Staff Report Item 13

TO: East Bay Community Energy Board of Directors

FROM: Annie Henderson, VP Marketing and Account Services

SUBJECT: Policy on Member Requests to Change the Default Rate Product for Certain Customers (Action Item)

DATE: March 17, 2021

Recommendation

Review and adopt a Resolution approving a policy on Joint Powers Authority (JPA) member requests to change the default rate product for certain customers within their jurisdiction (“Default Rate Product Change Policy”).

Background

The EBCE Board of Directors established three levels of service or products for its customers in 2018 and has subsequently set the value proposition for each product as follows:

- **Bright Choice** - basic service level at a 1% discount to PG&E rates with 5% more renewable energy that PG&E’s annual forecast
- **Brilliant 100** - 100% carbon-free service set at the same rate as PG&E, closed to new customers in original service territory as of August 1, 2020 and set to close for all customers January 2022.
- **Renewable 100** - 100% California wind and solar power set at $0.01 per kWh over PG&E rates

There are certain member jurisdictions that selected a product other than **Bright Choice** to be the default selection at the time of initial customer enrollment. Specifically, Albany, Hayward, and Pleasanton selected **Brilliant 100** and Piedmont selected **Renewable 100**.

On January 12, 2021, the City Council of Dublin considered selecting **Renewable 100** as the default electricity product for most Dublin residents to facilitate meeting
greenhouse gas emissions reductions goals adopted in their “Climate Action Plan 2030 and Beyond”.

The City Council of Dublin passed a resolution requesting that East Bay Community Energy opt up all residential accounts to Renewable 100 service except for customers in the CARE, FERA, and medical baseline programs (which would remain on Bright Choice). This request marks the first time a JPA member within EBCE has requested a default rate product change of customer accounts after initial enrollment. EBCE does not currently have a standard process or policy for facilitating rate product changes by JPA members.

Changes to the product default after enrollment have been implemented by only one other community choice energy program. The Clean Power Alliance (CPA) changed the residential and commercial default products for the cities of Malibu and Sierra Madre in October 2020, per the CPA “Policy on Default Product Changes”\(^1\). As part of this transition, CPA sent two customer notifications via the mail in August and October. The City of Malibu issued a press release which was covered by the local Patch news website and a couple other local media outlets. Materials provided to the CPA Board of Directors indicated a low opt out rate during the time following the transition in Malibu and Sierra Madre, with 0.5% of customers opting-out and 3% of customers choosing a different service option.

**Analysis & Discussion**

The proposed EBCE Default Rate Product Change Policy is included as Exhibit A to the attached Resolution. A summary of the Policy is as follows:

- Implementation of approved requests to change the default rate product for certain customers will occur only in March or October. Implementing product changes in March and October minimizes the potential financial impact to customers as the rates are lower in these non-summer months.
- Requests must be approved by the Board six (6) months in advance of implementation (i.e. Board approval in September for March implementation and April for October implementation). This timeline gives EBCE staff sufficient time to plan for additional renewable energy procurement and other operational adjustments and to notify customers.
- A JPA Member may change the default rate product only one (1) time every two (2) years.
- The requesting JPA Member must work with EBCE on a customer communication plan and co-brand customer notifications.
- EBCE will cover the costs associated with a JPA member’s first change to a default rate product. For any subsequent approved change, the JPA Member

must cover EBCE’s costs associated with implementation such as operational adjustments and customer notification.

This Policy was presented as an informational and discussion item at the February 2021 EBCE Board meeting. At that time, it was requested that the report and Policy be amended to provide potential cost estimates and address default product changes when a product is being closed. The potential cost estimates are listed below under Financial Impact. The scenario of a product closures is addressed in the introduction section of the Policy.

**Financial Impact**

The initial implementation of a default rate product change may incur costs for operational adjustments (~$15,000) and for the cost of customer notification mailers (~$40,000 for a customer base of 40,000 accounts). The Policy proposes that costs associated with subsequent default rate product changes are covered by the JPA Member.

Based on the results in CPA, there may be a small increase in customer opt outs following a default rate product change and therefore a small reduction in revenue.

**Attachments**

A. Resolution to Approve a Default Rate Product Change Policy

B. Exhibit A to Resolution: EBCE Default Rate Product Change Policy
RESOLUTION NO. R-2021-xx
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST BAY COMMUNITY ENERGY AUTHORITY TO APPROVE A
DEFAULT RATE PRODUCT CHANGE POLICY

WHEREAS, the East Bay Community Energy Authority (“EBCE”) was formed on December 1, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany, Berkeley, Castro Valley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, San Leandro, and Union City, to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs in all the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

WHEREAS, in 2018, the Board of Directors approved three product offerings—a product called Bright Choice offered at a discounted price, a product called Brilliant 100 that is 100% carbon-free at price parity with PG&E rates, and a 100% renewable energy product called Renewable 100 offered at a premium cost.

WHEREAS, in 2020, the Board of Directors voted to eliminate the Brilliant 100 product as of 2022.

WHEREAS, on January 12, 2021, the City Council for the City of Dublin adopted a resolution requesting that the EBCE Board of Directors change the default product for its residential customers to Renewable 100.

WHEREAS, although EBCE’s Joint Powers Agreement contemplates that JPA members may change their default rate products, the Joint Powers Agreement does not specify a process or policy.

WHEREAS, changes to JPA members’ default rate products can have a fiscal impact on EBCE due to the need for additional renewable energy procurement, customer notification requirements, and other operational adjustments.

WHEREAS, EBCE will benefit from having a standard policy for addressing requests of default rate product changes from its JPA members.

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

Section 1. The Board of Directors hereby approves the Default Rate Product Change Policy attached hereto as Exhibit A.
Section 2. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED this 17th day of March 2021.

________________________________________
Dan Kalb, Chair

ATTEST:

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Adrian Bankhead, Assistant Clerk of the Board
EAST BAY COMMUNITY ENERGY
DEFAULT RATE PRODUCT CHANGE POLICY

The purpose of this Default Rate Product Change Policy is to specify a process for a Joint Powers Authority (JPA) member agency (“Member”) to change its Default Rate Product and to ensure that East Bay Community Energy (EBCE) is provided with sufficient notice and time to prepare for the change.

When approving a request from a Member to change the Default Rate Product (“Default Rate Product Change”) after the Member’s initial service enrollment, the EBCE Board (“Board”) and Member shall adhere to this Policy, which requires specific cooperation from the Member. This Policy shall not apply to a change in the Default Rate Product which is the result of a rate product closure.

Under this Policy, the Default Rate Product Change request from a Member and subsequent implementation must comply with the following requirements:

1. Timeline for Board Approval and Implementation: Any request for a Default Rate Product Change must be approved by the Board. The Board will consider Members’ requests for Default Rate Product changes in the spring and the fall, based on the following schedule:
   a. If the Board approves a Member’s request for a Default Rate Product Change by April 30 the Default Rate Change will be implemented in October of the same year.
   b. If the Board approves a Member’s request for a Default Rate Change by September 30, the Default Rate Change will be implemented in March of the following year.
   c. Notwithstanding the foregoing, the EBCE Chief Executive Officer (“CEO”) and the Member may mutually agree upon a different implementation schedule, provided that the CEO provides the Board with notification of the agreed-upon schedule.

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<tr>
<th>Board Approval By</th>
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<td>April 30 of Year A</td>
<td>October 31 of Year A</td>
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<td>September 30 of Year A</td>
<td>March 31 of Year A+1</td>
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2. Exceptions to Implementation of Default Rate Product Change:
   Notwithstanding anything contained in this Policy, in no event shall a Member’s Board-approved Default Rate Product Change affect the following:

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1 For purposes of this Policy, the “Default Rate Product” is the EBCE rate product option that each Member selected as the default for EBCE customers within the Member’s jurisdiction.
a. Prior customer enrollment actions. Any customer account that has affirmatively taken action to change its rate product will remain on the selected product.

b. Prior customer opt-out actions. Any customer account that has affirmatively taken action to opt out of EBCE service will remain opted out.

3. Frequency of Default Rate Product Change by a Member: A Member may not change its Default Rate Product more than one (1) time every two (2) years.

4. EBCE Agency Requirements: Upon the Board’s approval of a Member’s request for a Default Rate Product Change, EBCE staff may engage in any of the following activities:
   a. Purchase or prepare to purchase the appropriate amount of resources to meet the expected change in demand associated with the Default Rate Product Change;
   b. Complete or prepare to complete additional regulatory compliance and reporting requirements, if any;
   c. Coordinate with EBCE’s data and call center services manager to make necessary operational adjustments;
   d. Evaluate fiscal impacts of the Default Rate Product Change;
   e. Examine EBCE rates and any rate impacts;
   f. Coordinate and work with PG&E on billing considerations, if any;
   g. Prepare for and deploy customer communication efforts;
   h. Identify and address any other operational impacts or issues and take steps to mitigate those impacts/issues; or,
   i. Take any other action necessary to effectuate the Member’s approved Default Rate Product Change.

5. Member Requirements: The Member requesting a Default Rate Product Change must commit to the following conditions for the change to be implemented:
   a. Collaboration. The Member shall work with EBCE staff to develop and implement a customer communication plan;
   b. Co-Branding. The Member must agree to co-brand customer notifications with the Member’s seal; and,
   c. Cost Coverage. EBCE will cover the cost of any operational adjustments and the required customer notices, as detailed in Section 6.a, for the Member’s first approved Default Rate Product Change. Costs associated with any subsequent Default Rate Product Changes will be charged to the Member.

6. Customer Communication: EBCE will notify customers subject to a Member’s approved Default Rate Product Change. EBCE will lead, with support from the Member, the development and dissemination of customer notices.
   a. Required Notifications. Any customer accounts subject to a Member’s approved Default Rate Product Change shall be sent a minimum of two
(2) notifications. A minimum of one (1) notice shall be sent prior to the change going into effect.

b. **Optional Additional Notifications.** In addition to the two (2) required notices referenced in Section 6.a., above, EBCE staff will coordinate with a Member who wishes to develop and distribute additional customer notices and/or conduct additional communications such as social media campaigns, jurisdictional newsletters, Member press release, etc. The Member shall be responsible for the costs of such additional communications.

7. A customer may take an enrollment action to change their EBCE rate product, to opt in to EBCE service, or to opt out of EBCE service at any time by notifying EBCE through the standard channels of phone, interactive voice recording, or online form.