system deployment to begin in 2021.

Resource Adequacy and Resilience Procurement

Budget \$50k (estimated cost of ~\$300k/yr will start 2021-2031)

Timeframe: In-Process

This fall EBCE along with two other Community Choice Aggregation (CCA) programs issued a joint Request for Proposals (RFP) seeking residential and commercial sector resilience offerings from solar and Battery Energy Storage (BES) project developers. Through this solicitation, each CCA will partner separately with their selected developer(s) to facilitate deployment of customer sited behind-the-meter systems. EBCE is pursuing a minimum of 10MW of Resource Adequacy from this procurement, resulting in thousands of homes and hundreds of businesses installing storage and becoming resilient. EBCE aims to have a portion of projects deployed by September 2020 with the remaining installed by September 2021. In order to support vulnerable communities, EBCE requires at least 20% of the installations be for low-income residents, medical baseline customers, and residents and businesses located in DACs. EBCE will work closely with selected partners to enroll participants.

Medical Baseline Resilience Program

Budget \$500k

Timeframe: In-Process

While grid outages are inconvenient and expensive for residents and businesses, for individuals who rely on electricity-dependent medical equipment a grid outage can be life threatening. In total 10,000 EBCE customers are on a PG&E Medical Baseline rate, which indicates they require special notification by the IOU when power shut offs may occur. During the most recent PG&E PSPS events in October 2019, more than 1,000 of EBCE's 50,000 accounts affected by the grid outage were Medical Baseline customers. However, this total may not accurately capture all households with individuals that rely on electricity-dependent medical equipment as registration in PG&E's Medical Baseline program is not comprehensive.

In addition, Alameda County local public health and emergency management officials are seeking to develop a systematic way to rapidly identify and assist these residents during prolonged grid outages or disaster. There is broad acknowledgment among stakeholders that understanding the individual needs of these residents and scoping resilient, life-saving risk mitigation solutions would be useful for emergency planning and preparedness efforts. To that end, in November 2019 EBCE's Board of Directors approved a Resolution authorizing \$500,000 in funding to develop the Program for customers with electricity dependent medical equipment. The approved funding will support completion of two primary activities during fiscal year 2020.

Comprehensive Plan: Collaborate with local public health and emergency management agencies, private sector medical providers, and a technical consultant to:

- Determine appropriate pathways for identifying and conducting outreach to medical baseline and electricity dependent (“MB/ED”) residents.
- Record and map all MB/ED residents in Alameda County.
- For residents in Tier 3 or Tier 2 HFTDs and/or households that experienced PSPS shut-offs, document individual MB/ED equipment needs, equipment electricity load, emergency preparedness solutions in place, and unique site conditions.
- Scope technology readiness and cost, pair solutions with individual needs.
- Where in-home solutions are not feasible, scope alternative risk mitigation plan with partner stakeholders.
- Present findings, lessons learned and CP on how and cost to scale solutions to EBCE Board.

Pilot Project: EBCE will partner with a major healthcare provider to identify the highest-risk electricity dependent patients (e.g., children) in the nine county Bay Area. EBCE will work with fellow CCAs who provide electrical service to these households, and the private sector, to co-fund and deploy solar + BES systems in advance of potential 2020 PSPS events. The goal of this pilot is to 1) deliver resilience solutions to high-risk children, 2) establish a standard operating procedure with medical institutions for conducting outreach and providing resilience solution to vulnerable customers.

Municipal RFI for solar + storage on government buildings

Budget \$0 - Staff Time

Timeframe: Planned

Many government buildings have existing rooftop solar energy systems. There are both electrical and financial complications to adding batteries to these installations. To support efficient development of resilience in our Cities, EBCE will release a request for information in Winter 2020 to determine the best approach to retrofitting existing rooftop solar systems with storage. The results of the RFI will be incorporated into the procurement for Solar + Storage for critical facilities (above) that will take place in Spring 2020.

Reducing Utility Disconnections

Budget \$130k

Timeframe: Planned

EBCE has some zip codes with a large proportion of customers either living without power, or under threat of losing power. Eleven zip codes in EBCE’s service area have average disconnection rates ranging from 10 to 15%, compared to PG&E’s rate of 5.4%. In addition to low FERA enrollment overall in northern California, there is evidence of CARE under-enrollment in these zip codes: Close to 50% of the population lives below twice the Federal Poverty Level, but on average just over 30% are

enrolled in CARE. Although EBCE never disconnects a customer for non-payment, we are developing a program to identify the causes of disconnections and test programs to reduce disconnection rates.

DAC Green Tariff /Community Solar

Budget \$40k

Timeframe: Planned

The CPUC has initiated a program to allow CCAs to develop community solar projects to deliver solar energy to CARE customers living in Disadvantaged Communities. EBCE has been allocated 7MW of solar that can be developed within EBCE territory and delivered to CARE customers at a 20% discount to CARE rates. EBCE will develop solar projects for this program and use enrollment in the additional discount as one of the tests to reduce disconnection rates in the Disconnections Program (above).

RE100 for Municipal Electrification

Budget \$150k

Timeframe: Planned

Achieving climate action targets will require a strong push across sectors to reduce GHG emissions. EBCE's programs, listed above, will help our Cities electrify buildings and fleet vehicles while deploying economically viable solar+storage opportunities across buildings. In parallel with these efforts EBCE plans to develop new to develop new renewable projects to serve City electricity demand. The goal is to provide Renewable100 product at Brilliant100 pricing for City meters. Once this product has been tested with our Cities EBCE would then plan to offer this product to other customer classes.

Community Investment Fund

Community Innovation Grants

Budget \$240k

Timeframe: In-Process

In June of 2018 EBCE initiated the first Community Innovation Grant solicitation. The 2019 Community Innovation Grants were for non-profit and community-based organizations to develop projects designed to deliver energy-related social and environmental benefits to residents of Alameda County. Six community-based organizations were awarded \$40,000 to support local programs for a total of \$240k. The projects are in process with expected completion by June 2020.

Government Innovation Grants

Budget \$150k

Timeframe: In-Process

The Government Innovation Grants will support EBCE's municipal partners with funding help achieve EBCE's mission of reducing energy related environmental impacts while providing competitively priced clean electricity. Grants of \$12.5k per city will be available in to support:

1. Cities to pursue additional grant funds
2. City Energy and Environmental staff to add capacity through Fellows or Interns, or,
3. Funding consultant to complete project work

Grant funds needs to support EBCE mission, ie. Energy/Climate programs that benefit the community through reduced energy costs, increase participation in EBCE programs or reduce environmental and/or social impacts of energy.

Community Innovation Grants Round 2

Budget \$240k

Timeframe: Planned Spring 2020

In the Spring of 2020, EBCE will release a second solicitation to support non-profit Community Based Organizations to deliver projects and programs that benefit EBCE customers and communities.

Fiscal Impact

Budget has been approved, there is no additional fiscal impact

Attachments

- A. LDBP Mid-Year update presentation



LOCAL DEVELOPMENT UPDATE

PRESENTED BY: JP ROSS

DATE: JANUARY 22, 2020



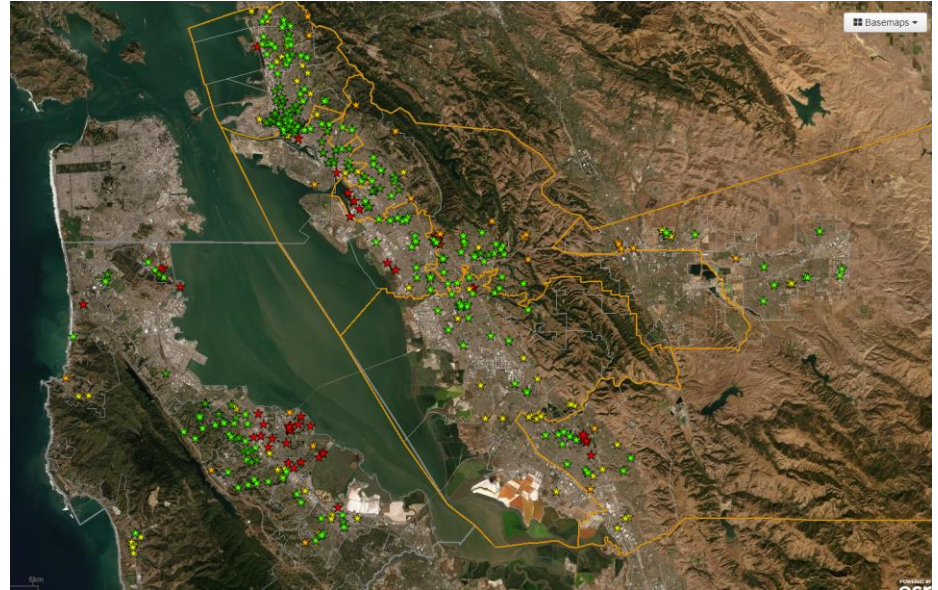
LOCAL DEVELOPMENT BUDGET

- Local development programs have commenced across all program areas
- Resilience initiatives are utilizing funds from Collaborative Procurement and Enhanced NEM LDBP Budgets
- \$1M in funding still to be allocated to future programs and initiatives

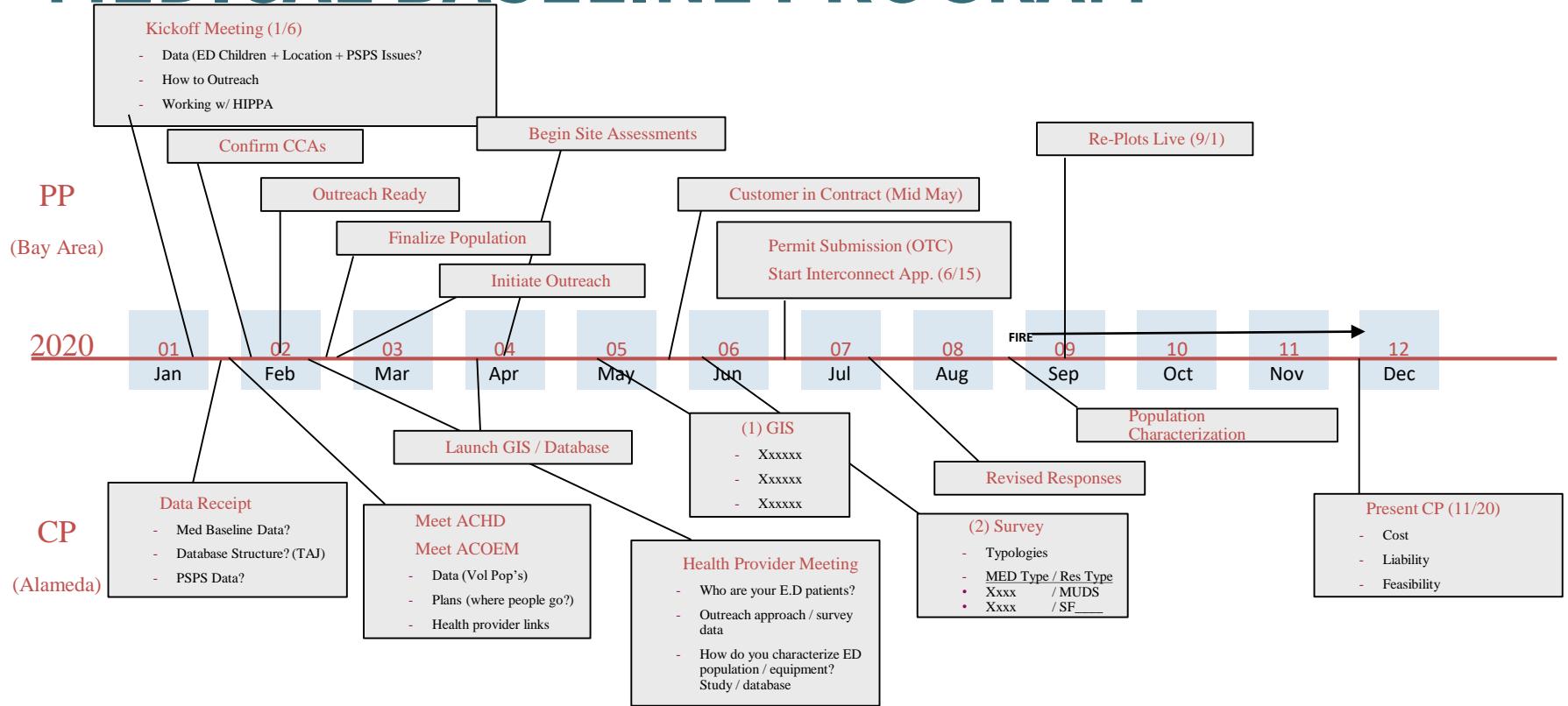
Mid Year Local Development Budget Update January 22, 2020 (\$000)		
Program Areas	Spent/Contracted	Planned
Demand Response	(\$195)	
Energy Efficiency	(\$100)	
Building Electrification	(\$400)	(\$900)
Vehicle Electrification	(\$400)	(\$1,760)
Collaborative Procurement	(\$500)	(\$620)
Enhanced NEM		
Community Investment Fund	(\$400)	(\$250)
Sponsorships/Events	(\$20)	(\$45)
Capital Set Aside	(\$1,200)	
Sub-Total LDBP Operating Funding	(\$3,215)	(\$3,575)
Non Operational Revenue		
BAAQMD Grant	\$150	
Grants and LCFS Credits	\$750	
LDBP Operating Funds*	(\$5,890)	
Additional Local Development Spending		
LDBP Staff Costs	(\$600)	
LDBP Reserve Funds - DC Fast Charging Pilot		(\$1,400)

CRITICAL MUNICIPAL FACILITIES

- 300+ sites confirmed in Alameda County (+200 SMC)
- Site scores established to prioritize projects
- Solar + Storage systems being sized for critical loads at each site
- EBCE will issue RFI and RFP between Feb-July 2020 to assist local governments w/system deployment

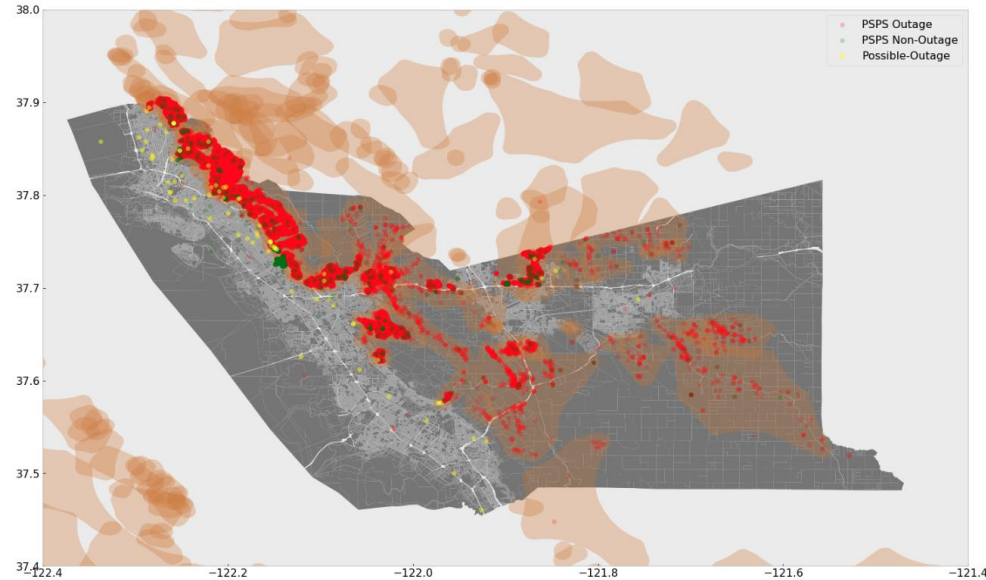


MEDICAL BASELINE PROGRAM



COMMUNITY RESILIENCE + RA

- Issued RFP for solar + storage systems + 10MW RA
- Plan to deploy ~2000 residential and 100s of commercial systems to increase resilience
- All systems will provide backup power
- Prioritizing frontline communities and requiring local workforce
- Customer engagement strategy to be developed with vendor(s)
- Program launch Spring



REACH CODES

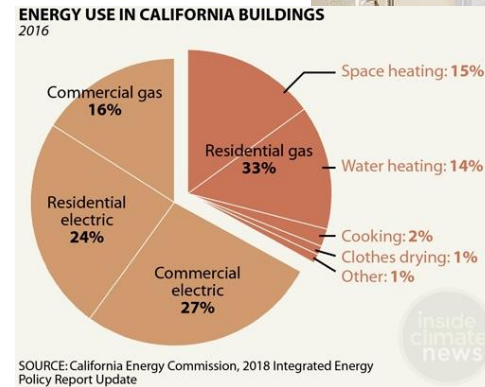
	Energy Efficiency	All-Electric Preferred	All-Electric (R)	All-Electric (NR)	Natural Gas Ban	All-Electric retrofit	Electric Vehicle (EV)	PV	Energy Storage
Albany	EXPLORING (CALGreen)				EXPLORING				
Berkeley		PASSED			PASSED		PRE-EXISTING	PASSED	
<u>Dublin</u>		EXPLORING					EXPLORING		
Emeryville									
Fremont			EXPLORING	EXPLORING		EXPLORING (readiness)	PRE-EXISTING, EXPLORING	PRE-EXISTING, EXPLORING	EXPLORING
Hayward		EXPLORING					EXPLORING	EXPLORING	
Oakland			EXPLORING	EXPLORING			PRE-EXISTING		
Piedmont						EXPLORING		EXPLORING	

TECHNICAL ASSISTANCE FOR ALL-ELECTRIC MULTIFAMILY DEVELOPMENTS



HEAT PUMP WATER HEATER REBATES

- Domestic hot water is major natural gas load
- EBCE Plans to launch a regional Heat Pump Hot Water heater incentive program in March
- Will fund ~\$1,000 incentive to go through StopWaste regional platform
- Additional BayREN incentive will also be available
- Pair with demand response program to explore thermal storage
- Collaborating across regional CCAs to encourage participation

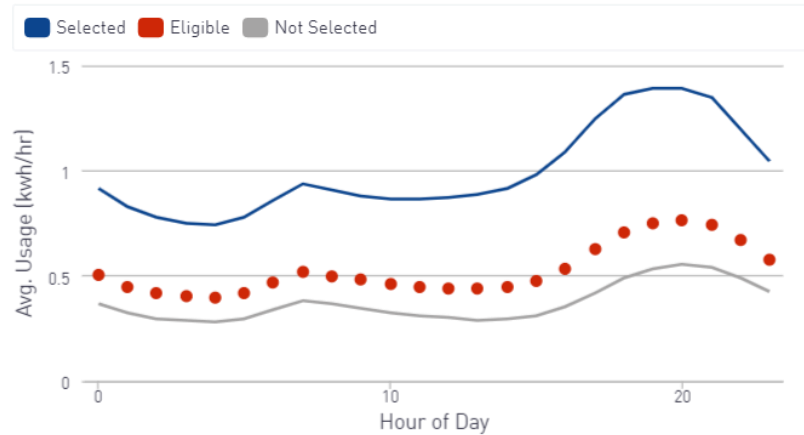


INDUCTION COOKING CAMPAIGN



TARGETING COST EFFECTIVE ENERGY EFFICIENCY OPPORTUNITIES

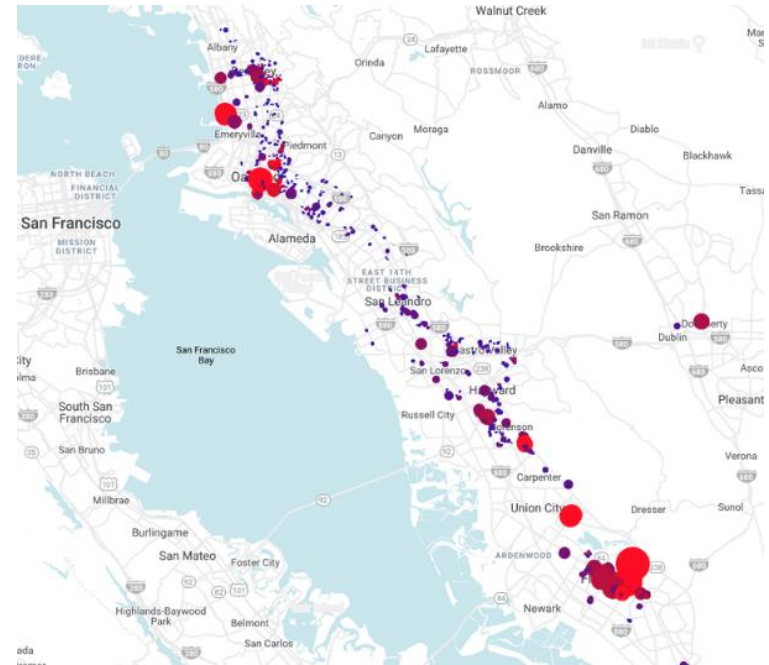
Avg. Annual Load Shape



- Recurve has analyzed hourly output from all EBCE meters as well as gas data to help target energy efficiency and demand response opportunities across our customers
- Can now target outreach to customers who can benefit from demand reduction, while also delivering the highest reduction to EBCE
- Will develop Pay for Performance solicitations for efficiency and demand response

\$40M FOR EV CHARGING IN EBCE TERRITORY

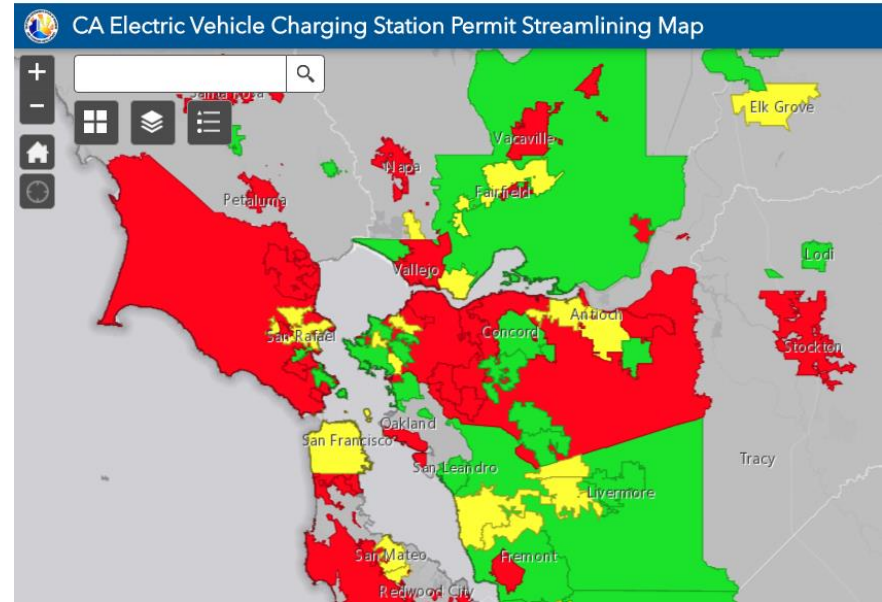
- EBCE is leading development of CA EV Infrastructure Project (CALeVIP) for Alameda County
- CEC incentive program aimed at achieving state mandate of 250,000 EV chargers by 2025
- CEC's commitment est. \$20-30M. EBCE will bring additional \$16M (\$4M/yr.)
- If approved, incentives online 2021-2024
- Eligibility: All Level 2 and DC Fast Charge use cases except single family homes



Multi-Unit Dwelling Hot Spot Map, EBCE 2019

STREAMLINED PERMITTING & CALEVIP

- AB 1236 (2016) requires cities/counties to adopt Ordinance & create checklist by 2017
- EBCE providing assistance to cities to achieve countywide compliance by March 2020
- To access CALeVIP incentive \$ CEC mandates AB 1236 compliance
- Fall 2019 the Governor's Office recognized EBCE with first ZEVE Award



Governor's Office AB 1236 Tracking Map

MEDIUM & HEAVY-DUTY (M/HD) EVs

- Assessing M/HD DMV ownership data
- Working with CALSTART Drive to Zero Initiative to develop M/HD pilot(s) that establish Alameda County as a “beachhead market” for transformation
- Targeting M/HD fleet(s) in preparation for CALeVIP \$
- Supporting Alameda County transit agencies
- Provide TA to school districts; help prep for CALeVIP \$ and other funding opportunities



CHARGING INFRASTRUCTURE DEPLOYMENT

- Develop Public Charging at Municipal Facilities
- Will leverage Local Development Reserve Funding to build chargers and recover revenue from LCFS
- Evaluating Zero Emission Car Share in MUDs with Envoy
- Providing Technical Assistance to Cities for rapid fleet electrification



THANK YOU



Integrated Resource Planning: Overview

Contractor: Siemens Energy Business Advisory

January 22, 2020



Agenda



- IRP Background
- Overview of Joint IRP Analysis
- Approach to Modeling and Analysis Assumptions
- Deliverables
- Timeline for Board Updates & Actions
- Discussion & Questions

Background

- **California statute requires all load-serving entities to prepare IRPs**
 - Each CCA, as well as each IOU and ESP, is required to file its IRP with the CPUC on a biennial basis (2-year cycle)
 - First year of cycle: CPUC develops a Reference System Portfolio (RSP) – used in the CAISO Transmission Planning Process and in LSE IRPs
 - Second year of cycle: LSEs file IRPs at the CPUC; CPUC aggregates, evaluates, and uses IRPs to form a recommended Preferred System Portfolio (PSP)
- **First IRPs were due in 2018; next IRPs are due May 1, 2020. Takeaways from last time:**
 - IRPs were developed as individual plans but with no understanding of the collective impact of plans
 - By planning jointly, CCAs can understand if any reliance on resources in their plan is duplicative, to avoid this situation
 - Joint IRP planning may also highlight opportunities for future joint procurement
 - Additional detailed modeling may supplement the information developed by the CPUC

Joint IRP Project Objectives

- **Questions we seek to answer:**
 - What is the ideal mix of resources for each party to achieve the goals of both the state and its own goals?
 - How much renewable energy and flex capacity is needed to achieve each LSE's renewable targets?
- **Create a joint Integrated Resource Plan (IRP) reference portfolio for the CCAs; this IRP will:**
 - Conform with the CPUC reference case
 - Meet CPUC required inputs and regulations
 - At a later time, achieve additional priorities and goals of the CCAs
- **Potentially develop a second preferred joint portfolio to achieve CCA objectives while managing risk and cost**
- **Prepare disaggregated IRP information and report for each CCA**

Joint CCA Goals for 2020 IRP

1. Identify cost-effective, feasible, reliable, equitable and robust options to achieve our respective communities' goals and objectives, and to minimize carbon emissions
2. Inform and engage stakeholders in the IRP process
3. Allow the IRP process to inform the selection of a preferred portfolio
4. Use one model for consistency in optimization, simulated dispatch, and probabilistic functions
5. Test a range of portfolios in scenario modeling and ultimately in risk analysis
6. Meet CPUC requirements
7. Timely obtain necessary Board and Council approvals

Deliverables

Phase 1: CPUC IRP Compliance Filing

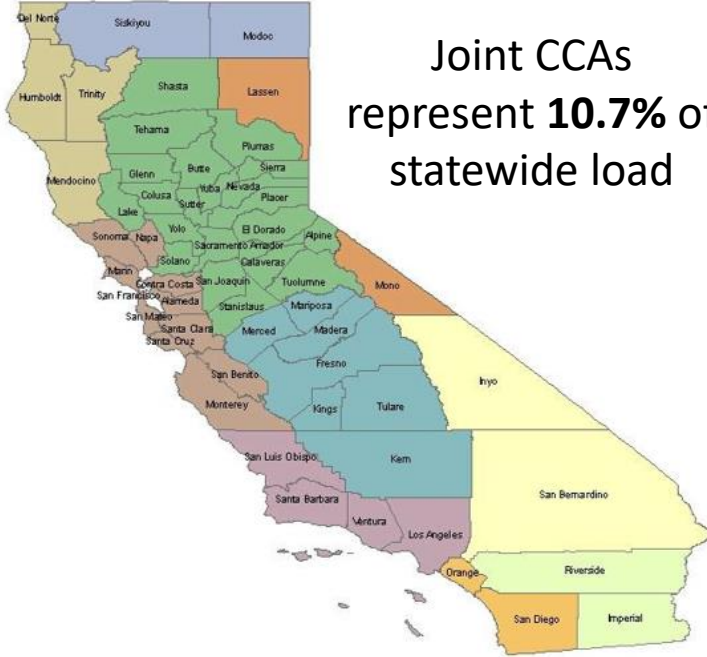
- Analysis based on prescriptive assumptions
- Narrative – analysis, process, results, lessons learned
- Resource Data – conforming & “preferred” portfolios
- Clean System Power Calculator

Phase 2: Establish EBCE Organizational Goals

- Additional analysis
- Identify reliability needs
- Define trade-offs between organizational objectives
- Inform procurement recommendations
- Develop path to expedited GHG reduction

Load & Load Modifiers

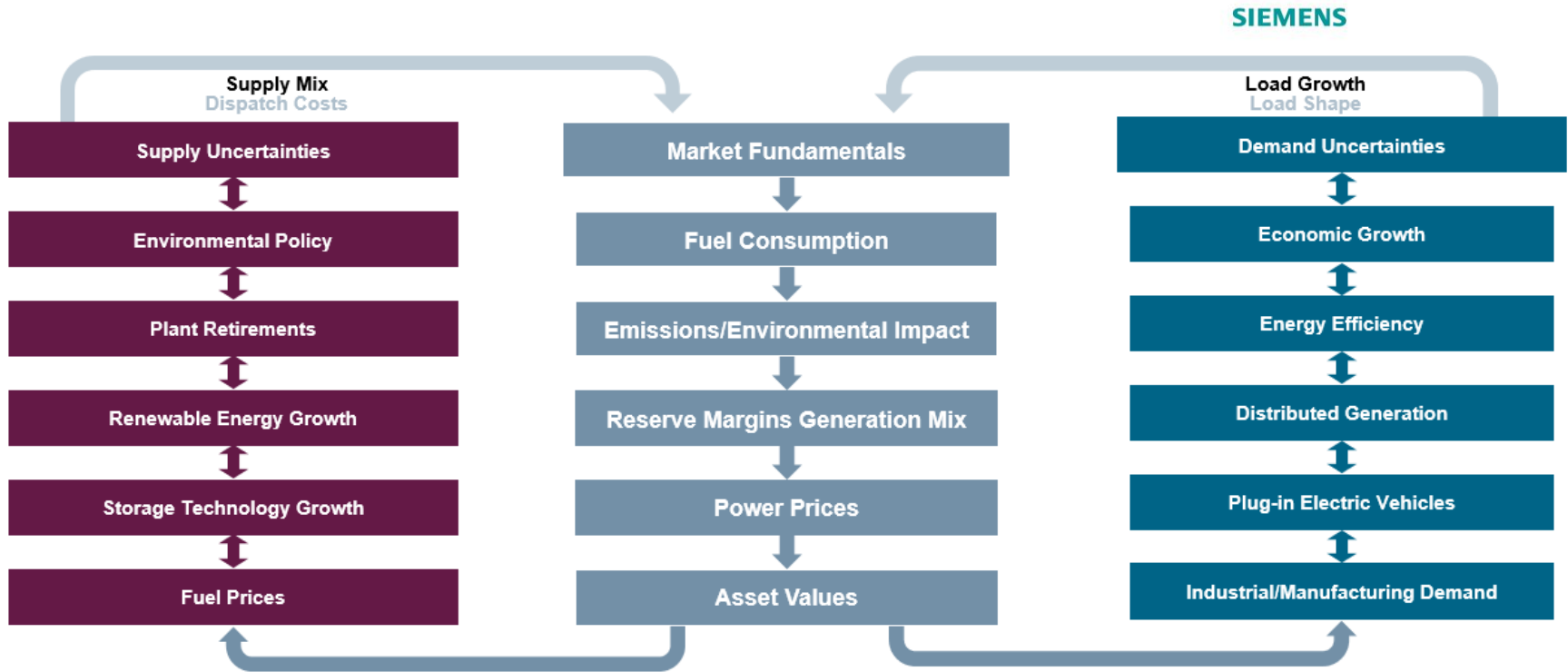
Joint CCAs
represent **10.7%** of
statewide load



Required Forecast: IEPR

- Includes a long-term forecast for customer programs:
 - Energy efficiency
 - Demand response
 - EV penetration
 - BTM generation

Key Market Drivers



Approx. Timeline for Updates & Actions

Date	Description	Action
Jan 22, 2020	Discuss: IRP Overview & Discussion of Process	Informational only
Feb, 2020	Discuss: Siemens' Preliminary Results	Informational only
Mar, 2020	Discuss: Phase 1 Final Results & Draft IRP Filing	Target Board approval
Apr, 2020	Deadline for Approval of Phase 1, IRP Filing	Board approval required
May 1, 2020*	IRP Filing Due Date for Compliance	CPUC Deadline
Jul, 2020	Present EBCE Organizational Goals	Discussion; Board approval
Fall, 2020	CPUC Reviews & Aggregates Filings	n/a
End of 2020	CPUC Issues Supplemental Procurement	n/a
End of 2020	Update on state-wide results	Informational only

Discussion and Questions





Staff Report Item 14

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: Carbon-Free Allocation (Informational Item)
DATE: January 22, 2020

Recommendation

Receive an update on the questions asked in the December 18, 2019 Board Meeting to guide the policy direction relative to the potential pathways.

Background and Discussion

After initial discussions with the EBCE Board, Executive Committee, and Community Advisory Committee at the November and December 2019 Public Meetings, specific follow-up questions were posed for direct response from staff. The purpose of this memorandum is to respond to those questions.

1. CAC Questions on Risks and Liabilities

1. Reputation and Customer Retention: We are discussing replacing our power mix, marketed as “clean power” with a high level of renewables (which 80-90% support in the general population) with nuclear power (that faces about 50% opposition in the general population, potentially more in California). Whatever the debate about nuclear and carbon free, it is not “clean”.
 - a. **How would EBCE address the reputation risk if a nuclear allocation is accepted?**
 - i. EBCE continues to build brand awareness and customer loyalty in just our second year of operations. We have consistently focused on cleaner power, competitive rates, and reinvestment in the community as the key messages in our customer communications. We would continue to do so by highlighting the amount of carbon-free and renewable energy content in our products, as well as the cost-saving value proposition and advancements of local programs. When evaluating EBCE's reputation risk with regard to a carbon-free allocation, we must also consider the risks of higher rates and/or lower carbon-free supply if the nuclear allocation is not accepted. While avoiding the word 'nuclear' on EBCE's Power Content Label (PCL) may be a high priority for some advocates and community groups, avoiding rate increases may be a higher priority to a

larger number of community members and customers. Previous market research has found EBCE's top customer concern is cost.

b. What is the anticipated cost of addressing that risk via marketing for our agency? For CCAs in general?

- i. EBCE can leverage our social media accounts and website to provide information to customers about our power mix and the value of being an EBCE customer.

EBCE staff would also work with its member jurisdictions and community partners to clarify questions and address concerns through newsletter articles and/or social media posts, in-person Q&A sessions (similar to our previous coffee shop tour for “Understanding Your Bill”), engage with our volunteer “Friends of EBCE” to provide talking points to share with friends and neighbors, and other direct outreach opportunities customized to address feedback from the community.

In addition, the following are potential channels and associated costs that EBCE could employ in communicating the value of EBCE to customers. These more traditional marketing channels would focus on highlighting the values offered by EBCE and provide direction on how to get more information:

1. Direct mail: ~\$180,000 for format similar to PCL
2. On-line Advertising: \$15,000 for 1.5M impressions with digital banners
3. Streaming video ads: \$20,000 for ~400,000 views
4. Social ads: \$20,000
5. Print Advertising: \$15,000 for variety of sizes in main media outlets and in-language
6. Radio Advertising: \$20,000, in-language
7. Cable Advertising: \$20,000 for 900 spots
8. Town Halls/Public Workshops: \$15,000

EBCE may elect to do outreach or marketing to different groups through different channels. For example, customers who voluntarily opted up to Brilliant 100 or Renewable 100, customers that have installed solar, or customers with electric vehicles may be more likely to have concerns about nuclear energy - we could focus direct mailers to this population and offer a special hotline to address their concerns.

c. What is the expected opt-out rates and how does that affect our future revenue?

- i. Market research has found that the top customer concern is cost. As such, we anticipate minimal opt-outs if accepting the nuclear allocation allows EBCE to maintain the current value proposition.
- ii. There may be some opt-outs experienced by customers interested in expressing their disapproval for a decision that includes accepting nuclear. However, staff looks forward to coordinating with community organizations and members that are most likely to be concerned with the acceptance of a nuclear allocation to educate customers on the fact that opting out means a return to PG&E, which will have a projected

minimum of 16% nuclear and 22% natural gas in their power mix (if all eligible LSEs accept all of the allocations), and up to a projected 41% nuclear (if no allocations are accepted). As such, staff does not anticipate a significant impact to future revenue.

- iii. Previous analysis suggests that every 1% of opted out load results in approximately 1% loss of revenue. If the opt-outs are primarily from residential accounts, then the % opt-out by load will be less than % opt-out by accounts. However, for the sake of simplicity, assuming the percentage of opt-outs by account is equivalent to opt-out by load, then approximately 5,500 customer opt-outs would result in a 1% loss of revenue.
2. **Liability:** In the recently settled case of San Onofre, we see ratepayers bearing a large amount of the billions of dollars in costs caused by the closure, including replacement energy. While we are not free from all risk, as we use PG&E lines and they own Diablo, our customer liability may be significantly increased by being a direct customer of nuclear power as opposed to have explicitly refused it.
 - a. **What is the potential liability to EBCE?**
 - i. PG&E recovers Diablo's costs through multiple CPUC-approved rate mechanisms. O&M and A&G costs, for example, are approved in a general rate case at the CPUC, then flowed through into the Portfolio Allocation Balancing Account (PABA) in annual Energy Resource Recovery Account (ERRA) proceedings, then flowed into the Power Cost Indifference Adjustment (PCIA) rate. Decommissioning costs for another example, are set in a decommissioning proceeding and passed to customers through a non-bypassable surcharge. These rate mechanisms predate any allocation mechanism. Employee retention and pension cost increases were established in CPUC proceedings on the accelerated closure of Diablo. The allocation proposal here has no impact on Diablo cost recovery mechanisms.
 - ii. With respect to replacement energy, in any resource-specific transaction there is outage risk. This risk is addressed in the transaction documents. For the allocation transactions under consideration here, that means an Edison Electric Institute Master Agreement (EEI Master), and associated transaction confirmation (Confirm). The EEI Master Agreement EBCE has with PG&E is used for transactions of various products, so specific Product and Delivery Obligations terms are defined and set forth in each transaction Confirm. The Confirm for the allocation is yet to be negotiated.
 - b. **What is being done to hedge against these risks?**
 - i. To address and mitigate potential outage risk, EBCE could require an early outage indication from PG&E in the Confirm for known outages, and could define the Product and Delivery Obligations to require replacement carbon-free energy in the event of under-delivery, otherwise EBCE would receive compensation from PG&E, as stated in the EEI Master Agreement. Regardless, EBCE would also be prepared to buy replacement product on the short-term market as a last resort mechanism to hedge against these risks.

- c. **What others are anticipated?**
 - i. No other liabilities are anticipated. If, upon review of the Confirm, EBCE identifies incremental risks, those would be identified and reviewed with the Board prior to execution of the Confirm.
 - d. **As this is being set up as a power purchase, could this impact customer liability, due to the cost causation principle of rate making?**
 - i. EBCE customers have always paid Diablo costs through the PCIA and other non-bypassable charges (e.g., decommissioning) on the premise that EBCE customers caused PG&E to incur those costs. Accepting the allocation does not increase Diablo costs, which, as noted above, are set in other proceedings whether we take an allocation or not.
3. **Seismic Risk:** With PG&E bankruptcy, investors may be risk averse. With the known potential liability, they could move to dump this risk (i.e., of a Diablo Canyon disaster) that could result in another bankruptcy.
- a. **What is the potential risk of Diablo being built to the Probabilistic Earthquake Model (PEM) as opposed to Maximum Credible Earthquake (MCE), the use of the PEM, being a less stringent standard?**
 - i. While there is no way to quantify this risk, the facility currently meets Nuclear Regulatory Commission operations standards and is under regular seismic safety performance assessments and hazard analysis, making specific improvements if and when they are required, relative to current standards. The Nuclear Regulatory Commission published the latest Seismic Probabilistic Risk Assessment for Diablo Canyon and it can be found at [this link](#), and the Mitigating Strategies Assessment at [this link](#). Most significantly, these potential risks - and any associated liabilities - are not expected to be borne by any recipient of the allocation.
 - ii. It is important to note that the Diablo Canyon facility is already built and operational. Therefore, it is a very unlikely scenario that PG&E or the CPUC would take action at this stage to terminate or sell the facility ahead of the planned closure of the facility in 2024-2025.
 - b. If we had to replace the energy from a disruption, 1.4 TW is a substantial fraction of EBCE's electricity (about 20%). **What are the anticipated financial costs and how could that impact our carbon risk?**
 - i. The current proposal is structured as a carbon-free attribute plus energy index construct and does not impact EBCE's electricity hedges. If this allocation were to fall through the cost would be to replace only the carbon-free related attribute component. This replacement cost is estimated to range between \$5,000,000 to \$15,000,000 and represents less than 5% of EBCE's overall energy costs. Within financial reason and direction of the Board, we would procure replacement carbon-free product in the short-term market to make up the difference and ensure our carbon-free content commitments.
4. **Nuclear Market:** We heard from staff that accepting a nuclear allocation has no effect on whether or how long Diablo Canyon may remain in operation. However, we also have heard that there are parties that wish to close the generation plant earlier or

later. As such, there may be unintended consequences around the length of time that Diablo Canyon operates if EBCE chooses to accept a nuclear allocation.

a. **What is the risk that accepting a nuclear allocation enables Diablo Canyon to remain open longer than expected?**

- i. There is no associated risk for accepting a nuclear allocation as it pertains to enabling Diablo Canyon to remain open longer than the decommissioning date (2025). There are two main principles at play that eliminate this risk: (1) the facility will generate the same amount regardless of whether or not EBCE accepts a portion of the carbon-free attributes, and (2) the allocation would only be for the remainder of Calendar Year 2020 from the time of decision, after which point EBCE would no longer receive attributes from Diablo Canyon.

The former principle (1) occurs as a result of the daily demand for cost-effective baseload generation in the CAISO market, calling for the 24/7 utilization of the Diablo Canyon units in the loading order. The aggregated ISO-wide demand is what is considered in determining the resources called upon to generate; it is the baseload nature of the facility paired with the need of the balancing authority that drives the facility's generation.

5. PCIA: EBCE's estimated share of the stranded cost that PG&E has put forward for Diablo Canyon is \$83 million for 2019 and \$90 million for 2020, showing up in the PCIA. That's something like 1.5 cents/ kWh; which is a large fraction of the PCIA going up to 4 cents/kWh.

a. **Is there a potential effect of accepting the allotment on the PCIA?**

- i. See prior response 1.2.a.i regarding the flow of costs through CPUC ratemaking mechanisms. Whether EBCE accepts or declines an allocation has no impact on these mechanisms.

2. CAC Questions around Costs

1. Cost Saving Mechanisms:

- a. If the primary driver of this proposal is the purported cost savings of \$11 million or \$16 million dollars, money that could be used in other places, **are you considering other ways to save money as opposed to accepting the nuclear or nuclear/hydro allotment? Are other options, like changing the percentage of carbon-free, rebalancing the portfolio, or the use of other cheaper fuels we don't specifically have a prohibition on being considered?**

- i. EBCE always strives to procure the lowest cost resources to meet our existing carbon-free portfolio commitment ($\geq 85\%$, or at least "lower greenhouse gas intensity than PG&E"). There are levers that can be pulled which could result in a lower portfolio procurement cost, but not without sacrificing either our renewables or carbon-free content.

Currently pricing for renewable power is higher than carbon-free power (ACS and large hydro) and rebalancing our portfolio with less carbon-free power and more renewable power would lead to higher procurement costs. There is the potential to reduce our renewable power purchases and replace the difference with more carbon-free power than our current product design; this could provide cost savings,

but we are constrained by the finite amount of carbon-free power available for purchase. Unlike renewable power generation, there is not likely to be more new large hydroelectric carbon-free generation coming online in the state. There is also the option to reduce our carbon-free power purchases, but that would of course come with an increase in the portfolio carbon intensity.

- ii. EBCE is also driving forward two strategic initiatives that will result in better pricing for long-term contracts, namely (1) working towards achieving an investment-grade credit rating and (2) exploring the prepayment structure to utilize our tax-exempt status to achieve lower net cost electricity, as discussed in the November 22, 2019 Executive Committee meeting.

2. Use of Cost Savings:

- a. **If EBCE accepts the nuclear allocation, what could EBCE do with that savings that is beneficial?** For example, directly fund the advocacy of groups working to close down Diablo Canyon (e.g., Alliance for Nuclear Responsibility)

- i. There are a number of options in the way of using the savings to drive value and benefit for EBCE customers. Some options include: using those dollars to procure more renewables, dedicating the funds to the local development budget, and/or putting the savings toward the maintenance of the rate discount relative to PG&E in light of the PCIA changes and the financial ramifications that will be felt.

If the Board elects to use these dollars in another fashion, that decision is theirs to consider and make.

3. Calculation of Cost Savings: According to the presentation given to the board, staff reports \$16 million in savings if we take the nuclear plus hydro allotment, and \$5 million in savings if we only take the hydro, but no formula was given for how that number was arrived at, or a cost comparison. There are a variety of ways to calculate “savings” and clarification would be helpful. For comparison, what is the average rate per MWh for the Asset Controlling Supplier, the large hydro, renewable, and the market wholesale power we currently buy? (total costs of the year / total MWh, as annual averages for each of these sources)

- a. **How did staff arrive at the dollar value savings that would occur if EBCE chose to take the nuclear or hydro allocation and how does that compare to market costs?**

- i. As a general disclaimer EBCE is prohibited from sharing the exact market costs that we are transacting on due to the confidentiality of our procurement agreements. The dollar value savings estimates were calculated by multiplying the projected full year 2020 allocation amounts by an average carbon-free power procurement cost estimate of \$8/MWh. \$8/MWh is reflective of recent market conditions where supply of carbon-free energy in the form of large hydro and ACS has been constrained. Furthermore, in such a constrained market there may be a need to procure additional renewable energy resources, which generally trades at higher costs based on limited availability of large hydro.

To reach the production estimates, staff used the latest available PG&E Retail Sales Actuals data (2013-2018) and PG&E forecasted 2020

production volumes for their large hydro assets and nuclear assets, which, when summed (together, the ‘Resource Pool’), calculates to 30% of the Resource Pool from large hydro and 70% of the Resource Pool from nuclear. We then multiplied those volumes by 9% to represent EBCE’s average proportional share of forecasted monthly load set forth in PG&E’s ERRR Forecast, the proportion calculation methodology proposed in the allocation mechanism cited in the [PG&E advice letter](#). This resulted in the estimated EBCE allocation volumes of 648 GWh from large hydro and 1,494 GWh from nuclear, for a total of just over 2 TWh of carbon-free energy. The hydro and nuclear resources projected for EBCE proportionally calculate to 30% and 70% of the total EBCE allocation volumes, respectively.

It is worth noting that these production estimates are for the entire year of 2020; given the timeline of the CPUC decision-making processes surrounding the allocations likely not concluding until late May/early June, we are more likely looking at roughly half of these volumes.

4. **Contract Structure:** In our presentation, staff reported it was “*virtually free*” and that “we have already paid for it *effectively*”, then said there was “no cost” and that PG&E had set it up as a “sale” because a sale was required for specified energy sources. Please clarify if EBCE will pay for the allotment.

- a. **What is the cost or the rate per MWh for the large hydro and nuclear that PG&E would be charging the CCA?**

- i. The incremental cost per MWh that PG&E would charge EBCE would be \$0.00. The “*virtually*” and “*effectively*” language reflects that EBCE would waive its right to argue at the CPUC that PG&E should have sold carbon-free resources rather than allocate them. That is, if we take an allocation of carbon-free power, we can’t also argue that the CPUC should penalize PG&E for failing to sell us carbon-free power. This waiver is consideration (i.e. we are giving something up), but it is non-monetary, hence the qualifiers.

Furthermore, EBCE is already paying for these attributes indirectly through the PCIA. If EBCE were to elect not to take this allocation, however, the PCIA would not decrease.

3. CAC Questions on Power Content

1. **Impacts to EBCE and PG&E Power Mixes:** In the hearing on the closure of Diablo Canyon, PG&E reported that one of its reasons for closure is the nature of nuclear load displacing renewables and not fossil fuels. The side by side comparison just went out, as reported by staff. PG&E is listed at 34% nuclear and 39% renewable. EBCE is listed as 0% nuclear and 41% renewable. The carbon risk associated with the potential allotment should be clarified.

- a. **How would the inclusion of a nuclear allotment affect EBCE’s power mix?**

- i. EBCE would still target 85% carbon-free power for our power purchases for the calendar year. Of the 85%, typically 39% of this is from renewable sources and 48% is from large hydroelectric or Asset Controlling Supplier (ACS) power. ***Operating with the full calendar year allocation projections***, with the inclusion of the nuclear

allotment, approximately 17% of our total purchased power would come from nuclear; the aggregate would be represented on the 2020 Power Content Label, distributed, as the Board would determine, across Bright Choice, Brilliant 100, and/or a potential new product offering.

- b. **What percentage of power sources, including renewable and hydropower energy, are you planning for EBCE and predicting for PG&E for 2020?**
 i. EBCE:

Source	EBCE accepts Hydro	EBCE accepts Hydro and Nuclear
Renewable	39 %	39 %
Hydro/ACS	49 %	32 %
Nuclear	0 %	17 %
Unspec/Other	13 %	13 %

- ii. PG&E:

Source	No Allocations Accepted	Only EBCE accepts:		All CCAs accept:	
		Hydro**	Hydro and Nuclear	Hydro	Hydro and Nuclear
Renewable*	38 %	38 %	38 %	38 %	38 %
Large Hydro	22 %	21 %	21 %	11 %	11 %
Nat Gas	0 %	0 %	4 %	3 %	22 %
Nuclear	41 %	42 %	38 %	48 %	16 %
Unspec/Other	0 %	0 %	0 %	0 %	13 %

* Reflects renewable generation from PG&E RPS plan and not historical renewable energy purchases.

** Unlikely scenario, given the understanding that all CCAs will accept at least the hydro allocations.

- c. **How would taking their nuclear load and adding it to our power mix affect those numbers?**
 i. See above tables.
- d. **What is the risk that EBCE’s renewables may be displaced if our energy mix includes nuclear? What steps would be taken to make sure we do not displace renewables on days with high solar or wind output, and nuclear cannot be curtailed?**
 i. There is no different risk if our energy mix includes nuclear than there is today without nuclear. Diablo Canyon’s baseload supply to the grid does at times contribute to the curtailment of renewables, and the decisions pertaining to what resources are called upon to generate and which are curtailed are made by the CAISO, as detailed in the response to question 1.4.a.i.

- e. **If EBCE takes PG&E's nuclear and hydro energy, how do we make sure we maintain a renewable mix higher than that of PG&E, which will likely increase in 2020?**
 - i. With PG&E's relative share of renewables in their power mix increasing with departing load, EBCE could procure more renewables to maintain a higher relative mix, though that would come at a cost since renewables are more expensive, as outlined in 2.1.a.i.
- f. **What would EBCE do to obtain replacement energy if there is a problem with Diablo Canyon?**
 - i. EBCE currently purchases power product in the short-term market throughout the year and has the availability to do so if there was any reduction in the expected nuclear generation from the allocation. Given the structure of the transaction, EBCE is not directly exposed to Diablo Canyon generation, so there is no explicit replacement energy risk.

4. Board Member Additional Questions (from December 18, 2019 Board Meeting)

- Mayor Pilch:
 - **What is the implication of our decision on the nuclear market? What would the impact be of accepting of the nuclear attributes relative to the lifetime of the generating facility? On the market for nuclear in California?**
 - In response to the implication on the lifetime of the facility, please see 1.4.a.i. As the plant will generate as determined by the CAISO until its decommissioning (phased across 2024 and 2025), the decision on whether or not to accept the allocation also does not send market signals for the demand for nuclear power specifically. It is highly unlikely to see any new nuclear in California, particularly in light of Diablo - the only operational facility in the state - already slated to shut down by 2025.
- Mayor Arreguin:
 - **Is there a budget impact of decision or have we already budgeted for the procurement of the carbon-free energy volume in question?**
 - As we have already budgeted for carbon-free procurement for 2020, there is no new procurement cost associated with not taking the nuclear. However, there would be a budget impact if we do not take the nuclear allocation and are directed to maintain both the carbon intensity and current discount, in light of the increasing PCIA. Portfolio balancing options and associated cost implications are outlined in 2.1.a.i.
- Council Member Munro:
 - To ensure there is not an economic justice impact, **please confirm the ratepayer cost implications of the different options.**
 - For a detailed explanation of the cost and liability risk for ratepayers, please see the response in 1.2.a.i. In short, whether EBCE accepts or declines the allocations does not have an implication on either Diablo cost recovery mechanisms nor the PCIA.

- Additionally, as we know the PCIA is going to increase (though occurring separately from the allocation process), so EBCE has the option to use the effective savings realized from accepting the allocation to mitigate the degree of cost implications the rising PCIA will have on ratepayers.
 - Council Member Kalb:
 - **What is the possibility for EBCE to take the nuclear allocation and re-sell it to another party?**
 - Staff is exploring the possibility of this option, gathering market feedback for the appetite for the product by others. Contractually we would be allowed to do so.
 - Council Member Mendall:
 - In considering this decision as being one that is a) short-term, and b) ultimately between nuclear and natural gas (the remaining 15% of the EBCE portfolio that is system power and therefore largely nat gas), **from an environmental/ emissions perspective, which is worse?**
 - From a generation-related emissions perspective, nuclear is a carbon-free resource (emission factor: 0 lbs CO₂e/MWh) while natural gas is a fossil fuel resource (emission factor: 390.3 lbs CO₂e/MWh); calculations courtesy of the [CCI Quantification, Benefits, and Reporting Materials](#). The qualification of this decision as being between nuclear and natural gas is only fully correct if the Board directs for the application of the allocated carbon-free resources to be incremental to planned procurements (to achieve a portfolio that is more than 85% carbon-free), rather than a no-cost fulfillment of a portion of our planned procurements (to achieve an 85% carbon-free portfolio). If the former direction is taken, all planned carbon-free procurements will still be made in the market, meaning the effective cost savings element of accepting the allocation no longer applies.
 - Additionally for consideration, as The Climate Mobilization cited in their [Victory Plan](#) (published 2016, revised 2019), policy should encourage the shutdown of nuclear plants, “but should generally aim to maintain nuclear power generation until there is enough renewable energy capacity to replace current coal, gas, and nuclear power generation. If retiring nuclear power plants means adding additional greenhouse gases into the atmosphere, it should not be done.” In 2020 California’s grid still relies on a significant amount of natural gas and does not yet have the level of renewables and storage to displace the need for gas or nuclear baseload, so the production of carbon-free power from Diablo Canyon ultimately leads to a lower carbon-intensity of power on the California grid than using the alternative of natural gas.
 - Council Member Martinez:
 - **Please provide a clarification on energy vs. attributes and what accepting the allocation contractually means (i.e. is there delivery associated with attributes)?**
 - The current proposal is structured as a carbon-free attribute plus energy index construct. While the Confirm would be for the rights to the energy and the carbon-free attributes (i.e. right to claim the generation

of that carbon-free energy on our Power Content Label), PG&E simply delivers the energy to the CAISO market and EBCE gets the accounting rights to that carbon-free energy. In other words, the structure is similar to other energy hedges in that we rely on the delivery of certain contracted products (which can include a combination of Renewable Energy Credits, Resource Adequacy, or in this just case carbon-free attributes) to meet respective regulatory obligations and/or policy commitments, but we do not rely on the delivery of associated electricity to physically serve load.

Financial Impacts

There is no financial impact associated with this update. The financial impact of potential Carbon-Free Allocation options will be provided as part of future board item(s).



Staff Report Item 15

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: 2020 PCIA Impacts (Informational Item)
DATE: January 22, 2020

Recommendation

Receive update on expected changes to the PCIA in 2020 and potential strategies to mitigate impacts.

Background and Discussion

On December 18, 2020, the Board received an initial overview of the process for setting the 2020 PCIA. This presentation provides further analysis of potential changes to the PCIA in 2020.

Attachments

- A. Presentation on 2020 PCIA Impact Assessment



2020 PCIA Impact Assessment

PRESENTED BY: Nick Chaset

DATE: January 22, 2020



Substantial PCIA Increases Proposed in 2020

- **2020 PCIA Forecast:** PCIA rates anticipated to rise up to ~60%
 - 2019 Avg PCIA : \$0.028/kWh
 - Capped 2020 PCIA: \$0.033/kWh (based on \$0.05/kWh cap on increase)
 - PG&E Requested 2020 PCIA: \$0.045/kWh (PG&E seeking to recover PCIA above cap through trigger)
- **Causes of Increase**
 - Market Forces
 - 2019 Brown power prices were much lower than forecast
 - RA and RPS prices lower than forecast
 - Utility Costs
 - Utility owned generation costs higher than forecast
 - Lower PCIA generation sales quantities
 - Significant volumes of unsold RA and RPS
 - Delay implementing 2019 PCIA (didn't go into effect until July 2019)
 - 2018 PCIA Decision
 - Shift in PCIA Billing Determinants (system to vintaged)

Uncertainties Around Impact of PCIA Increases

- CPUC PCIA Decision made conflicting findings on treatment of PCIA Increases:
 - Created a cap on PCIA growth limited to \$0.05/kWh
 - Created a trigger where IOU must inform CPUC when under-collections of PCIA resulting from the cap exceed 10% of total PCIA revenue requirement
 - IOUs have argued that when 10% trigger occurs, they should be able to increase the PCIA above the cap to recover full amount of PCIA owed for that year
- CPUC has yet to formally rule on interplay between cap and trigger
 - CPUC expected to set initial PCIA and PG&E rates based on cap and will make final decision on how trigger is treated soon thereafter when IOUs file trigger documentation

Assessing Impacts of PCIA Increases

- EBCE forecasts a significant impact on revenues driven by both direct increase in PCIA and associated reductions in PG&Es rates
 - $\text{EBCE Revenues} = (98.5\% \times \text{PG\&E Rates}) - \text{PCIA}$
 - As PCIA increase and PG&E rates decrease, EBCE revenues shrink
- PG&E request to CPUC increases PCIA by 60% and decreases PG&E gen rates by 11% which results in a 28% decrease in EBCE revenue relative to status quo
- CPUC action on the 2020 PCIA cannot occur before 2/27/20 with PG&E implementation expected to occur May 1, 2020

EBCE Response

- EBCE is actively working at the CPUC to argue for changes to PG&Es proposed PCIA increases
- EBCE is also working to demonstrate that year to year volatility in the PCIA as a result in fluctuations in things like brown power prices justify holding PCIA increases to the cap with incremental PCIA under-collections evening out over multiple years as the PCIA rises and falls
- EBCE is evaluating how to reduce costs to offset the reduction in revenue and will be following up in February with an assessment of the relative financial impacts of different options (discount, power content, programs, overhead)
- As a result of EBCE's very strong financial performance in 2018 and 2019, EBCE has over \$50M in unrestricted cash and an additional over \$40M in formal reserves. EBCE is evaluating how much of the unrestricted cash to allocate to ensure the ability to continue to offer customers lower cost, cleaner energy in 2020 and beyond