



June 20, 2018

**VIA ELECTRONIC MAIL**

Local Development Business Plan Team  
East Bay Community Energy (“EBCE”)  
[LDBPcomments@ebce.org](mailto:LDBPcomments@ebce.org)

**RE: General Comments on EBCE’s Local Development Business Plan (“LDBP”)**

The Sierra Club is excited to see the first proposal from a Community Choice program to foster the many community benefits we find are the main motivation for establishing a Community Choice program.

**A. Aspects We Support**

To reiterate, no other Community Choice program inside or outside of California has analyzed how local investments in renewable energy resources can provide environmental, economic, and social justice benefits to the community it serves. Community Choice offers a vehicle for creating healthy and resilient communities and provides the local residents and businesses it serves an opportunity to do their part in tackling climate change.

The Sierra Club supports the general framework of the LDBP, and the different programs and strategies it proposes, such as the range of distributed energy resources<sup>1</sup> (“DER”) programs, natural gas fuel switching, enhanced net energy metering, enhanced feed-in-tariff, workforce development, and streamlining of local permitting for DER in the built environment. We further appreciate the analysis tool for evaluating the impacts of different investment scenarios that illustrate a variety of approaches, and the LDBP’s approach to local development as a dynamic process.

**B. Concerns**

Notwithstanding the aspects of the LDBP that we support, we are concerned about the current draft not capturing the vision that created the LDBP, and the LDBP failing to meet the mandates stated in the Joint Powers Agreement as including “a roadmap for the development, procurement, and integration of local renewable energy resources”.<sup>2</sup>

---

<sup>1</sup> Distributed energy resources to include, but not be limited to, energy efficiency, demand response, energy storage, electric vehicle managed charging, local renewable generation, and microgrids.

<sup>2</sup> EBCE’s Joint Powers Agreement, Sec. 5.4

Specifically, the Sierra Club is very concerned about EBCE classifying itself as a retail electrical supplier. We strongly believe that the purpose of EBCE, and more generally Community Choice programs, is to be an energy services provider that serves the needs of the community and provides an alternative to the incumbent utility in order to be better than the status quo. Similarly, we note the lack of mention or reference to the advocates that played an instrumental role in ensuring the existence of the LDBP, and who will continue to play a key role in EBCE's success.

We are further concerned about the lack of performance metrics in how we would evaluate the success of the LDBP as it relates to benefits for the environment, equity, labor, and social justice. Ultimately, however, performance metrics necessitate being tied to implementation, and we note that the LDBP does not discuss how the proposed framework and/or timeline would be implemented in a way that serves as "a roadmap for the development, procurement, and integration of local renewable energy resources".

Below we discuss possible recommendations EBCE can consider in order to address these concerns.

### **C. Recommendations**

As a founding member of the East Bay Clean Power Alliance, the Sierra Club concurs with the comments submitted by the organization. We submit in this letter a resolution from Sierra Club as it relates to what kind of Community Choice programs we support in California and, along with incorporating such feedback, we further recommend the following in no order of priority as they all are equally important:

1. EBCE's goals and priorities be revised to ensure that EBCE's relationship not just with its customers, but its collaboration with the community is the highest priority;
2. A goal and priority of EBCE must include providing its customers with offering more renewable energy than the status quo and promoting the development of renewable resources;
3. The LDBP and EBCE's prioritization and utilization of local renewable energy resources includes the integration of these resources into EBCE's needs as an energy services provider in order to reduce its reliance on power bought from the market;
4. The review process time for the LDBP be revised so that it is consistent with Section 5.4 of the Joint Powers Agreement in which the LDBP is "subject to annual public review".
5. The LDBP timeline be revised to include Beneficial Rate Design Options in Stage 1 because rates play a critical role in the success of the proposed

programs and in EBCE's relationship with its customer. Specifically, the following should be done in Stage 1:

- a. A rate structure that is equitable by providing a discount that is a progressive discount rate, rather than a flat rate;
- b. A deep discount for customers that participate in California Alternative Rates for Energy ("CARE"), Medical Baseline, and Family Electric Rate Assistance (FERA) programs;
- c. A waiver of the premium for customers that participate in EBCE's 100% renewable option and participate in the CARE, Medical Baseline, and FERA programs in order to increase accessibility to 100% renewable energy; and,
- d. Rate design incentives for the recommended programs before or shortly after they launch to ensure their success.

We appreciate the opportunity to comment on this, and thank the LDBP team, EBCE staff, EBCE Board, and advocates that have participated in the development of this proposal. We look forward to continue working with you on this critical topic for our community.

Respectfully,

Luis Amezcua  
Co-Chair, Energy-Climate Committee  
Sierra Club, San Francisco Bay Chapter

cc: Board of Directors  
Community Advisory Committee  
Nick Chaset, Chief Executive Officer



June 20, 2018

**VIA ELECTRONIC MAIL**

Local Development Business Plan Team  
East Bay Community Energy (“EBCE”)  
[LDBPcomments@ebce.org](mailto:LDBPcomments@ebce.org)

**RE: Sierra Club Comments on the Building Electrification and Fuel-Switching Aspects of EBCE’s Local Development Business Plan**

The Sierra Club appreciates the visionary work of East Bay Community Energy’s (EBCE) Local Development Business Plan (LDBP) team, Advisory Committee and Board in preparing the draft Plan. While the draft LDBP provides a strong value proposition for EBCE to support building electrification and fuel-switching and a reasonable set of longer-term measures, the LDBP misses critical, and immediate, opportunities to support electrification of gas end-uses in residential and commercial buildings.

Our comments are focused on the immediate opportunities and activities that EBCE should include in the Plan and prioritize in 2018 - 2020.

1. **“Electrification-friendly” rates:** The LDBP should specify plans to study and establish a tariff for fully or partially electrified homes in 2019. This new rate should encourage ratepayers to electrify fossil end-uses and to use that new load at grid-optimal times. An optional “electrification-friendly” rate would have a larger Tier 1 Baseline Allowance to account for electric heat pump water heaters, heat pump space heaters and air conditioners, electric cooking, and electric heat pump clothes drying. Ratepayers should be able to opt-into this tariff if they have electric water *or* space heating. PG&E currently only offers a larger baseline allowance for electric space heating. This discourages some PG&E ratepayers from electrifying water heating if they have a gas furnace given the potential to get bumped into higher and more costly Tier 2 and Tier 3 rates. The “electrification-friendly” rate should have an opt-in time of use (TOU) option with super-low off-peak in the afternoon that mirrors the duck curve. This would encourage operation of electrical appliances like heat pump water heaters in the afternoon when there is ample solar on the grid. (See the Regulatory Assistance Project report “[Beneficial Electrification: Ensuring Electrification in the Public Interest](#)” for further detail on beneficial rate design).

2. **Ratepayer outreach and education:** The LDBP should specify plans to build awareness, understanding and interest among EBCE’s customers in building electrification. Generally speaking, Californians already understand the broad benefits of renewable energy, electric vehicles, and energy efficiency. However, most are not aware of the multiple benefits of fuel-switching nor are they inspired to dedicate the time and resources to electrify end-uses in their homes. For EBCE and its participating cities to achieve their commitment to clean energy, grow EBCE’s revenue base via electrification, and meet their greenhouse gas emission reduction goals, it will be critical that ratepayers understand the limitations and risks of dependency on gas and the broad benefits of fuel-switching. Ratepayers will look to EBCE as a trusted leader in clean energy, and, given this position, EBCE should actively educate its growing customer base about the benefits and “how-to’s” of fuel-switching. Consumer benefits of beneficial electrification include cleaner indoor air quality and improved health outcomes, lower risk of fires, greater energy efficiency savings and reduced utility bills, increased use of renewable energy and lower GHG footprint, and local job growth and economic development. The “how to’s” should provide simple step-by-step guidance in how to electrify one’s home or business in order to prevent the common “paralysis by analysis” where would-be early adopters feel too overwhelmed by the options to deviate from the status quo.
  
3. **Workforce development:** A common barrier to fuel-switching is homeowners not knowing or having the resources to acquire professional/trade support for electrification. We support EBCE’s plans to widen and strengthen the workforce base by including fuel-switching and heat pump technologies in workforce training initiatives. To the extent feasible, we recommend EBCE create a clearinghouse of local contractors, HVAC installers, plumbers, and electricians that install and/or service heat pump, induction stoves, and other advanced electric appliances to replace fossil gas.
  
4. **Pilot programs:** We are concerned that EBCE’s plans to create building electrification pilot incentives rely solely on grant funding opportunities. Sierra Club is cognizant of the limited funding for fuel switching given the CPUC’s 3 Prong Fuel Substitution Test which limits the ability of utilities and CCAs alike to use energy efficiency funding for electrification measures. However, given the revenue growth promises of electrification, we urge EBCE to dedicate other funding sources to incentivize fuel-switching early on. Sonoma Clean Power, for example, self funds *part* of their [Advanced Energy Rebuild](#) program that provides rebates to support high-efficiency, sustainable, and all-electric rebuilds after the Sonoma County fires.
  
5. **Prioritize low-income residents:** Low-income residents, particularly those in multi-family buildings, face considerable barriers to clean energy, as outlined in the [CEC’s Low-Income Barriers Report](#). We urge EBCE to prioritize low-income residents in the creation of building electrification pilots and programs in order to make sure clean energy resources like high efficiency and zero-emission electric appliances are accessible and affordable.

Thank you for considering these comments as you update and finalize the LDBP. We look forward to staying engaged with EBCE's development and implementation of a building electrification and fuel-switching strategy.

Respectfully submitted,

Rachel Golden  
Senior Campaign Representative  
Sierra Club  
2101 Webster Street, suite 1300  
Oakland, CA 94612  
Email: [rachel.golden@sierraclub.org](mailto:rachel.golden@sierraclub.org)  
Tel: 415-977-5647

Luis Amezcua  
Co-Chair, Energy-Climate Committee  
Sierra Club, San Francisco Bay Chapter  
2530 San Pablo Ave # I  
Berkeley, CA 94702  
Email: [lamezcua27@gmail.com](mailto:lamezcua27@gmail.com)  
Tel: 510-848-0800

cc: Board of Directors  
Community Advisory Committee  
Nick Chaset, Chief Executive Officer

# Goals of Community Choice Energy Programs

April 18, 2017

**Resolution:** Sierra Club California supports Community Choice energy/aggregation (CCE or CCA) programs that aim to:

- Prioritize the development of local renewable and distributed energy resources<sup>1</sup>;
- Maintain transparency and inclusive participation of community stakeholders in its decision-making process;
- Provide competitively-priced electricity to customers;
- Achieve local governments' climate action plan and greenhouse gas reduction goals;
- Exceed the Renewable Portfolio Standard and minimize the use of unbundled renewable energy credits;
- Use effective risk-management practices and long-term power procurement strategies to hedge risk using a diversity of energy suppliers, technologies and products;
- Balance clean energy development with protecting our wild places and habitats by prioritizing investments in sustainably-sited renewable energy projects;
- Plan for long-term financial viability through Integrated Resource Planning, in-house fiscal management, transparent rate setting, and policies that build CCA financial reserves, prohibit the transfer of CCA funds to municipal general funds, and protect the municipal general funds from CCA program liabilities;
- Generate clean energy jobs, prioritizing union jobs and community benefit agreements, and economic growth through local renewable and distributed energy resource development;
- Collaborate with community organizations to prioritize renewable and distributed energy resources deployment and personal and community ownership, especially in disadvantaged communities;
- Improve public health in areas impacted by pollution from fossil fuel power generation;
- Leverage local government land use authorities (in zoning, building codes, transportation, etc.) to support these goals.

Chapters should advocate implementing these goals to the maximum extent feasible, given local political considerations.

**Contact:** Luis Amezcua; [lamezcua27@gmail.com](mailto:lamezcua27@gmail.com); 661-236-4005.

---

<sup>1</sup> Such as energy efficiency, demand response, energy storage, electric vehicle managed charging, local renewable generation and microgrids.