



February 6, 2018
East Bay Community Energy
Supervisor Scott Haggerty, Chair, and EBCE Board of Directors
Nick Chaset, CEO, and EBCE Staff
Submitted via email to LDBPcomments@ebce.org

RE: Comments on East Bay Community Energy's Draft Local Development Business Plan

Dear Chair Haggerty, EBCE Board of Directors, Nick Chaset and Staff:

ENGIE Services (formerly known as OpTerra Energy Services) appreciates the opportunity to submit comments on EBCE's Draft Local Business Development Plan (LBDP). These comments are directed towards the chapters Energy Efficiency Assessment and Net Energy Metering Strategy. Headquartered in downtown Oakland, ENGIE Services is California's leading energy services company for public sector customers and a strong supporter of EBCE initiatives for positive change in Alameda County. We fully applaud the EBCE board and staff for its efforts in prioritizing local distributed energy resources deployment in its service territory and looks forward to continued collaboration with EBCE stakeholders.

Background

ENGIE Services is an energy services company (ESCO) that develops comprehensive sustainable energy projects for public sector and commercial and industrial customers around the nation. ENGIE Services is a subsidiary of ENGIE, the largest independent power producer and supplier of energy efficiency services in the world. With nearly 155,000 employees working in nearly 70 countries, ENGIE is committed to a global clean energy transition focused on decentralization and decarbonization. Through our legacy companies, ENGIE Services has been providing energy services for over 43 years, specializing in energy efficiency, solar, battery storage, and microgrid development. We have worked with hundreds of California schools, cities, water agencies, special districts and other public entities and have a deep understanding of the challenges and opportunities involved with working in the public sector. ENGIE Services also provides customized in-house development of STEM education curriculum for schools, workforce development partnerships, and community engagement services for our customers. We believe that a successful sustainability program has multiple dimensions of impact and we follow the guiding principles of sustainable development.

Energy Efficiency Assessment

The Energy Efficiency Assessment draft thoroughly covers the different energy efficiency program options that EBCE can explore. ENGIE Services commends EBCE on its efforts to prioritize energy efficiency as first in the loading order. Energy efficiency programs support the CCA's efforts to provide a cleaner energy portfolio, reduced local pollution and create meaningful economic benefits to customers. It is an effective means to reduce load and can be deployed alongside other programs like demand response, solar and energy storage. Energy efficiency provides enhanced value to all customers and supports the larger goal of maintaining stable, competitive rates, a crucial part of successful CCA implementation. ENGIE Services supports the recommendation to provide incentives to increase customer implementation of energy conservation measures and applying the Community Benefit Adder approach to all DER programs including energy efficiency.



Since the CCA operates as a non-profit, not an IOU with shareholders, EBCE has more flexibility to devote resources to deploy programs for a wide range of customer classes. Different customer segments or projects may require different program implementation strategies. EBCE should work with the established energy efficiency program administrators and project developers in Alameda County to identify what programs EBCE customers need, what segments are underserved, and what would provide the best value to EBCE. Collaborating with existing energy efficiency stakeholders will ensure that EBCE invests in the local economy that is already thriving in Alameda County.

EBCE should continue to explore options on becoming its own program administrator through an Apply to Administer (ATA) or Elect to Administer (ETA) program over the next several years, however EBCE may not currently be able to devote the personnel and resources for this approach until it commences launch and full operation. ENGIE Services supports the recommended program implementation timelines outlined in the LDBP and feel it is more practical to support existing programs for certain customers until EBCE is ready to become its own program administrator.

In the near term, EBCE should explore more energy efficiency project deployment. As a public agency, EBCE could leverage the Pay for Performance or performance contracting model to develop energy efficiency projects within the local communities in the EBCE service territory. The EBCE Board of Directors are the leaders in their communities and can easily engage their respective municipalities to deploy these projects in a short timeframe with minimal EBCE staff resource investment. This approach allows EBCE to show it is investing in local energy efficiency in the near term through local project development supporting local Alameda County businesses and job creation. Performance contracting also ensures that EBCE implements low cost-high return energy savings measures that have positive ROI, faster payback times, and maximize high effectiveness cost ratios that EBCE needs to comply with CPUC mandates like the Total Resource Cost (TRC) test. This approach provides political benefits to EBCE by demonstrating to constituents that CCAs can operate and deploy cost-effective projects in a more flexible and timely manner than the incumbent utility. This further emphasizes the benefits of CCA service to customers and boosts EBCE's positive image in the community.

There are several customer segments identified in the Assessment that could be targets for performance contracting projects. As identified in the LDBP, C&I customers on rates E-19 and E-20 represent the largest peak energy consumption, contributing to EBCE's peak demand and putting strain on the grid during high heating degree days. Many of these customers do not currently participate in existing Alameda County programs so there are plenty of opportunities for efficiency improvements without overlapping with existing programs. Initially targeting these customer segments will have a more immediate impact on reducing peak load and contribute to reducing procurement and resource adequacy needs that will provide long term benefits to all ratepayers and hedge against rate volatility.

While there are some issues inherent with CCA energy efficiency programs that reduce load and consequently revenue streams, as a non-profit entity, EBCE should be focused on providing community benefits and services at a competitive price to ratepayers. Energy efficiency provides a great opportunity to prioritize local job creation, economic development, social justice, and local environmental benefits that come with reducing emissions in the service territory. All community stakeholders benefit from local project development. Successful local project development provides financial, political, and regulatory benefits to EBCE, while minimizing overall risk in deploying energy efficiency projects to the benefit of EBCE and all customers in its service territory.

Net Energy Metering (NEM) Strategy

ENGIE Services applauds EBCE for its thorough review of net energy metering and the thoughtful planning around DG deployment. Ensuring solar customers participate in NEM when they are switched over to EBCE service territory is important to reduce customer opt-outs and maintain a positive brand, as customers provide locally produced energy to be consumed onsite and by neighboring loads. EBCE's strong portfolio of renewable energy resources should include local distributed generation financed either by the private sector and 3rd parties. To differentiate from the incumbent utility, who is also quickly increasing their mix of renewable resources into their portfolio, the CCA should not only procure RECs and utility-scale renewable generation, but also focus heavily on





developing local solar projects, which are increasingly proving to benefit all ratepayers by decreasing transmission line upgrades. A strong DG program framed around existing NEM policy will further drive local distributed generation deployment and align with EBCE's mission to support community energy projects.

Leveraging the NEM adders for community benefit, workforce, supply shift, and storage will support effective customer targeting to deploy projects that provide the maximum benefit and value to EBCE and Alameda County. Since the proposal has a base NEM export credit that is less than most other CCAs in the region, ENGIE Services fully supports the inclusion of the adders to enhance the base NEM export credit. The adders also help target customers that could benefit most from installing DERs like low-income and public sector customers. It also incentivizes the use of local labor for development and construction, helping EBCE to meet its local job creation and workforce development goals. ENGIE Services encourages EBCE to adopt the NEM strategy outlined in the LDBP.

Conclusion

ENGIE Services commends EBCE for their work in prioritizing local distributed energy resources deployment and its commitment to providing community benefits to Alameda County. As a local business headquartered in Alameda County with many employees working and residing in EBCE service territory, ENGIE Services is proud to be a part of the EBCE community and excited about the positive changes EBCE will bring. Thank you for the opportunity to provide our comments and feedback.

Respectfully Submitted,

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