



Board of Directors Meeting
Wednesday, May 17, 2017
6:00 pm
City of Hayward Council Chambers
777 B Street, Hayward, CA

AGENDA

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 Bruce Jensen, Senior Planner at the County of Alameda, at least 2 working days before the meeting at (510) 670-5400 or Bruce.jensen@acgov.org.

If you have anything that you wish to be distributed to the Board please hand it to a member of EBCE staff who will distribute the information to the Board members and other staff.

1. Welcome & Roll Call

2. 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 two minutes per speaker, but an extension can be provided at the discretion of the Chair.

CONSENT AGENDA

3. Approval of Minutes from April 12, 2017 Board Meeting (Stephanie Cabrera)

REGULAR AGENDA

4. County Staff update

- a) Data Management/Call Center RFP (Bruce Jensen)
- b) Community Advisory Committee – review and selection update (Bruce Jensen)
- c) CEO Search and Outsourced Human Resource Contract (Bruce Jensen)
- d) Banking and Credit Services RFP/Bank Outreach (Shawn Marshall)
- e) Contra Costa County Status Update (Bruce Jensen)

- 5. Data Management and Call Center RFP – Local Hire Preference** (Inder Khalsa, Bruce Jensen)
- 6. Policy Decision Requirements for Energy Needs Evaluation** (Bruce Jensen, Gary Saleba)
- 7. Marketing, Communications and Outreach Preview** (Bruce Jensen, Rochelle Germano)
- 8. Regulatory & Legislative Update** (Shawn Marshall)
- 9. Board Member and Staff Announcements**
- 10. Adjournment** – to June 7, 2017



Board of Directors Meeting
Wednesday, April 12, 2017
6:00 pm
City of Hayward Council Chambers
777 B Street, Hayward, CA

SUMMARY MINUTES

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If you have anything that you wish to be distributed to the Board please hand it to a member of EBCE staff who will distribute the information to the Board members and other staff.

1. Roll Call & Pledge of Allegiance

2. 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 two minutes per speaker, but an extension can be provided at the discretion of the Chair.

Al Weinrub - Spoke in support of Bill SB 692 and requested information on how to discuss future bills with the Board of Directors.

CONSENT AGENDA

3. Approval of Minutes from March 1, 2017 Board Meeting

Member Biddle motioned to approve the March 1, 2017 Minutes. Member Mendall second the motion which carried 9/0; Excused: Members: Bacon, Ellis and Rood

REGULAR AGENDA

4. County Staff update

a) Contra Costa County Outreach

Staff increased outreach efforts to provide information on the East Bay Community Energy Authority (EBCE). The EBCE presentations have been similar to the Marin Clean Energy (MCE) presentations highlighting EBCE's similar structure and Local Business Development Plan.

Contra Costa County continues to deliberate on if it will join EBCE or remain on MCE.

The Board discussed:

- Ways to increase interest in joining EBCE
- The need for more Directors to participate in the outreach efforts
- Acknowledged the role of the advocates in developing and advocating for the Local Business Development plan

Charles Davidson – A resident of Hercules spoke in favor of EBCE's Contra Costa County outreach efforts and the Local Business Development Plan.

b) Community Advisory Committee (CAC) – applicant review and selection update

The CAC application submission period closed 3/8/17. The applications were sent to the Ad Hoc CAC Selection committee for review. The CAC member selections will be presented to the full Board at the Wednesday, 5/17/17 meeting.

c) CEO Search

The application submission deadline closed Monday, 4/10/17, staff received 30 applications that met the submittal requirements. Staff feels the pool of candidates is sufficient to make a good selection and intends to narrow the applicant pool to 7 or 8 highly qualified candidate. The CEOs of Sonoma Clean Power, Silicon Valley Clean Energy and the General Manager of Alameda Municipal Power are available to assist the interview process.

Chair Haggerty, Vice-Chair Kalb and Member Mendall will assist in the second interview. Board Members interested in assisting with the interview process Staff requested that Board members interested in participating in the first round interviews contact Bruce Jensen for more information.

The interview processes is scheduled to begin in May. After the second round interview selections are made, the Board will meet with the candidates in Closed Session to finalize contract terms and conditions. The CEO is expected to begin working for EBCE by June or early July of 2017.

The CEO's office will be temporarily housed in the Community Development Agency building until permanent office space is secured.

d) County MOU with Salka and Other Vendor Inquiries

In January 2016 Alameda County Planning Department issued a Conditional Use Permit to Salka, LLC for a wind energy project by the name of Summit Repower Wind Project.

The County and Salka signed a non-binding Memorandum Of Understanding in December 2016, outlining interested in the possibility of long term power purchase agreements.

County staff has received letters of interest from other power producers and vendors interested in working with EBCE. Staff recommends that future inquiries be forwarded to the EBCE Ceo is established.

5. Introduction of Contracted Consultants

Staff introduced the EES Consulting (Principal: Gary Saleba; Location: Kirkland, Washington) and CirclePoint (Principal: Scott Steinwert; Location: Oakland), approved vendors for categories 1 and 2. Contracts have been approved for 2 of the 3 service categories, and staff will host a kick off meeting with the contracted vendors on Thursday, 4/13/17.

a) Service Category 1 – Energy and Technical Support

EES Consulting is the vendor selected to assist with tasks related to;

- Direct energy planning;
- Financing and procurement;
- Implementation plan preparation;
- Complete regulatory reporting;
- Developing Power purchase agreements; and
- Participation in Advisory Committees

The agreement is for the period of 4/12/17 - 4/11/17, with the option to extend at the direction of the Board.

b) Service Category 2 – Community Outreach, Marketing and Customer Notification –

Circlepoint will be begin work on:

- Communications;
- Marketing\Outreach;
- County Fair Informational Booth; and
- Initiate contact with Board of Directors.

c) Local Development Business Plan

ALH & Associates (Principal: Amy Herman; Location: Berkeley) has begun work on:

- Developing Local Business Developing Plan;
- Identifying potential build out sites; and
- Working with Community Advisory Committee

To provide services outlined in the Service Category agreement ALH & Associates has sub-contracted with:

- The Offset Project (Principal: Chris Sentieri; Location: Monterey)
- Ecoshift Consulting (Principal: James Barsimantov, PhD; Location: Santa Cruz); and
- Optony, Inc (Principal: Location: Santa Clara).

6. Approval of Cooperation Agreement between EBCE and Alameda County

General Counsel presented the agreement which outlines EBCE’s repayment to the county of start up funds, not to exceed \$5.5 million dollars, contracted services and the interest rate for repayment once EBCE begins to generate income. The agreement was created by EBCE General Counsel and Alameda County Counsel.

Member Bacon motioned to approve the resolution as amended:

- Add to section 6 “estimated \$2.6 million when referenceing section 22 as documented or substantiated pursuant to the agreement;
- Add or other; and
- Allow the Chair to sign the agreement between the East Bay Community Energy Authority and Alameda County.

Member Mendall seconded the motion which carried 10/0; Excused: Members Ellis and Rood

7. Approval of Timeline for Spring 2018 Program Launch

The original program launch date was scheduled for October 2017, due to delays with submitting the business plan the new program launch target will be spring of 2018. EBCE has the majority of contractors on board and will begin setting rates in January, call centers will go live in February and plan to issue initial opt-out for phase one customers in April. The timeline is still fairly aggressive, but gives EBCE time to establish staff and integrate interested Contra Consta County cities.

Member Martinez motioned to approve the timeline for a Spring 2018 Program Launch. Member Thomas seconded the motion which carried 9/0; Excused: Members: Ellis, Rood and Spedowski

8. Approval of Community Advisory Committee Scope

Staff presented Community Advisory Committee Scope to help provide guidance for the Community Advisory Committee (CAC)

Member Martinez motioned to approve the workplan as amended:

- Strike the word Scope and replace with Workplan;
- Remove last sentence on Attachment 8B and replace with “The workplan of the CAC includes but is not limited to the following...”; and
- Strike item 7

Member Bacon seconded the motion which carried 10/0; Excused: Members: Ellis and Rood

9. Approval of Affiliate Membership in Cal-CCA

The Board approved the application for affiliate membership in Cal-CCA with an option to join as a non-voting participant.

Chair Haggerty motioned to approve affiliate membership in Cal-CCA. Member Mendall seconded the motion which carried 10/0; Excused: Members: Ellis and Rood

10. Revised EBCE Trifold Brochure

Staff presented the draft brochure and requested the Board’s feedback.

The Board felt the tri-fold was acceptable to use on a limited basis until Circlepoint could produce a formal brochure.

11. Contract Services for Data Management and Call Center

Staff recommended that the Board reject current bids and initiate the new RFP process for the Contract Services for Data Management and Call Center.

Member Hahn motioned to keep RFP process at the County level.
Motion failed

Member Mendall motioned to begin new RFP process through EBCE amending the the process to direct staff to present information on:

- Abbreviated timeframe for RFP; and
- Any provisions General Counsel deems appropriate to the process.

Member Hahn motioned to amend the motion to require the Small Local and Emerging Business requirement for vendors.

Motion failed

Member Hahn sub-motioned to amend the current motion to include:

- Adopting the County’s SLEB Process

Member Martinez seconded the motion which carried: 6/4;Noes: Chair Haggerty, Members: Biddle, Mendall and Thomas; Excused: Ellis and Rood

12. Legislation: SB 618 (Bradford)

The Board discussed:

- Opposition to SB 618 (Bradford);
- Concerns about the Board notification process in relation to proposed legislation; and
- The need to establish a legislative committee

Vice – chair Kalb motioned to:

- Oppose bill as written;
- That EBCE’S opposition to the bill be directed to the appropriate Senate committee and shared with the Alameda County Board of Supervisors; and
- Request that the Board of Supervisors take the same position and forward the opposition to the County lobbyists.

Member Bacon seconded the motion which carried 10/0; Excused Ellis and Rood.

13. Board Member and Staff Announcements

Member Martinez requested that General Counsel include the City Counsel of the participating cities to give them an opportunity to review and comment on agreements prior to presenting them to the Board of Directors.

Vice-Chair announced the Saturday April 22, 2017 March for Science which will have demonstrations in San Francisco, Oakland and Hayward.

14. Adjourned – The Council adjourned to Wednesday, 5/17/17



Staff Report Item 4

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency (CDA)

SUBJECT: Informational Item – County Staff Updates

DATE: May 17, 2017

Staff Recommendation

Accept Staff reports on update items below.

Data Management/Call Center RFP

As directed by your Board at its April meeting, Staff is preparing a new Request for Proposals (RFP) for Data Management and Call Center Services. Staff is working diligently to draft a comprehensive and responsive RFP, noting that these services for EBCE are likely to be more extensive and complex than comparable services for any other CCE program up to this time. Some points for consideration:

1. The EBCE program will be larger, and will require proportionally greater resources for data management capacity and PG&E /customer interaction compared to other CCEs.
2. Whereas other CCE programs require approximately the same levels and types of data services, the EBCE Local Development Business Plan (LDBP) and the Board's desire for rapid evolution toward Distributed Energy Resources (DER) will require data acquisition and data management tools beyond what other CCEs have needed to date; moreover, existing known data management firms have not yet engaged in these types of data management, and these new disciplines would need to be phased in rather than all at once. The best way to bring these bring these new disciplines smoothly into the program with proper phasing requires us to frame the RFP scope and requirements and phasing predictions accurately.
3. The number of vendors that engage in CCE data management activities of any kind, whether basic or advanced, is very limited, and it is not known whether, given the evolving requirements of the program, the current vendor pool will feel they can serve our needs; thus Staff has another level of complexity in crafting RFP requirements that provide prospective vendors with a level of comfort that they can meet our current needs, grow into additional services, and thus submit a bid.

4. As directed by your Board, Staff is including a Small, Local and Emerging Business (SLEB) requirement with the RFP; however, because of certain SLEB restrictions coupled with very limited local vendor resources for this niche discipline, Staff seeks further direction from your Board on the framing of the Local Hire Preference for this RFP, which is discussed in Item 5.

Staff is working to have this RFP out by next week.

Community Advisory Committee (CAC)

At the direction of your Board, on March 8, 2017, the application period was closed for receipt of applications for positions on the CAC. Thirty-seven (37) individual applications were received, many with multiple supporting documents such as resumes, letters of recommendation and writing samples. These have been compiled by staff and delivered to the members of the ad hoc CAC Selection Committee (Chair Haggerty, Vice Chair Kalb, and Directors Arreguin, Bacon, and Ellis) appointed by your Board at the January meeting.

The Committee members have reviewed these applications, and individually have made some preliminary selections, which now require some discussion and reconciliation among the Committee members before bringing them to your Board for final approval. Staff encourages this final reconciliation as soon as possible with the hope of bringing this back to the full Board at its June meeting.

CEO Search:

Staff received over 70 applications for EBCE's CEO position, with nearly 20 candidates that met the minimum qualifications. There were eight highly qualified CEO candidates that participated in the first-round interview panel on May 9th. The interview panel, consisting of the General Manager from Alameda Municipal Power, CEO of Silicon Valley Clean Energy, and Board member Mendall, selected four candidates to advance to a final-round interview on May 31st with the Board of Director's Ad Hoc Committee (Chair Haggerty, Vice-Chair Kalb, and Board member Mendall) and the CEO of Sonoma Clean Power. After the CEO is selected, contract negotiations will be conducted in closed session with the full Board. Staff anticipates a contract with the CEO will be authorized and approved in early July.

Human Resources Firm – Request for Proposal

Staff will issue a focused Request for Proposal for an outside human resource firm to assist in the contract negotiations with the CEO and recruit future EBCE staff that will be hired after the CEO is in place. This firm would also advise and develop initial employee compensation and benefits, and be responsible for the management of human resource operations until permanent EBCE staff are hired. Staff will recommend a contract for a human resource firm to the Board in June.

Banking and Credit Services RFO / Bank Outreach

Staff and consultants are beginning work on an RFP for EBCE banking and credit services and are developing a list of local/regional banks that may be interested in working with EBCE. Staff is also initiating introductory meetings with local banks that may not be familiar with the CCA model to encourage robust participation in the RFP process. If Board members are interested in including certain banks on the RFP distribution list and/or participating in introductory meetings,

please let staff know. It is anticipated that the RFP for banking and credit services will include prohibitions on banks invested in DAPL or other fossil investments and will be released in July, soon after the CEO is on board. The goal is to have EBCE's initial working capital/line of credit in place no later than October of this year in order to support Phase 1 power solicitation and contracting.

Contra Costa County Outreach

Over the last two months there have been several community stakeholder groups, City Council and Board of Supervisors meetings to determine which direction Contra Costa County (CCC) jurisdictions will go in terms of joining a Community Choice Energy program. As the Board will recall from the last update, Contra Costa County had narrowed down its choices to either MCE or EBCE; the idea of having a stand-alone program was put aside in favor of joining an existing CCE program. The last month or so in particular was very active, with EBCE staff going to numerous meetings throughout CCC to present our program as MCE also presented theirs.

Although there was a significant amount of support for EBCE from our neighboring county, the track record, credit/reserves, perceived level of risk and relative ease of joining MCE combined to present a very attractive offer. On May 2nd, the CCC Board of Supervisors opted to go with MCE (for many of the reasons discussed above) and in the week that followed many other jurisdictions had either decided the same, or were seemingly headed in that direction. This includes the cities of Moraga, Concord, Antioch, Danville, Oakley and Pittsburg. Combined with the cities already part of MCE (Richmond, El Cerrito, San Pablo, Lafayette and Walnut Creek) the bulk of Contra Costa County has decided to enroll with MCE.

Staff believes our efforts to attract CCC into our program were beneficial in that it highlighted the differences of the two programs, with the ability of EBCE to improve on the MCE model, particularly in the area of local energy planning and development. Some members of the community were critical of MCE's local development portfolio, in that only 2-3% of their load was local – the thought being that after 7 years they would, or should, have more.

Given the above, staff is recommending the EBCE Board direct its staff to conclude its efforts to recruit CCC jurisdictions into EBCE, and to shift those resources to focus fully on EBCE launch.



Staff Report Item 5

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency
Inder Khalsa, Interim General Counsel

SUBJECT: Data Management and Call Center RFP – Local Hire Preference

DATE: May 17, 2017

Recommendations

Provide direction to staff regarding local hire requirements in EBCE Data Management and Call Center Services Request for Proposal (RFP). Staff recommends that the RFP incorporate a preference for respondents who meet the County SLEB requirements with a 5 to 10% bonus at the Board's direction.

Analysis and Discussion

On April 12, the Board directed staff to prepare a Request for Proposals for Data Management and Call Center Services. The County of Alameda had initiated an RFP but opted to reject all bids when issues arose regarding the need to clarify certain bid requirements. The Board directed Staff to include Alameda County's Small, Local, Emerging Business or "SLEB" requirements in the EBCE's bid requirements. The County's SLEB process works generally as follows:

- Local business respondents, whether or not they are a certified SLEB, get a 5 point advantage.
- Local business respondents who are a certified SLEB get an additional 5 point bonus.
- Businesses that subcontract with a SLEB for 20% of the work do not get a bonus, but do not require a waiver.
- Businesses that do not meet any of the above may apply for a waiver, or may be disqualified.

In order to qualify for certification as a local small or emerging business, a business must have been located in Alameda County for at least six months and meet certain federal U.S. Small Business Administration requirements with regard to size. Certification takes several months to process and is not an option for businesses that are not already located in Alameda County. When the County released the multi-service vendor RFP, of which Data Management and Call Center services were a part, it did not receive a response from any primary contractor that was a SLEB. One respondent, Pilot Power, had subcontracted with a county-certified SLEB, Direct Line TeleResponse, for 20% of the contract award. Therefore, Pilot Power did not require a waiver under the County's process.

Subsequent to the April 12 meeting, staff received a letter from Calpine Energy Solutions, LLC, a respondent to the County's RFP and potentially a respondent to the EBCE's RFP. In that letter, Calpine stated that Direct Line TeleResponse is the only call center that is an Alameda County-certified SLEB and that Direct Line TeleResponse will not subcontract with Calpine. Calpine further states that its proposed call center sub, Energy Choice California, is not currently eligible for County certification since they do not currently have an office location in Alameda County, but would be willing to open an office in the EBCE service area and seek certified SLEB status when they are eligible.

EBCE staff has confirmed that Direct Line TeleResponse is the only County-certified call center SLEB. There are a number of non-certified call center SLEBs in the County, but none appear to have the capacity required for the scope of work. Staff would note that carrying the County's SLEB process as it is currently constructed into the EBCE's RFP could result in fewer responses and a less competitive process. More flexibility in the Data Management and Call Center RFP would allow the Board to consider respondents that do not currently meet the County-certified SLEB requirement set forth in the County's procurement process.

Other CCAs, including Valley Clean Energy and Marin Clean Energy, have adopted their own local hiring preference policies, which may be something that the EBCE would like to consider in the future. Given the time-sensitivity of the Data Management/Call Center RFP, however, staff is recommending that the Board provide direction on local hire preference language to be included in this RFP and specific to this contract. A formal policy, with provisions for different types of contracts, could be adopted at a later time.

For the purposes of this RFP, staff recommends that respondents who meet the County's SLEB requirements be given a 5 to 10% advantage, at the Board's direction. Respondents who do not meet the County's SLEB requirements would be able to respond to the RFP and would not require a waiver or be disqualified. Staff also considered a number of other options with varying degrees of flexibility, and are prepared to discuss those options if the Board desires.

Fiscal Impact:

The fiscal impact of this recommendation is not expected to be significant, although additional flexibility in the RFP requirements could potentially increase the number of entities able to competitively bid on the RFP.

Attachments:

5A: Letter from Calpine Energy Solutions, dated April 27, 2017

5B: Alameda County Small Local Emerging Business Program Guide

April 27, 2017

Supervisor Scott Haggerty
Chairman of the Board of Directors
East Bay Community Energy Authority
1221 Oak Street, Suite 536
Oakland, CA 94612

RE: EBCE RFP for Data Management and Call Center Services

Dear Supervisor Haggerty:

Calpine Energy Solutions, LLC ("Calpine") looks forward to participating in East Bay Community Energy Authority's request for proposals for Data Management and Call Center Services that we understand will be issued shortly. We will be submitting a comprehensive and compelling proposal that addresses every area of EBCE's need for data management and call center services, bringing to bear our proven systems, processes and team of experts to help ensure the EBCE's success.

Based on Board direction in its April 12th meeting, we anticipate the RFP will contain most if not all of the same substantive requirements found in the initial RFP issued by the County of Alameda including the adoption of the County's stringent SLEB requirement.

Currently there is only one call center firm, Direct Line TeleResponse, that is a Certified SLEB. In the RFP process conducted by the County that was recently terminated, Direct Line partnered with Pilot Power, a competitor to Calpine, to jointly submit a proposal. We anticipate that Direct Line and Pilot Power will again partner to respond to the EBCE RFP.

The availability of a lone Certified SLEB call center firm introduces a potentially significant obstacle to providing competitive proposals. Without Direct Line, any proposal submitted by Calpine or other data management / call center service provider could immediately be disqualified from further consideration unless a waiver request was granted. Calpine submitted just such a waiver request in the County's RFP process, as there were no certified call center SLEBs at the time (Direct Line was not certified until the date the RFP responses were due), but our waiver request was denied. Even if a waiver were granted, the bonus scoring awarded to SLEB bidders could predetermine the award to the bidder that partners with Direct Line.

While Calpine would have been open to forming a partnership with Direct Line, this outcome is now infeasible. Direct Line's partner, Pilot Power, has publicly and wrongly attacked Calpine's previous attempts to form a business relationship with Direct Line as being "potentially a violation of statute and common law".

Calpine has reached out to all other non-certified local call center firms listed by the County but has been unable to identify any firms with call center capabilities broad enough to support the EBCE program like our preferred partner Energy Choice California. Energy Choice California, a woman-owned business that is preparing to open and staff an office in Alameda County, will provide a team of



managers and customer service representatives with deep knowledge of and a record of superior service to Community Choice customers. Furthermore, Calpine Corporation has had its regional headquarters in Alameda County for nearly 20 years.

Further, Energy Choice California has entered into a neutrality agreement with IBEW 1245 in support of EBCE's program goal of economic benefits to the region including union and prevailing wage jobs and local workforce development. However, Energy Choice California is new to Alameda County, and SLEB rules require that a local business have a fixed office address in Alameda County for a minimum period of six months before certification¹.

To move the RFP process forward and make the RFP process inclusive to more bidders, Calpine proposes that the RFP allow for participation not only by Certified SLEBs but also other small, local (new or existing) and emerging businesses, provided they commit to implement the SLEB eligibility and certification process immediately following contract award. We would further propose that SLEB certification would be required before the selected provider can invoice EBCE for call center services.

We believe this solution would not only resolve the problem of the single Certified SLEB firm, but also advance the SLEB program goals to enhance contracting and procurement opportunities for small, local and emerging businesses within Alameda County. We ask that the Board consider and adopt the proposal prior to finalizing the EBCE RFP. As an alternative measure, we ask that the RFP provide a clear, upfront waiver process in the event the SLEB requirement limits participation to a single firm.

We thank you for your time and consideration of our concerns and look forward to participating in the RFP. Please contact me at the phone number or email below should you have any questions or need additional information.

Regards,

A handwritten signature in black ink, appearing to read 'Drake Welch', written over a horizontal line.

Drake Welch
Vice President, Calpine Energy Solutions, LLC

Drake.Welch@CalpineSolutions.com

Office: 619-684-8039

Cc: Chris Bazar, Director, Alameda County Community Development Agency
chris.bazar@acgov.org

Bruce Jensen, Alameda County Community Development Agency
bruce.jensen@acgov.org

¹ See definition of Local Business in County of Alameda's SLEB Certification Instructions:
<https://www.acgov.org/auditor/sleb/forms/VendorCertInstructions.pdf>

What Does Certification Mean? (continued)

Upon approval of a SLEB Program Certification Application package the County will issue the business a certification letter indicating the type of certification granted and the certification period. Certified businesses will receive a 90 day written renewal notification prior to the expiration of their certification period.

Certified small and emerging businesses may be eligible for a 5% SLEB bid preference and a 5% local bid preference. The total maximum bid preference is 10%.

Businesses wishing to become certified and take advantage of all the SLEB Program components may obtain a Certification Application by calling (510) 891-5500 or visiting our web site at <http://www.acgov.org/auditor/sleb>.

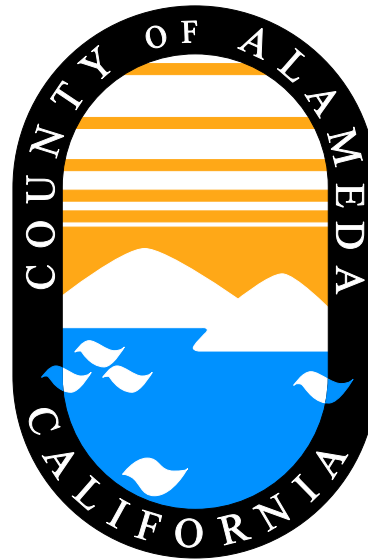
The Auditor-Controller Agency, SLEB Certification Unit certifies small local and emerging businesses and maintains a database of local businesses and certified small and emerging businesses which is available online at http://www.acgov.org/sleb_query_app/gsa/sleb/query/slebmenu.jsp.

The County of Alameda works with community businesses and County procurement staff to provide guidance and information on the utilization of small and emerging local businesses.

Vendor informational meetings, training and outreach events are held to provide an opportunity for SLEBs to become acquainted with the County's procurement processes. For information about vendor events, see the online Calendar of Events (from <http://www.acgov.org>, under Stay Connected, click on the calendar icon).

Also see Current Contracting Opportunities posted online (from <http://www.acgov.org>, under Doing Business With Us, Business Opportunities).

Subscribe to receive information via email about the contracting opportunities and outreach/training events you are interested in at <http://www.acgov.org/government/connected/subscribe.htm>.



**Auditor-Controller Agency
SLEB Certification Unit
1106 Madison Street, Room 431
Oakland, CA 94607**

Phone: (510) 891-5500

Fax: (510) 208-9963

Email: ACSLEBcertification@acgov.org

Alameda County's Official Website



Revised January 20, 2015

**County of Alameda
Auditor-Controller Agency
SLEB Certification Unit**

SMALL LOCAL EMERGING BUSINESS (SLEB) PROGRAM GUIDE



Steve Manning, Auditor-Controller

**DOING BUSINESS
WITH
ALAMEDA COUNTY**

SLEB Program Mission Statement

It is the intent of the County of Alameda to develop and promote economic growth for the community in which it serves. The County desires to foster the growth of small and local emerging businesses. Additionally, the County will provide accurate and accessible information on available vendor and contract opportunities. The County will ensure that its processes are inclusive for all residents regardless of race, color, gender, age, religion, national origin, disability or any other factor that is prohibited when making business decisions.

What is the purpose of the SLEB Program?

The SLEB Program was designed to advance and encourage inclusiveness, diversity and economic development, including ongoing evaluation, to ensure all businesses including SLEBs are provided equal opportunities in County contracting and procurement activities. It is administered by the Auditor-Controller Agency Office of Contract Compliance (OCC) and applies to all County procurement of goods and services.

SLEB Program Components

Local and Small/Emerging Business Bid Preferences

A 5% bid preference for local businesses and a 5% bid preference for certified small or emerging businesses is available except with respect to those contracts which state law requires be awarded to the lowest responsible bidder. The maximum bid evaluation preference points for being certified is 10%: 5% local & 5% certified. Compliance with the SLEB program is required for goods, services and professional services contracts, including but not limited to architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services projects.

Outreach and Training

Training, education and technical assistance opportunities are provided to enhance small and emerging local businesses successful participation in the County's procurement and contracting programs.

Contracts Up To \$25,000

Departmental discretionary spending for goods and services up to \$25,000 is targeted to small and emerging local businesses.

Contracts Over \$25,000

Businesses not meeting the definition of a small or emerging local business are required to subcontract a minimum of 20% of the contract award to a certified small or emerging local business in order to be eligible for contract award.

Certification Process

Alameda County certifies small and emerging local businesses to participate in the SLEB Program using U.S. Small Business Administration (SBA) size standards.

Local Vendor Database

Developed to provide a source of local certified small and emerging businesses interested in participating in County contracts.

Compliance

Compliance with the SLEB Program is monitored by County departments and administered by the Auditor-Controller Agency Office of Contract Compliance using the online web-based Elation Systems.

First Source Program

Cooperative efforts and partnerships with other local agencies in developing regional solutions that facilitate utilization of local unemployed or underemployed County residents.

SLEB Program Benefits

For Small and Emerging Local Businesses

Provides a method of inclusion for small and emerging local businesses and creates an opportunity for growth, capacity building, and participation in County contracting and procurement activities. A maximum 10% bid preference may be available to local certified small or emerging businesses that contract directly with the County.

For Local Businesses

Local businesses that contract directly with the County and meet the criteria for the Local Bid Preference described in this brochure may be eligible for a 5% bid preference.

For the Community at Large

Inclusion of all businesses in County contracting processes and activities leads to a healthy business environment, which promotes a healthy economy, lower regional unemployment and a higher standard of living.

SLEB Program Benefits (continued)

For the County

The County benefits by the inclusion of all size businesses in the bidding process. SLEB Program certified businesses increase the vendor base from which County departments may choose. Inclusion leads to increased competition and better contracts with lower costs. The SLEB Certification Unit will attempt to certify qualified vendors that departments identify in order to create a larger base for the department's bidding advantage.

SLEB Program Definitions/Glossary of Terms

Small Local Emerging Business - A local business that is certified either small or emerging and which, when contracting directly with the County, may be eligible for a maximum 10% bid preference (5% for being small or emerging plus 5% for being local).

- **Small Business** - A business which has been certified by the County, is local and meets the U.S. Small Business Administration (SBA) size standards for its classification.
- **Emerging Business** - A business which has been certified by the County, is local and meets less than one half the U.S. SBA size standards for its classification and has been in business less than 5 years.

Local Business - A business having a fixed office with a street address in Alameda County, and having a valid business license issued by the County or a City within Alameda County.

5% Local Business Preference - Any local business located within the County at least 6 months prior to date upon which a request for sealed bids or proposals is issued may be eligible for a 5% local bid preference.

What Does Certification Mean?

In an effort to ensure that the County is doing business with bona fide SLEBs, the County will certify businesses to participate in the SLEB Program using U.S. SBA Standards. The County may also collect information regarding minority and women-owned businesses in order to track and report on their participation.



Staff Report Item 6

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency
Gary Saleba, EES Consulting

SUBJECT: Policy Decision Requirements for Energy Needs Evaluation

DATE: May 17, 2017

Recommendations

Receive presentation, and provide feedback to Staff as desired.

Analysis and Discussion

EES Consulting is currently in the process of developing an energy needs evaluation and implementation plan for EBCE. These documents will provide a basis for calculations of energy needs, energy costs and contract negotiations for procurement of energy for program launch, along with CPUC certification of the EBCE program.

In order to complete these tasks, EES Consulting will require some policy direction from your Board on a number of basic program components, including operational modeling, power product offerings, risk management strategy, and operational structure. EES has prepared a Powerpoint presentation to help explain their policy guidance needs. There is no need for a formal Board response tonight, but over the next month or so, Staff and EES will work together to provide some policy options for the Board to consider based on the concepts illustrated in the presentation.

Gary Saleba, principal of EES, will attend the meeting and present the PowerPoint program.

Attachments:

6A: Powerpoint Presentation - EBCE Key Decisions and Project Update

EBCCE Key Decisions and Project Update

EES CONSULTING, INC. / RS2 ENERGY

MAY 12, 2017

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Agenda

- I. JPA Objectives
- II. Key Decisions
 - A. Operational Model
 - B. Power Product Offerings
 - C. Rate Options and Objectives
 - D. Power Supply Risk Management
- III. Schedule
- IV. Concluding Thoughts

JPA Objectives

1. **Rates:** lower or competitive with PG&E
2. **Power Products:** 33% or 50% renewable baseline, 100% renewable opt-up
3. **GHG Intensity:** lower than PG&E, supporting jurisdictional GHG reduction goals
4. **Local Resources:** prioritize development, minimize unbundled RECs
5. **Conservation Programs:** energy efficiency, demand response
6. **Economic Benefits:** jobs, workforce, local investment, low-income savings
7. **Local Workforce:** workforce development, union jobs, minimize adverse impacts
8. **Organizational Leadership:** financially sustainable, equitable to employees

Operational Structure



Power Products

■ Products

- Base Power Product – 33% or 50% renewable
- Opt-Up Product(s) – 50% or 100% renewable
- Additional Product Offerings, e.g.:
 - Energy Efficiency Programs, Net Energy Metering, Electric Vehicle Programs, Feed In Tariffs, Distributed Energy Resources (DER)

■ Product Attributes

- Renewable Share
- GHG-Free Share
 - Hydro-electric and nuclear resources are GHG-free, but not renewable
- Local Share
 - Note: local renewable resources typically cost 30% - 50% more than utility-scale projects elsewhere in California

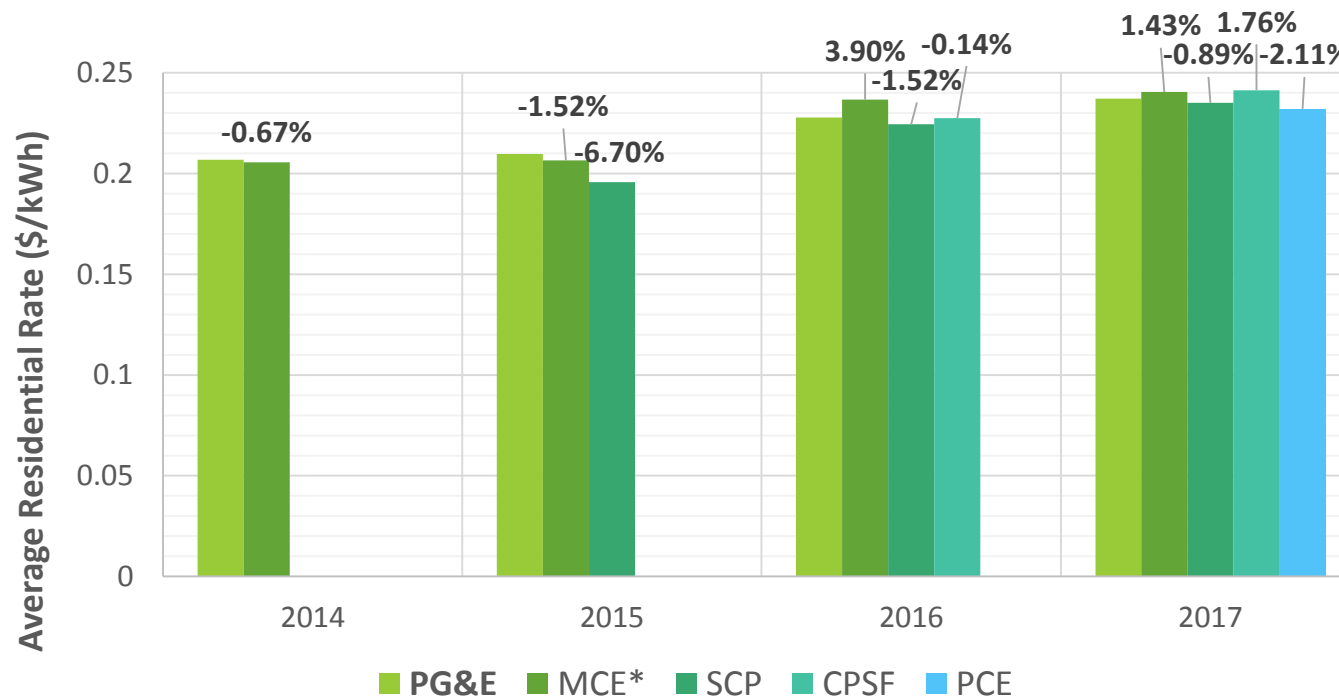
Power Products, Cont.

Energy Provider	Base Product (Share RPS, GHG-Free)	Opt-Up Product 1 (Share RPS, GHG-Free)	Opt-Up Product 2 (Share RPS, GHG-Free)
PG&E	30%, 60%	50%, 60%	100%, 100%
CleanPowerSF	40%, 76%	100%, 100%	NA
Marin Clean Energy	50%, 50%	100%, 100%	100% Local Solar
Peninsula Clean Energy	50%, 75%	100%, 100%	NA
Silicon Valley Clean Energy	50%, 100%	100%, 100%	NA
Sonoma Clean Energy	36%, 77%	100%, 100%	NA
EBCE	?	?	?

Rate Options and Objectives

- Objective
 - Percent lower rates than PG&E?
 - Equal to PG&E
 - “Competitive Rates”
- Rate Options
 - % of PG&E existing rates
 - EBCE rates specific to cost

PG&E-CCA Historic Rate Comparison



Risk Management

■ Financial Reserves Policy

- Financial reserves serve as a buffer against energy price and exit fee changes. How much and how fast will EBCE build its reserves?
- Building reserves delays launch of CCA add-on programs (EE, DER, local development, etc.) and/or raises rates.

■ Procurement Protocol

- EBCE staff authorization to enter contracts up to a set value or size
- EBCE staff/CEO authority to guide contract portfolio
- Other

■ Contract Portfolio Source %

- Market purchases – reduce risk from dropping market prices or load loss
- Mid-length contracts
- Long-term contracts – reduce risk of market price spikes
 - Note: By 2021, 65% of RPS procurement must be from contracts of 10 years or longer

Schedule

Action Item	2017								2018			
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
EBCE Development	█											
CPUC Implementation Plan & Registration		█	█	█	█							
CPUC Regulatory Filings			█	█	█	█	█	█	█	█	█	█
Financing			█	█	█	█						
Power Scheduling & PPA Negotiation					█	█	█	█				
PG&E Departure Process							█	█	█			
Resource Planning									█	█	█	
Customer Communication and Enrollment										█	█	█

Key EES Deliverables:

Operating Budget

Power Supply RFP

Integrated Resource Plan

Concluding Thoughts

1. Determine short term and long term program priorities and policy direction
2. Ensure financial capabilities before selecting programs for investment
3. Remain lean and flexible until EBCE achieves stable operations
4. Vigilantly watch legislative and regulatory landscape and be proactive



Staff Report Item 7

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Rochel Germano (Circlepoint)

SUBJECT: Marketing, Communications and Outreach Preview

DATE: May 17, 2017

Recommendations

Receive presentation, and provide feedback to Staff as desired.

Analysis and Discussion

Circlepoint is currently in the process of developing a strategic marketing, communications, and outreach plan (plan) for East Bay Community Energy (EBCE). The plan will serve as an implementation guide for the marketing and outreach program that provides information to area residents and businesses about the operations and services provided by EBCE.

Additionally, the plan will detail the goals and objectives of the program, key issues and challenges, evolution of the EBCE brand, key target audiences, messaging, marketing tactics, communications channels, timeline, and measurements of success. In order to meet the demands of EBCE and its constituents, the plan should be considered a “living document” that will be assessed and refined throughout the course of the program launch period.

Rochelle Germano, Circlepoint Director of Communications, will attend the meeting and provide the members of the EBCE board with a PowerPoint presentation highlighting the key elements of the plan.

Attachments:

Powerpoint Presentation - Marketing, Communications & Outreach Plan



Marketing, Communications & Outreach Plan

EBCE Board of Directors
May 17, 2017



Goals & Objectives



- Provide clear, accurate, and easily accessible program information
- Establish the brand as trustworthy source with household recognition
- Maintain an opt-out rate below 10%
- Maximize opt-up rate
- Build brand awareness prior to program launch
- Deliver clear and transparent messaging regarding electricity rates

Key Challenges & Issues



Key Challenges

- Undefined costs and rates
- Local job growth
- Lack of brand recognition

Key Issues

- Trust
- Cost
- Value



Brand Evolution



Develop a complete brand based on the existing logo

- Brand development will include:
 - Brand story
 - Guidelines for use
 - Messaging framework
 - Sub-branding naming options
 - Sub-brands will convey appropriate “levels” per product

Target Audiences



- General customers-at-large/existing PG&E customers
- Multicultural audiences:
 - Speakers of Spanish, Chinese, Hindi, and Tagalog languages*
- Advocates, champions, and early adopters
- Seniors
- Low-income residents
- Solar customers
- Commercial/business/industrial
- Cities and chambers of commerce
- Unincorporated areas
- Neighborhood groups and HOA

* According to Data USA, nearly half (44.1%) of Alameda County's residents speak a language other than English at home.



Messaging



Overarching Messages

- Build trust for EBCE
- Focus on cost, value, and reliability
- Emphasize community, local control, and choice
- Feature environmental impacts and sustainability

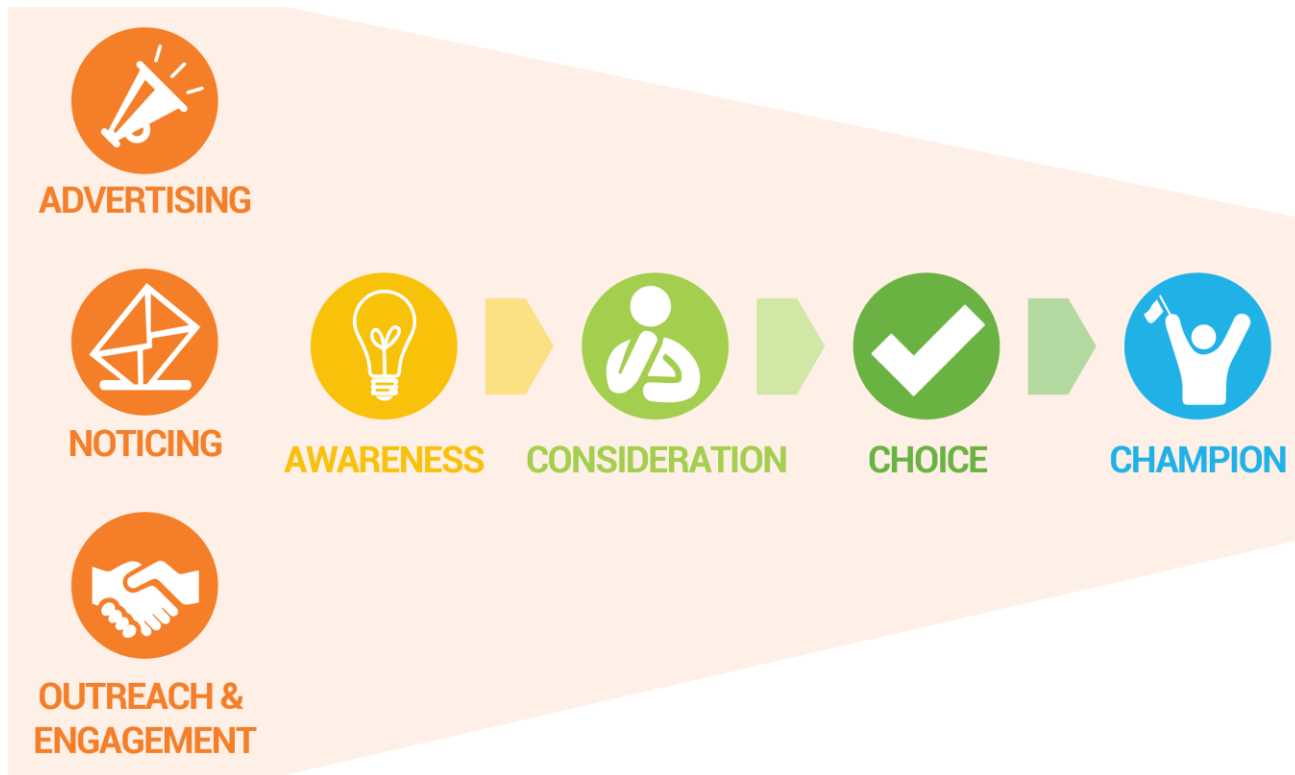
Sub Messages

- Tailor messages for each target audience
- Develop messages in-language

Communications Channels



- Enhanced website
- Print collateral
- Social media
- Email marketing
- In-person events and outreach
- Earned media
- Advertising
- Call center



Media Plan



Leverage a rich mix of media to reach a wide range of audiences through their preferred channels*:

- Print
- Digital
- Social
- Outdoor/Transit
- Radio/Streaming music service

**Will include multi-lingual ads and outlets*



Success Measurements



- Residential opt-out rate
- Business opt-out rate
- Residential and business opt-up rate
- Social media followers, conversations, engagement, and viral spread
- Website traffic, usage, and patterns
- Email sign-ups and engagement
- Attendance at meetings and events
- Advertising reach, impressions, and effectiveness



Upcoming Timeline



May

- Strategic marketing & communications plan
- Multicultural audiences plan
- Media plan
- Website audit and transfer

June

- Branding guidelines
- Sub-product names
- Website enhancements
- Collateral development

July

- Website additions
- Start community outreach and stakeholder engagement
- Develop pre-launch advertising campaign
- Establish social media presence



Thank you!



Staff Report Item 8

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency (CDA)
Shawn Marshall, LEAN Energy US

SUBJECT: Regulatory & Legislative Update

DATE: May 17, 2017

Staff Recommendations:

1. Receive regulatory and legislative update and provide feedback/direction as desired.
2. Consider removing opposition to SB 618 (Bradford) and moving into neutral position, per revisions to the legislation and consistent with the current position of Cal-CCA.
3. Direct staff to return to the Board with a proposed process for regulatory and legislative action, Board participation, and authorization for the CEO to take regulatory/legislative action on behalf of EBCE.

Analysis & Discussion:

Tracking and participating in regulatory proceedings at the CA Public Utilities Commission and taking legislative action before the California legislature is one of the most important aspects of operating a CCA. As EBCE matures into full operations and hires regulatory and legislative staff and attorneys, its participation in various PUC proceedings and statewide legislation will deepen and expand.

At this stage in implementation, LEAN Energy US, through its subcontract with Sequoia Foundation, provides high-level regulatory and legislative tracking for EBCE. Once EBCE's membership in Cal-CCA is finalized, the Agency will also have access to Cal-CCA's regulatory calls and will receive its monthly legislative reports which provide an extensive list of bills being tracked before the California legislature.

The following is a list of priority regulatory proceedings and legislative bills that are of particular interest to emergent and operational CCAs and their support organizations:

Regulatory Proceedings/Priorities

Attached please find LEAN's most recent regulatory memo (dated May 2, 2017) which provides a summary report and supporting documents regarding key regulatory issues currently before the CPUC, including but not limited to:

- 1) PCIA Reform/Portfolio Allocation Methodology Proposal
- 2) CCA Bond Requirements
- 3) Integrated Resource Planning
- 4) PG&E's General Rate Case, Phase 2
- 5) Residential Rate Setting

CPUC/CEC En Banc Hearing: The California Public Utilities Commission (CPUC) and CA Energy Commission (CEC) are hosting a joint *en banc* on Friday, May 19th in Sacramento regarding the future of retail electric choice in California. The joint staff's white paper and meeting agenda is attached for your information. Registration for the event is full, however it will be webcast at <https://videocalepa.ca.gov/>. The CCA perspective will be represented at the *en banc* by Geof Syphers, CEO of Sonoma Clean Power and Vice Chair of Cal-CCA.

Legislative Priorities

SB 618 (Bradford): The most pressing/threatening bill, SB 618, related to integrated resource plans (IRP), was amended in late April to remove harmful language that gave the CPUC approval authority of CCA IRPs. With this provision removed and new language accepted, Cal-CCA has removed its opposition and has moved into a neutral position on this bill. Staff recommends that EBCE follow Cal-CCA's direction and submit a letter amending its earlier oppose position.

Other Key Bills

SB 692 – Transmission Access Charges (CCAs are generally favorable given recent amendments; timing and process options are uncertain; see attached fact sheet prepared by East Bay advocacy organizations)

SB 79 – Hourly GHG Reporting (Although recently amended, CCAs remain concerned; discussions with bill authors ongoing)

AB 920 – Baseload Energy Requirements (CCAs are tracking; working with authors on possible amendments)

SB 100 – 100% Renewable Energy By 2045 (CCAs are generally supportive pending implementation details)

Other bills that CCAs are still evaluating are SB 700 (energy storage mandates for peak periods) and AB 1405/SB 338 (renewables in reliability standards/clean peak).

Our program consultant, Shawn Marshall, will be at the Board meeting to provide a verbal update on these priority issues, including SB 618 for which you may choose to remove opposition.

If so directed, staff will come back to the Board with information on additional bills and a proposed process for future regulatory and legislative action that will anticipate involvement of the new CEO, how the Board might best participate, and how Cal-CCA positions and direction will be considered in EBCE decision-making.

Attachments:

- 8A: LEAN Energy Monthly Regulatory Memo (May 2, 2017)
- 8B: CPUC / CEC May 19 En Banc White Paper / Agenda
- 8C: SB 692 Fact Sheet



To: LEAN Energy Clients:
Central Coast Clean Power (Santa Barbara County as lead)
Contra Costa County
East Bay Community Energy
Monterey Bay Community Power (Santa Cruz County as lead)
Redwood Coast Energy Authority
Peninsula Clean Energy
Silicon Valley Clean Energy
Valley Clean Energy Alliance

From: Steve McCarty, Regulatory Consultant, LEAN Energy US
Cc: Shawn Marshall, Executive Director
Date: May 2, 2017
Subject: Regulatory Update #10, March-April, 2017

Each month, LEAN focuses on the key regulatory activities likely to have broad impact on the CCA community. This memo provides an update on key CPUC proceeding developments in the past month and covers priority topics including, but not limited to PCIA reform, General Rate Case, Residential Rate Rulemaking, Integrated Resource Planning, and CCA Bond requirements.¹

CPUC DEVELOPMENTS

Joint CPUC CEC En Banc Meeting: Friday, May 19th at Cal-EPA in Sacramento, CA

To Do:

LEAN Energy will distribute a copy of the staff white paper on retail electric choice when it becomes available, and will send out a summary of this meeting and will monitor any CPUC or CEC developments that result from this En Banc.

Issues:

As reported last month, the CPUC held a well-attended En Banc on February 1st. On April 11, the CPUC and the California Energy Commission (CEC) announced that they will hold a joint *En Banc* hearing on May 19 at the Cal EPA building in Sacramento with Commissioners of both agencies attending to discuss the changing state of retail electric choice in California.

¹This monthly memo is designed to provide LEAN's clients with a current snapshot of key regulatory activities related to CCA to help them make informed decisions about whether and how to engage in the regulatory and legislative process during their program formation and early operations. It is not a comprehensive inventory of all the regulatory and statutory requirements impacting operational CCAs. Regulatory and statutory compliance requires a much more comprehensive inventory than the subset of activities described herein and must be tailored to the specific circumstances of each CCA.

The Commission notes that by the end of this year, 40 percent of California's investor-owned electric utility customers will be receiving some type of electricity service from an alternative source and/or provider, such as CCAs, rooftop solar, or Direct Access providers and that this number is expected to grow to more than 80 percent by the middle of the next decade.

The goal of this joint En Banc is to identify and begin to develop an understanding of the challenges and opportunities that the CPUC and the CEC must address as a result of these changes. Staff will be issuing a white paper prior to the meeting.

The preliminary agenda includes:

- Staff Presentation on Retail Choice White Paper
- State of Customer Choice in California
- Panel Discussion: IOU Perspective on Current State of Retail Electricity Market and Coming Changes
- Panel Discussion: What Customers Want
- Thought Leaders and the Future of Retail Electricity Service
- Impressions and Reflections from CPUC, California Energy Commission and Legislature

It is our understanding that seats for this event are fully subscribed. However, an overflow room will be available. Visit <http://www.cpuc.ca.gov/retailchoiceenbanc> to pre-register. To watch the live stream from your computer, log on at <http://video.calepa.ca.gov>

No official CPUC or California Energy Commission action will be taken at this meeting.

KEY REGULATORY CASE DEVELOPMENTS

PCIA Working Group

To Do:

LEAN will report on next steps as the Commission responds to the working group report, utility joint proposal, and consolidation of the ERRA proceedings to the current PCIA methodology.

Issues:

On April 5, SCE filed the final working group report on behalf of the entire working group. A copy of that report was attached to last month's memo. The working group documented a number of issues with the current method of calculating the PCIA, a description of the PCIA calculation process, and a list of ideas to improve transparency and predictability. Participants identified several alternatives to the current PCIA: (1) the Portfolio Allocation Method (PAM), which we have reported on before, supported by the IOUs, (2) a lump sum buy out for CCAs and ESPs, and (3) assignment of individual IOU contracts to Load Serving Entities (LSEs). On April 5, Joint IOUs and CCA Parties also filed a Petition for Modification of D.06-07-030 to direct the IOUs to include a common PCIA calculation workpaper template in their ERRA applications. Responses to Petitions for Modification are due May 5th.

On April 25, the IOUs filed a [Joint Application](#) with [Testimony](#) for approval of SCE's Portfolio Allocation Methodology (PAM). A copy of the application is attached. Responses to PAM Application are due May 30th.

Also, in each of the IOU's 2017 ERRA proceedings, parties disputed the termination of the PCIA and retirement of the negative indifference amount for pre-2009 DA customers following the expiration of DWR contracts. The Commission

deferred the issues to a consolidated second phase for 2017, in an effort to treat the associated indifference amounts consistently. We are awaiting consolidation for the 2017 ERRA proceedings.

Status:

LEAN is monitoring this proceeding.

PG&E’s Diablo Canyon Power Plant Closure

To Do:

LEAN will continue to monitor this proceeding.

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:A1608006

Issues:

As we reported last month, on February 27, PG&E announced that after reviewing opening testimony by intervenors on the Diablo Canyon replacement proposal, PG&E withdrew the Diablo Canyon Tranches #2 and #3 replacement proposals, as well as the proposal to implement the “Clean Energy Charge” to recover the costs associated with Tranches #2 and #3. PG&E’s withdrawal of its Tranch 2 and Tranch 3 proposal left as major issues in the case: its Tranch 1 proposal that additional energy efficiency investments (\$1.3 billion through 2025, and additional costs for employee retention, community impact payments, and plant relicensing costs.

Next Steps:

- Evidentiary Hearings: April 19-29, 2017
- Briefs: May 26, 2017
- Reply Briefs/Record submitted: June 9, 2017

CCA Bond Requirements

To Do:

LEAN will monitor this proceeding.

Issues:

As reported last month, on January 30th, ALJ Anne Simon issued a ruling in A.03-10-003 that addresses issues related to the bond required of CCAs pursuant to Pub. Util. Code Section 394.25 that requires the CCA to post bonds to cover the costs of involuntary re-entry fees of CCA customers to bundled IOU service. On April 5, a workshop was held at the CPUC to address a number of questions raised by the ALJ in her ruling.

Next Steps:

EVENT	DATE
Post-workshop comments filed and served	April 24, 2017
Opening Testimony/Proposals served	July 7, 2017
Rebuttal Testimony served	August 4, 2017
Evidentiary Hearings	September 12-13, 2017 Commission Courtroom 505 Van Ness Avenue San Francisco, California

Closing Briefs	October 4, 2017
Reply Briefs	October 25, 2017
Any Requests for Final Oral Argument	Concurrent with Closing Briefs

Status:

LEAN is monitoring this proceeding.

SDG&E request to establish a Marketing Affiliate (Advice Letter 2822-E)

To Do:

Join with other parties in supporting CalCCA's letter to the Commission asking for full Commission review of the Advice Letter and an Order to Show Cause.

Issue:

On January 27th, SDG&E filed compliance plan Advice Letter 3053 to enable its Independent Marketing Division (IMD). On February 16th, LEAN joined with other parties in protesting this latest advice letter on grounds similar to our earlier objections. On April 6, the Energy Division issued a Disposition Letter approving AL 3035. On April 17, CalCCA sent a letter to the Commission requesting full Commission review of the Disposition Letter, and reiterating an earlier request for an Order to Show Cause regarding lobbying activity by SDG&E/Sempra before the Advice Letter was approved.

Status:

LEAN is monitoring this proceeding.

CPUC Resolution E-4805

To Do:

LEAN will monitor developments of new Tree Mortality Nonbypassable Charge and advise accordingly.

Issues:

There is no change from last month. We are still awaiting a ruling establishing the scope of issues and possibly a hearing scheduled.

Status:

LEAN is monitoring this proceeding.

PG&E General Rate Case (GRC) Phase 2 (A.16-06-013)

PG&E's Phase 2 Application is used to determine where the revenue requirement will be allocated among all customer classes and where new rate designs will be considered.

To Do:

LEAN is monitoring this proceeding. Consider intervening in this case.

Issues:

ORA filed testimony last week. Other parties filed testimony on March 15th. Hearings are scheduled for late May and early June. The earliest that rates are expected to change from this proceeding is in the fourth quarter of 2018.

Status:

LEAN is monitoring this proceeding and will send out a summary of issues in our next report.

Residential Rate Rulemaking (R.12-06-013)

To Do:

LEAN will monitor developments in this proceeding and advise accordingly. Consider joining CCA Parties in asking that TOU Marketing, Education and Outreach (ME&O) costs be allocated to generation rates.

Issues:

On April 5, Draft Resolutions for SCE and SDG&E's Default TOU Pilots were issued. Under the resolutions, 400,000 SCE customers and 120,000 SDG&E customers would be defaulted to TOU rates in March of 2018. A draft resolution on PG&E's pilot is expected soon. On April 14, SCE filed an Application and Testimony to approve its Default TOU rates for residential customers. Starting in the fourth quarter of 2018, a limited number of customers would be put on TOU rates.

Also on April 14, a ruling was issued accelerating consideration of implementing the statewide ME&O for the TOU rollout and inviting comments regarding an ME&O consultant. CCA parties are considering a joint response, emphasizing the need to apply TOU-related ME&O costs through generation rates. Opening comments are due April 24 and Reply Comments May 5.

Integrated Resource Planning (IRP) R.16-02-007):

To Do:

Consider forming a working group to address CCA IRP issues. Review the following link for background on the proceeding and access the staff whitepaper: <http://www.cpuc.ca.gov/LTPP>

Issues:

The CPUC is expected to issue their proposal on the IRP planning process this week. This will be followed by a workshop, and parties will have an opportunity for formal comments. Then, the Commission will formally adopt a planning process. As of now, a Proposed Decision adopting guidance for the 2017 IRP filings is expected in August of this year.

Status:

LEAN is monitoring this proceeding.



Consumer and Retail Choice, the Role of the Utility, and an Evolving Regulatory Framework

Staff White Paper

**CALIFORNIA PUBLIC UTILITIES COMMISSION
MAY 2017**



DISCLAIMER

This paper does not necessarily represent the views of the CPUC, its employees, or the State of California. This paper has not been approved or disapproved by the CPUC nor has the CPUC passed upon the accuracy or adequacy of the information in this paper

Introduction

California's electric sector is undergoing unprecedented change, brought about by a sequence of innovations in technology as well as many incremental policy actions taken in several different decision-making arenas. Between rooftop solar, Community Choice Aggregators (CCAs) and Direct Access providers (ESPs), as much as 25%¹ of Investor Owned Utility (IOU) retail electric load will be effectively unbundled and served by a non-IOU source or provider sometime later this year. This share is set to grow quickly over the coming decade with some estimates that over 85% of retail load served by sources other than the IOUs by the middle of the 2020s². All this is to say that California may well be on the path towards a competitive market for consumer electric services, but is moving in that direction without a coherent plan to deal with all the associated challenges that competition poses, ranging from renewable procurement rules to reliability requirements and consumer protection.

In many ways, these changes are a function of California's success implementing world leading policies like the Renewable Portfolio Standard (RPS), the California Solar Initiative (CSI), and the Energy Storage Mandate. Through these policies, California's regulatory bodies and its IOUs have integrated renewable energy into the electric grid at massive scale, both at the transmission level through independently-owned large-scale projects and the distribution level through rooftop solar. This experience has empowered customers to choose new energy options and enabled new market entrants like Community Choice Aggregators (CCAs) to serve customers with innovative solutions. Though these changes have been largely positive so far, the consequence of fast-scaling competition is that the California Public Utilities Commission (CPUC) and California Energy Commission (CEC) must now look at long held assumptions in their regulatory frameworks and examine the role of the electric utility at the center of this system, tasked with the primary responsibility for providing power and other services to all consumers within a geographic service area.

California's Changing Electricity Landscape

California has set itself on the path to reducing statewide greenhouse gas emissions by 40% below 1990 levels³ by 2030, using tools such as a 50% renewable portfolio standard, doubling of existing energy efficiency savings for both electricity and natural gas usage⁴ and putting well over 1.5 million zero emission vehicles on the road⁵. Achieving these goals will require enormous investments in the electricity sector, from widespread deployment of electric charging infrastructure to thousands of

¹ Estimate of Direct Access, CCA and NEM retail sales offsets are 23% to 24% of Utility 2015 Retail Sales. For Direct Access, in 2016 ESPs served 12.9% of IOU Load (Direct Access Implementation Activity Reports). For CCAs, estimated retail sales are 7.4 GWh per CPUC Presentation at Feb 1, 2017 CCA En Banc. For NEM, 4,555 MWs of rooftop PV, per California Solar Statistics, April 19, 2017, with expected capacity factor of 15%-16% based on NREL PV Watts calculation of fixed tilt rooftop systems in San Jose, Los Angeles and San Diego. Other sources of NEM not counted for purposes of this estimate as rooftop PV accounts for more than 90% of NEM capacity per CPUC Net Energy Metering information page.

² Estimate of 85% load departure based on 15 to 20 million consumers being served by CCA, Direct Access or Customer sited generation like rooftop solar

³ SB 32 (2016) requires California Air Resources Board ensures that statewide greenhouse gas emissions are reduced 40% below the 1990 level by 2030

⁴ SB 350 (2015) requires the amount of electricity generated and sold to retail customers per year from eligible renewable energy resources be increased to 50% by December 31, 2030. Requires the State Energy Resources Conservation and Development Commission (Energy Commission) to establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030.

⁵ Executive Order B-16-12: Goal for CA to Deploy 1.5 million Zero-Emission Vehicles by 2025

megawatts of renewable energy, hundreds of miles of transmission lines and a much more robust distribution system.

Much of the policy framework underpinning the goals has presumed the electric utility serves as the central agent for making these investments, raising low cost capital in financial markets, and then recovering costs through sales of electricity. Yet, at the same time that California is grappling with how to plot a path forward to build this infrastructure in the most efficient, reliable and equitable way, the status quo retail electric service model is being up-ended.

Leading up to the new millennium, California de-regulated the electric industry and created a flawed retail market structure and rate design for consumer choice. Essentially, private electric utilities only provided wire and transmission services, and customers were expected over time to buy their electricity from third party companies. After a catastrophic collapse of the new markets, California made the conscious decision to return to the three IOUs as the dominant and monopoly providers of retail electric service for most California consumers, while continuing to restrict their ownership of sources of electric generation. As part of California's return to a regulated retail electric market, customers who had direct access at the time of the suspension were allowed to maintain service with their ESPs. A 2009 law (Senate Bill 695) led to a relatively small number of additional non-residential electric consumers being given the option to obtain their electric needs by ESPs. None of this had directly affected ongoing service by municipal and publicly owned utilities (POUs) who serve all customers in their service area with both electric and local transmission services. As a result, the three IOUs and 34 POUs have been the dominant parties on whom policy makers have relied as enablers of a number of key public policy initiatives, ranging from the procurement of renewable energy to providing low-income Californians with subsidized electricity.

Among the many new trends reshaping the California electricity landscape is the continued growth of net energy metering, largely driven by technology innovation and cost reduction in solar PV manufacturing and financing. Since 2007, over 4,500 MWs and 550,000 customers have 'gone solar'⁶. Programs like the Self Generation Incentive Program (SGIP) have furthered market transformation for additional technologies like fuel cells, thermal storage and lithium ion battery storage, allowing customers to produce their own power and /or to reduce their peak energy consumption. On top of these trends, energy efficiency programs and changes in California's economy have sharply reduced the growth rate in the use of electricity here.

One more recent trend is the growth of the CCA. Marin Clean Energy formed California's first CCA in 2010 and now serves 255,000 customers in Marin County, Napa County and the Cities of Richmond, Benicia, El Cerrito, San Pablo, Walnut Creek, and Lafayette.⁷ Other active CCAs include Sonoma Clean Power, Lancaster Choice Energy, Clean Power San Francisco and Peninsula Clean Energy who serve a cumulative 660,000 customers⁸. Between all these communities, 915,000 customers currently take retail

⁶ <https://www.californiasolarstatistics.ca.gov/> as of April 19, 2017

⁷ CPUC Staff Presentation at Feb 1, 2017 CCA En Banc-- <http://www.cpuc.ca.gov/general.aspx?id=2567>

⁸ CPUC Staff Presentation at Feb 1, 2017 CCA En Banc-- <http://www.cpuc.ca.gov/general.aspx?id=2567>

service from a CCA⁹. This number is set to grow significantly in the coming years as cities and counties with populations in excess of 15,000,000 people consider launching CCAs¹⁰.

This new set of developments fundamentally challenges the incumbent regulated utility business model, which depends on: a) borrowing large amounts of money to meet customer needs based on the expectation that IOUs are able to recover their investment through retail rates; b) maintaining highly reliable service at all times and for all customers; c) providing help to low income customers to ensure that everyone has access to basic electricity service; and d) providing quality customer service among other more traditional services. Additionally, utility financing is increasingly being used to pay for new mandates that will help reduce California's greenhouse gas emissions, not just in the electric industry, but also in natural gas, transportation and natural land sectors, as well.

Much of the revenue to repay that borrowing by IOUs for the energy infrastructure Californians need to safeguard our future comes from a rate structure that depends on the volumetric (\$/kWh) sales of electricity. When customers pay for electricity, they are paying for a vast network of connected infrastructure and services, from generation (from utility scale to rooftop) to energy efficiency programs to poles, power lines, substations and the many components of the grid beyond electric power generators that delivers it to California homes, businesses and industries. As sales by the regulated IOUs shifts to customers who provide for some of their own needs but still rely on the grid for various services, or to third party providers (like CCAs) of retail service, some portion of the many costs other than electricity itself may shift to the ratepayers who remain fully bundled customers of the IOUs.

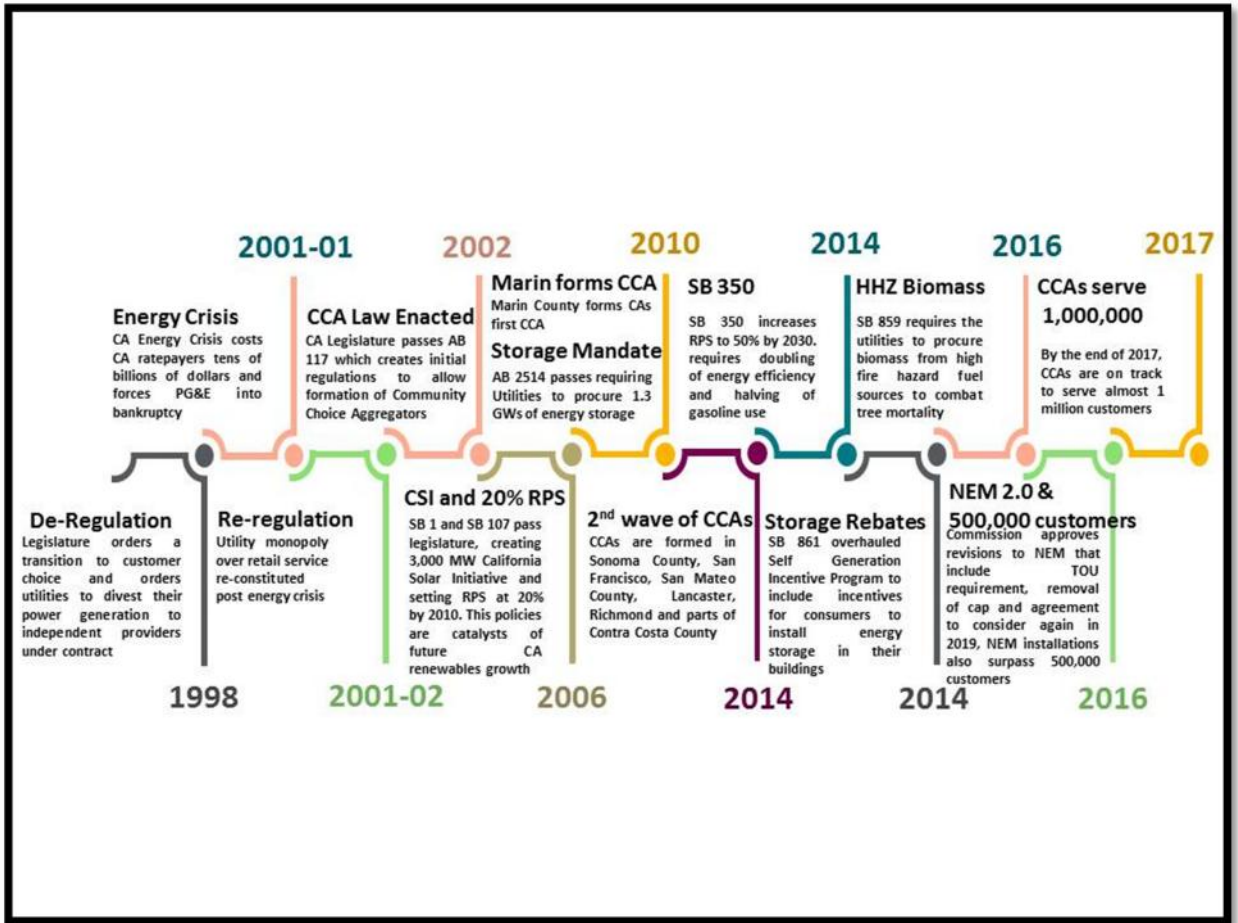
But there is more at risk here than fairly apportioning costs or the utility business model: California's utility policy makers must address how these changes will affect our continued progress on our efforts to avoid and mitigate the impacts of climate change (and to do so in ways that sustain California's strong economy). This emergent issue may be at the heart of the most important policy discussion regarding the electric industry in the last century.

This whitepaper and the upcoming 'Customer and Retail Choice En Banc' aim to frame a discussion on the trends that are driving change within California's electricity sector and overall clean-energy economy. The overarching goal being to lay out elements of a path forward to ensure that California achieves its reliability, affordability, equity and carbon reduction imperatives while recognizing important role that technology and customer preferences will play in shaping this future.

⁹ CPUC Staff Presentation at Feb 1, 2017 CCA En Banc-- <http://www.cpuc.ca.gov/general.aspx?id=2567>

¹⁰ Los Angeles County, Alameda County, Santa Clara County, City of San Diego, and City of San Francisco are all actively in the process of forming, expanding or considering the formation of CCAs. A number of smaller communities are also pursuing CCA formation, including Hermosa Beach, Monterey, Salinas and Lake County. Cumulative population of these Cities and Counties exceeds 15,000,000 people according to census.gov.

Figure 1 - How did we get here?



The following section lays out a timeline of the major events that have occurred since the mid-1990's that have played a major role in the evolution of the retail electric market and describes the major regulatory efforts that are implicated by these changes.

Part 2 . Key framework policies affected by these trends:

Resource Planning

The annual process for planning for energy needs, including natural gas, petroleum, electric generation and energy efficiency, starts with the CEC's Integrated Energy Planning Report (IEPR), which establishes a ten year needs projection. The CPUC includes this in an annual Long Term Procurement Process (LTPP), setting a long range set of resource goals – taking into account legislative and policy direction such as the Renewable Portfolio Standard or AB 2514's storage requirements – for each load serving entity under the agency's purview. The CPUC also sets annual requirements for resource adequacy. The CAISO also uses the IEPR's forecast for its transmission planning process.

SB 350 established new clean energy, clean air and greenhouse gas reduction goals for 2030 and beyond. SB 350 requires the CPUC to (1) identify a preferred portfolio of resources that meets multiple objectives including minimizing costs, maintaining reliability, and reducing greenhouse gas (GHG) emissions (Section 454.51), and (2) oversee an integrated resource planning process involving a wide range of load serving entities, including the IOUs, CCAs and ESPs. SB 350 requires these LSEs to submit proposals for incremental procurement to satisfy their renewable integration needs. The CPUC is currently undertaking a proceeding to develop the rules that will govern the IRP process, including the level of oversight that the Commission will exert over resource portfolios. The CEC and CPUC are working hand in hand in this process, holding joint hearings and sharing modeling and analysis as needed, in order to develop a consistent framework that will also apply to publicly-owned utilities.

CPUC oversight of IOU procurement, through the legacy LTPP proceedings, has historically been extremely rigorous, with CPUC approval required for both resource need and individual contracts for resources that anticipate recovery of contract costs from customers. The challenge facing the CPUC in the implementation of the IRP proceeding is that as non-IOU LSEs serve an ever-greater percentage of load, the CPUC's top-down approach to regulation will be challenged by the need to interact with many more procuring entities. Further complicating the issue is the fact that there are outstanding questions regarding what role the CPUC has in the CCA IRP process.¹¹ Depending on the resolution of these questions, issues of consistency and coordination between CPUC requirements and CCA independent authority could diminish the long-term effectiveness of the IRP process and could limit the state's ability to meet its GHG emission reduction goals.

These complications are also implicit in the limited CEC oversight of the POUs, who have generally developed procurement plans for their local service areas, but which has somewhat reduced the most optimal procurement and coordination of resources and utilization across the state.

Ensuring Reliability

The CPUC's Resource Adequacy (RA) program covers all CPUC-jurisdictional LSEs including IOUs, CCAs and ESPs. All LSEs submit load forecasts and the CPUC determines each LSE's RA obligations as

¹¹ See "Comments on Implementing GHG Planning Targets Staff White Paper" at www.cpuc.ca.gov/General.aspx?id=6442451195.

proportionate to their peak load share. The LSEs then submit annual and monthly filings to the CPUC to demonstrate compliance with their RA obligations.

When there is a need for procurement in order to meet a reliability need or a state priority goal (e.g., in response to the outage of San Onofre Nuclear Generating Station and the procurement of preferred resources to meet the need) the CPUC has ordered the IOUs to procure capacity and allocates the associated costs to all LSEs through the “Cost Allocation Mechanism” (CAM). The capacity benefits for these priority resources are also allocated to the LSEs as a reduction in their RA requirement. If significant numbers of bundled customers move to non-Utility LSEs, entities like CCAs and ESPs would make up the majority of the RA procurement requirement. This creates a number of new risk factors. These entities, without the traditional tethers to state regulatory bodies and statewide policy goals, might be less willing to utilize the RA program to advance dual reliability and public policy goals, particularly in emergency situations. This could create inequities across the body of consumers who benefit from and need to support the state’s economic and environmental goals, and could disrupt RA assumptions that must be commonly shared by all consumers of electricity from the grid. These issues of central planning and goal setting become even more critical as the grid becomes more variable due to the dynamic changes in generation from renewables, the need to focus on localized reliability instead of system reliability needs, and accommodating the increase in behind the meter distributed energy resources.

The CEC demand forecast is a foundational element of electricity system planning and procurement in California. The adopted demand forecast incorporates analysis of fundamental demand trends, impacts of distributed resources, and energy efficiency. To support distributed and renewable resource integration, the demand forecast is increasingly disaggregated, both geographically and temporally; future forecasts will be produced at an hourly level. The CEC forecast is a key input into the CPUC LTPP and resource adequacy proceedings, and the CAISO’s TPP and local and flexibility capacity needs analysis.

To support CEC demand forecasting, all LSEs in California, including CCAs and ESPs, are currently subject to data and forecast reporting requirements that vary in complexity by the size and type of the LSE. As nontraditional service providers expand and evolve, the data they provide to the CEC will also need to evolve to support demand forecasting that reflects the multiple trends affecting the timing and location of energy demand.

The California Independent System Operator (ISO) ensures reliable operation of the high voltage transmission system and infrastructure planning. Every year, the ISO conducts a transmission planning process that provides a comprehensive evaluation of the grid under the ISO’s control. The Transmission Planning Process (TPP) identifies upgrades needed to maintain reliability, successfully meet California’s policy goals, and projects that can bring economic benefits to consumers. The ISO’s TPP uses the same single forecast set as LTPP and the CEC’s IEPR. Efforts are underway to continue the agency process alignment under the CPUC’s IRP.

Ensuring All Customers Pay Their Fair Share

One of the most contentious issues that comes before the CPUC has to do with allocating costs between customers. For CCAs and ESPs, the CPUC relies on the Power Charge Indifference Adjustment (PCIA) to recover above market energy costs from customers who depart bundled service for ESPs or CCAs.

For CCA and ESP customers, the PCIA rate is set annually through the IOUs Energy Resource Recovery Account (ERRA) forecast proceedings. As the IOUs have procured increasing quantities of renewable energy, an increasing share of costs recovered through the PCIA are made up of the cost of the initial round of wind and solar projects procured through the RPS. These early, high-cost projects are often pointed to as one of the critical drivers globally of the major cost reductions that now benefit CCAs. Both the IOUs and the departing load parties have agreed that the current PCIA methodology is flawed. However stakeholders disagree on what changes are needed to ensure customer indifference and fairness.

For Self-Generation customers, IOUs rely on rates, including non-bypassable charges (NBCs), to recover broad infrastructure costs, as well as specific types of costs like low-income programs, and funding future de-commissioning of nuclear power stations. Each IOU calculates its own NBCs and applies them to all customer bills. When a customer self-generates, the IOU applies NBCs onto both electricity the customer buys from the grid and the electricity they produce and consume on-site. NEM customers have historically been exempt from paying NBCs on their solar generation, but with approval of NEM 2.0, a subset of NBCs are now going to be applied to NEM generation. Figure 2 below illustrates three examples of how NBCs are applied to PG&Es residential customers bills.

Figure 2 – PG&E Residential NBCs

	Residential NBCs	NEM 2.0 NBCs	NEM 1.0 NBCs
PPP	1.405	1.405	0
Nuclear Decommissioning	0.022	0.022	0
Competition Transition Charge	0.338	0.338	0
DWR Bond	0.539	0.539	0
Transmission	1.649	0	0
New System Generation Charge	0.255	0	0
Storage Mandate	0.045	0.045	0
TOTAL	\$0.04253/kWh	\$0.02349/kWh	\$0.00/kWh

Setting the NBCs for NEM customers was a central point of conflict throughout the NEM 2.0 proceeding and remains contentious, with both the IOUs and consumer advocates arguing that NEM customers still do not pay their fair share transmission infrastructure they rely on. Whereas, solar advocates argue that the value of NEM systems to the grid exceeds the cost of NBCs.

For the broader set of infrastructure investments, IOUs recover their transmission and distribution (T&D) related costs from ratepayers predominantly through volumetric (\$/kWh) rates. For larger customers, a portion of these infrastructure costs are recovered through demand based rates (\$/kW). Under NEM, customers (particularly residential customers) are able to largely avoid paying any volumetric contribution to infrastructure costs – with the passage of AB 327 (2014), the CPUC can consider allowing a utility to collect a \$10/month fixed charge for non-CARE customers. In the larger customer segments, energy storage systems – often subsidized by the Self Generation Incentive Program - are starting to be installed that allow customers to minimize paying demand based charges. The issue that both IOUs and consumer advocates raise is that NEM – and potentially energy storage – customers are not paying their fair share of T&D infrastructure costs. In contrast, solar advocates argue that the grid benefits of rooftop solar exceed the solar customer’s share of infrastructure costs, and as a result all customers are better off. In an effort to find middle ground between these two positions, the CPUC mandated that all NEM 2.0 systems take service under Time of Use (TOU) rates that more closely align what a customer pays for T&D infrastructure with the costs IOUs actually incur to serve them.

Allocating both generation and infrastructure costs between bundled customers and un-bundled customers is going to become more complicated as both business models and technology provide different forms of unbundling that each require different cost allocation solutions. The CPUC’s task is to seek to continue to adjust rates and tariffs like the PCIA and NEM in ways to both allow customers to continue to make the choices they want while ensuring that all other customers are not left with an unfair allocation of costs.

Ensuring Universal Access

Currently, POUs and IOUs are the provider of last resort in their respective service territories. With changes coming to California’s retail energy market, the CPUC must consider the implications of the changes for customers and evaluate whether a new ‘provider of last resort’ (POLR) requirement should be put in place. In retail choice states, POLR service (also known as Default, Basic Generation, or Standard Offer Service) is typically made available to customers who do not exercise their right to shop for energy. In all states besides Texas, the retail distribution utility holds the POLR responsibility. Even so, an overarching principle in virtually every jurisdiction with retail choice is that POLR’s structure should not undermine the competitive retail energy market and should afford to customers the opportunity to provide quality, reliable, and transparent electric commodity service while also having access to non-discriminatory electric delivery service through the local utility.

One question which may need to be addressed is: which service – competitive retail or POLR service – becomes the default. This arises in consideration of whether non-Utility LSE service is an “opt in” or an “opt out” choice. Only Texas has adopted a retail-choice model in which all customers must still affirmatively decide which retail commodity supply is the one to provide them with electricity service.

Another issue arises from IOUs’ historical obligation as the sole default providers of bundled retail service, for which they were required to make long-term investments in generation resources and long-term financial commitments through purchased power contracts. This has created (and if unaddressed

may continue to create further) a cost legacy that must be addressed during a transition to retail choice. Most of the states that adopted retail choice have addressed legacy costs through the imposition of non-bypassable exit fees and/or continuing wires charges. The sizes of the fee have been controversial. Fees set too high undermine retail choice, while fees set too low enable departing customers to shift costs to those who remain on bundled service.

A third issue pertains to rules governing when and under what circumstances CCA or ESP customers are allowed to return to a utility's bundled retail service (assuming the utility continues to provide such service). If unchecked, one possible outcome may be customers taking CCA or ESP service when it is relatively less costly and to return to the utility when it is not. There should be clear rules about the conditions applicable to customer returns to utility service: when are customers allowed to return, how long they must they remain on utility service, what price must they pay for energy, and so on. As CCAs continue to grow quickly, the CPUC must consider how its current rules fit within a much bigger competitive landscape.

Rate Design

With the passage of AB 327 (2014) and CPUC Decision (D) 15-07-001, time-of-use rate structures are scheduled to become the default for all customers in 2019. The major goals of this requirement are to better align customer bills with the actual cost to serve and to provide customers with greater incentives to use electricity during off-peak periods when the grid is less strained and with lower costs to serve. AB 327 allowed the CPUC to require each of the IOUs to develop default time-of-use rates for residential customers, but did not authorize the CPUC to set such a requirement CCAs or ESPs. As a result, it is conceivable that the utility rates for bundled service will reflect time-of-use rates for all components of electric service, and that in cases where the utility only provides T&D service, this T&D component will be based on a time-of-use structure, while the generation component of the rate served by the CCA or ESP may not.

Non-participation in default time-of-use carries two major risks. The first one has to do with consumer protection. Currently, the vast majority of residential customers in each of the IOU service territories have the same basic rate design, incorporating both the design of delivery rates and the supply of electric commodity service. By contrast, customers taking service from CCAs and ESPs have rates that reflect the retail distribution rate design approved by the CPUC as well as the generation-service provider's non-CPUC regulated generation rates. This means that residential consumers in Pacific Gas and Electric's (PG&E) territory could go from effectively having the same rate everywhere – from Chico to San Francisco to Fresno - to having dozens of different rates based solely on where a customer lives. This is not *per se* a bad thing; the risk comes when the rates among CCAs or ESPs are more or less expensive based on factors like the consumer's income or where the consumer lives. Where variation arises due to customers' options for utility service, this seems like a benefit of competition; but where variation in pricing and rates for commodity service arises from customer profiling by location, it gives rise to concerns about discrimination and other problems relating to assurance of access to basic electricity services.

The second risk is that some CCAs will choose not to default their residential customers to time-of-use or that consumer confusion around applicability of time-of-use and hard-to-understand differences in time-of-use rates across communities that are served by both an IOU and a CCA will undermine the effectiveness of time-of-use pricing. Though the actual impact of time-of-use is as yet unmeasured, the hope is that the time-of-use transition will play an important role in supporting important grid integration and renewables growth policies.

Consumer Protection

In 1997, California Senate Bill 477 adopted consumer protections that, among other things, required that all ESPs offering electrical services to residential or small commercial customers provide proof of financial viability and of technical and operational ability as a precondition to registration. SB 477 also required the CPUC to develop uniform standards for assessing ESPs financial viability and technical and operational ability. In Decision (D.) 98-03-072, D.99-05-034, and D.03-12-015, the CPUC implemented these standards through its framework for ESP registration, with particular attention to concerns about residential and small commercial customers with peak demands under 20 kW. Subsequent CPUC decisions modified various provisions governing DA enrollment, customer switching, involuntary returns to bundled service, and ESP financial security requirements.

Similar safeguards have never been fully developed to govern new forms of customer choice, whether it be CCAs, rooftop solar installers or community solar marketers. That said, the market for these products is different than the services marketed by ESPs and so differing regulations may be appropriate. The CPUC currently is examining consumer protection issues as part of its on-going oversight of NEM. As retail electric choices expand, the CPUC will need to adapt its capabilities to protect consumers from predatory marketing, misinformation and fraudulent behavior. In California, competition in telecom and natural gas have demonstrated that the CPUC must have robust consumer protection programs, otherwise residential customers face risks.

PART 3 -- Expectations for the En Banc:

Given the strong evidence of profound changes and disruptions within the electric industry and its ratemaking/regulatory foundations, we seek comment and thoughts from a wide range of key constituencies on the following major questions:

1. As an increasing number of customers can obtain electric generation service from a variety of sources (including IOUs, ESPs, CCAs, and on-site technologies), how does California ensure that all customers get the benefit of having multiple institutions play an important role in helping finance the infrastructure needed to meet the State of California's GHG strategies, including electrification of transportation and fuel switching in the natural gas industry, while also ensuring that all customers have access to at least basic electric service?
2. What are the roles of the incumbent electric distribution utilities in the future, and what are the means for them to finance their core functions (e.g., distribution service, transmission service, POLR retail service) where some of these services are provided to all electricity customers and some are provided to only some customers (and in some cases may be provided because no other supplier is willing and/or able to provide them)?
3. Who will be the provider of last resort for customers who don't seek to make key decisions for themselves, but prefer a simple and reliable bundled service? What agencies are best designed to provide customer protection in this new electric industry structure? What policies and/or authorities are necessary for utility regulators (or others) to assure that all customers - regardless of their supplier of generation and/or delivery service) have access to reliable and efficient electricity supply that also supports California's economic and environmental goals?
4. How does the State of California ensure that the many different players work together to ensure that the State's electric supply is not only clean but is also reliable, efficient and resilient? For example in light of the changes underway in the State's electric system, how should the State provide such products and services as ramping power, voltage support, frequency control and managing over-generation? How should the State's electric system become more resilient (e.g., capable of fending off attacks from physical and cyber threats, as well as speedy recovery from disasters)? How will California's consumers pay for the many mandated public goods programs, ranging from energy research to providing energy efficiency upgrades and rate discounts for low income customers, which the California legislature has determined are core elements of the State's electric system?
5. How will the State of California provide protection for consumers against predatory actions by providers of electric service or energy technologies in these new policy settings?

The CPUC and CEC, as sponsors of the En Banc, will prepare and publish a report from the hearing, summarizing the range of comments on these key questions, and summarizing the insights gleaned from comments.

The CPUC intends to open a Rulemaking to examine, and coordinate among other open proceedings, an examination of the future role(s), structure(s), fiscal and other functions of the three large California electric IOUs. This, in turn, requires a discussion of the scope and scale of the current framework for

regulation of competition – including customer centered technologies - and the structure of the retail electric market, and the transition from IOUs’ responsibilities today and their responsibilities in the future. As part of this process, the CPUC will likely examine a variety of different retail market and customer choice constructs to assess what best practices and lessons learned can be applied in California given our unique set of public policy goals.

As part of this process, the CPUC will work closely with the CEC to coordinate efforts with the Integrated Energy Planning Report (IEPR) and the Energy Program Investment Charge (EPIC) program. Because of the interplay between the CPUC and the CEC on funding research (drawn from the IOUs based on their share of electric sales), and because of the CEC’s role in setting overall electric need and overall procurement goals to meet that need, both agencies are both concerned about finding good and durable answers to these questions.

This effort necessarily implicates the ISO, as changes to retail market structures and the evolution of regulation will affect the transmission system and the wholesale power market. Furthermore, the same providers and technologies that are disrupting the retail electric market and the distribution system are also finding ways to participate within the bulk power system -- whether it be toward transacting in the wholesale market or offering alternative solutions to traditional transmission projects. To this end, this Rulemaking will seek to identify opportunities to harmonize market rules between retail and wholesale market and planning efforts between distribution and transmission infrastructure.

Finally (and as a fundamental framing consideration), it is critical to recognize that whatever the specific outcomes of this proceeding, it is very difficult to conceive of a scenario where the CPUC and CEC will not find that significant changes to the regulatory model and the utility structure are required. Drivers of change to the California electric system are accelerating whether we want them to or not. Technology will continue to advance and as a result consumers will have more options to meet their energy needs. Customers will seek to use these new developments to further their own needs and interests. California leaders and citizens intend to continue moving forward to decarbonize our economy, and the will to forge ahead grows stronger every day.



California Public Utilities Commission and California Energy Commission

Joint En Banc on Changing Nature of Consumer and Retail Choice in California

WHEN: Friday, May 19, 2017, 8:45 a.m. to 5 p.m.

WHERE: Byron Sher Auditorium, CalEPA Building, 1001 I St., Sacramento

REGISTRATION: Registration for this event is currently closed, but overflow seating will be available in Sacramento and the En Banc will be broadcast at the CPUC’s offices in San Francisco.

OVERFLOW SEATING/VIEWING:

- Sacramento: Klamath Room, CalEPA Building, 1001 I St., Sacramento
- San Francisco: CPUC Auditorium, 505 Van Ness Ave., San Francisco

WEBCAST: <https://video.calepa.ca.gov/>

NOTICE: Per California Government Code Section 11125, Public Notice of this En Banc will be served on the following open Rate-setting proceedings, each of which may be covered during this En Banc.

A1608006 – PG&E Diablo Canyon Proposal	A1609001 – SCE GRC	R1206013 – Residential Rates
R0310003 – AB 117 Rulemaking	R1408013 – DRP Rulemaking	R1410003 – IDER Rulemaking
R1512012 – TOU Rulemaking	A1509001 – PG&E GRC	A1701012, ...18, ...19 – IOU '18-'22 DR Portfolios
R1309011 – DR Rulemaking	R1407002 – NEM Rulemaking	R1410010 – RA Rulemaking
R1602007 – IRP Rulemaking	R1211005 – CSI/SGIP Rulemaking	R1502020 – RPS Rulemaking
A.17-04-018 – PAM Application	A1701013, .14, .15, .16, .17 – IOU/CCA EE Business Plans	A1701020, .21, .22 – IOU Transportation Elec Proposals
R1311005 – EE Rulemaking	R1503011 – Energy Storage Rulemaking	R1311007 – ZEV Rulemaking

AGENDA:

- 1) Introductory Remarks from California Public Utilities Commission President Michael Picker and California Energy Commission Chair Robert Weisenmiller (8:45–9 a.m.)
- 2) CPUC President Picker presents White Paper on Retail Choice, the Role of the Utility and an Evolving Regulatory Framework (9–9:15 a.m.)
- 3) Panel Discussion: What Customers Want (9:15 – 10:45 p.m.)

Overview and discussion of priorities and requirements of major customer categories, including the types of retail electricity choices they want, key consumer protection concerns, general view on the structure of California’s retail electricity market, and the role of regulatory agencies and utilities. Each presenter will be given 5-7 minutes to discuss their view of their customer segments key interests. This will be followed by moderated Q&A with Commissioners given first opportunity to ask questions.

Moderator: Ralph Cavanagh, Natural Resource Defense Council (NRDC)

- a. Marcel Hawiger, Attorney, The Utility Reform Network
- b. Strela Cervas, Co-Executive Director, California Environmental Justice Alliance
- c. Tim McRae, Vice President, Silicon Valley Leadership Group
- d. Mark Byron, University of California, Office of President
- e. Nora Sheriff, Alcantar-Kahl Law representing California Large Energy Consumers Association
- f. Katie Jackson, Vice President, Jackson Family Wines

BREAK

- 4) Panel Discussion: State of Customer Choice in California (11 a.m.– 12:15 p.m.)
Overview and discussion of current state of customer choice in California. Presenters will be given 8-10 minutes to respond to the CPUC’s interest in retail choice and the utility business model and share their views on how the regulatory framework must evolve to enable competitive suppliers and technologies to play a growing role in helping California achieve its long-term goals. This will be followed by moderated Q&A with Commissioners given first opportunity to ask questions.

Moderator: Sue Tierney, Analysis Group

- a) Anne Hoskins, Chief Policy Officer, SunRun
- b) Geoff Syphers, Chief Executive Officer, Sonoma Clean Energy
- c) Ron Perry, CEO, Commercial Energy
- d) Jeff Cramer, Executive Director, Coalition for Community Solar Access

LUNCH (12:15-1:30 p.m.)

5) Panel Discussion: Investor-Owned Utility Perspective on Current State of Retail Electricity Market and Coming Changes

This panel is an opportunity for the three investor-owned utilities to discuss current challenges and lay out their vision for the evolution of retail electricity choice and their ‘Business Model’ in this future. Each presenter will be given 15-20 minutes to discuss a specific component of the evolving Utility Business Model (wires company in a non-wires alternative world; achieving 50 percent Renewables Portfolio Standard and beyond; and electrifying everything). This will be followed by moderated Q&A with Commissioners given first opportunity to ask questions.

Moderator: Ren Orans, Energy and Environmental Economics

- a. Caroline Choi, Vice President, Southern California Edison
- b. Steve Malnight, Executive Vice President, Pacific Gas and Electric Company
- c. Dan Skopec, Vice President, San Diego Gas & Electric

BREAK

6) “Big Think Presentation” on the Future of Retail Electricity Service (3:15–4:30 p.m.)

This section will be an opportunity for our panel moderators, as well as nationally recognized industry experts, to reflect on the day’s discussion and share their perspectives on a) what retail electric market structures are necessary to ensure California achieves its 2030 goals; and b) what considerations must California account for related to technological change in its regulatory framework and how is technological change impacted by the structure of the investor-owned utility. Each presenter will be given 10 minutes to share their perspectives, followed by a moderated discuss and Q&A with Commissioners.

Moderator: Jan Smutney-Jones, Executive Director, Independent Energy Producers Association

- a. Sue Tierney, Analysis Group
- b. Ren Orans, E3
- c. Ralph Cavanagh, NRDC
- d. Jon Wellinghoff

7) Public Comment, Commissioner Reactions, and Closing Comments (4:30–5:15 p.m.)

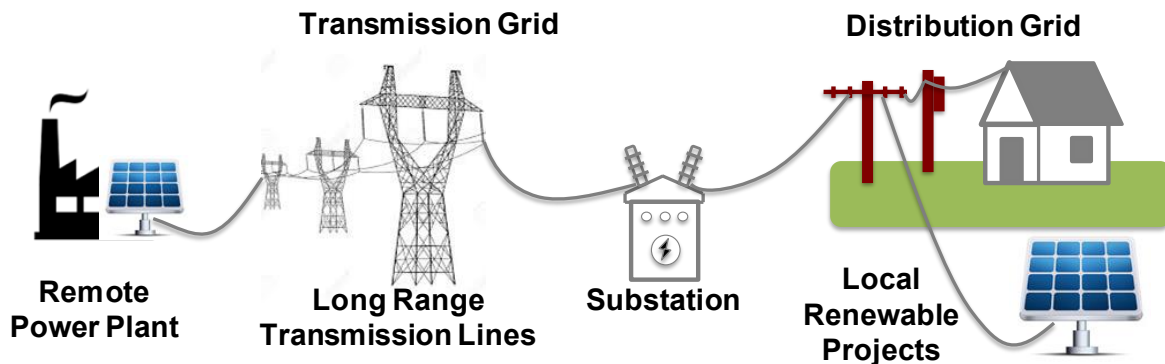
Members of the public are invited to submit question/comment cards throughout the day that will be shared during this final session.

SB 692: Fixing Transmission Access Charges **Leveling the playing field for local renewables**

Passage of SB 692 promotes community-based renewable energy development, thereby furthering California's renewable energy and climate justice goals. This fix is a critical part of enabling Community Choice programs to deliver environmental, economic, and social justice benefits to the communities they serve.

Problem: Local renewable projects incur charges for transmission lines they do not use.

Local renewable projects connect directly to the distribution grid near end users and do not require the use of long range transmission lines as do remote power plants.



Energy from local renewable projects is currently subject to transmission fees even though it does not use transmission lines. Transmission access charges on local renewable projects are, in effect, a subsidy for remote power stations.

By not recognizing the value of local renewable projects to avoid transmission costs, the current way of collecting transmission access charges puts local renewable projects at a competitive disadvantage, hindering investment in the development of such projects.

Local renewable projects offer unique benefits to our communities.

Local renewable energy projects:

- Are a critical way to achieve California's renewable energy and carbon reduction goals
- Keep energy dollars local, spurring economic development and creating local jobs
- Save money for ratepayers by avoiding long-distance transmission costs
- Come online faster than remote power plants
- Protect pristine environments from remote power plants and avoided long-distance transmission lines
- Increase social equity and local resilience
- Democratize control and ownership of energy resources

Solution: Assess transmission access charges only on energy that uses the transmission grid and on other measurable value that the grid provides.

SB 692 directs the California transmission grid operator (CAISO), to review its current methods of assessing transmission access charges and to adopt a consistent approach for all load serving entities, including both the monopoly utilities and Community Choice energy programs (unless CAISO identifies a justifiably better alternative).

The California Alliance for Community Energy advocates for a solution that would impose **transmission access charges based principally on energy delivered through the transmission grid**. This means installing meters at substations to measure energy downflow from the transmission grid to the distribution grid. This would mean:

- A one-time cost of approximately \$1 per utility ratepayer, for a total of about \$20 million (no cost to state government)
- Savings to utility ratepayers of an estimated \$38 billion in future transmission costs

It is worth noting that most municipal utilities—for historical reasons—pay transmission charges only on energy they pull down from the transmission grid. Local renewable energy projects in these utility service territories benefit from their avoided transmission costs. AB 692 envisions applying this same solution to all renewable energy projects.

How SB 692 benefits Community Choice energy programs

SB 692 contains language to ensure the proper allocation of transmission access charges to Community Choice energy programs. This would enable Community Choice programs to reduce these charges by procuring energy from local renewable energy projects. This helps Community Choice energy programs that seek the many benefits that come from the development of local renewable energy resources.

Urgent need for legislation

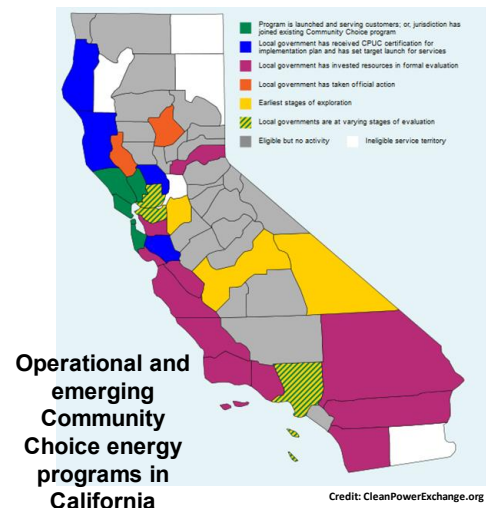
Efforts over the last couple years to convince CAISO to address this issue have been met by a series of delays.

Now that California's Renewable Portfolio Standard has been increased to 50% by 2030, it is urgent to resolve this issue. State agencies, utilities, and Community Choice energy programs are now setting energy procurement strategies to meet the new standard. Whether local renewable energy projects continue to be burdened with this unfair charge will impact these strategies.

It is therefore imperative that the fix envisioned in SB 692 be implemented as soon as possible.

Impacts of SB 692

- Level the playing field for local renewable projects
- Realize powerful economic, social, and environmental benefits for California communities
- Save California ratepayers billions in future transmission costs



For more information and to support SB 692, contact Becca Claassen, Program Coordinator, California Alliance for Community Energy: becca@cacommunityenergy.org, (805) 865-2231