



Staff Report Item 5

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency

SUBJECT: Timeline for EBCE Program Launch

DATE: March 15, 2017

Staff Recommendation:

Approve the revised timeline for a Spring 2018 program launch.

Background and Discussion:

The EBCE Board has been considering two possible timeframes for commencement of electric service predicated upon a number of factors including compilation of a full vendor team, the ability to hit key implementation milestones, and program economics. The preferred timeline targeted the commencement of electric service in October 2017. Staff acknowledged this option as challenging but feasible as long as the timeline didn't slip and the EBCE implementation plan could be submitted to the CPUC by early April. Unfortunately, given the significant delay in awarding vendor contracts, including technical and energy services, it is now impossible to meet that threshold deadline given the variety of program and policy decisions that need to occur before the Implementation Plan can be drafted, vetted, approved by the Board and submitted to the CPUC. As you know, the CPUC then has 90 days to certify the Implementation Plan before other critical steps - including power contracting, rate setting, and customer noticing can proceed. Thus, the tight window of opportunity that existed before the bid delays has closed. In light of this reality, staff has prepared an updated timeline (Attachment A) that shows the key milestones to enroll Phase 1 customers beginning in April 2018. While more pragmatic and certainly more feasible, this timeline still requires that we stay on track to meet threshold goals including submission of EBCE's Implementation Plan by late August or September 2017. As noted in previous discussions, the steps in the process don't change, power solicitation would still occur in late 2017, and this remains an aggressive timeline given the size and complexity of EBCE's CCE program, especially if the program expands into a neighboring county. Here are some "upside impacts" worth considering:

- 1) **Program economics:** A Spring launch is generally viewed as most economically advantageous for a new CCE program. May marks the beginning of the summer tariff

- schedule which lasts through October each year. Summer tariff rates are generally higher than winter rates resulting in higher revenues for EBCE in its first six months of operations.
- 2) **Agency development:** A Spring 2018 launch allows EBCE to hire its CEO and initial staff well in advance of program launch. This gives the CEO adequate time to build the agency, transition to operational independence, and have input on key decisions that will affect the Agency's long-term operations.
 - 3) **More time for public outreach:** Because of the bid protests, development of a public communications strategy, marketing campaign, and public outreach has been delayed. EBCE will be the largest CCA in the State serving a very diverse set of customers. Having more time for robust multi-lingual and multi-cultural public outreach is essential to ensuring consumer awareness, building local support, and inoculating against program opt-outs.
 - 4) **Integration of new members:** A Spring 2018 launch allows for a smoother integration of Contra Costa County communities that choose to join EBCE by June 30, 2017. New members would be included in EBCE's implementation plan and the communications strategy and local development business plan can be expanded in the near term rather than amending or re-doing certain tasks which would be time inefficient and more costly.

It is important to note that the longer planning horizon will have some staff and budget impacts and the cost of power and PCIA exit fees may be higher or lower with a 2018 launch. It is impossible to know today how the PCIA fees will shift, but your staff and consulting team will monitor this closely. Market rates for system power (i.e. natural gas) are trending slightly higher, but PCIA rates tend to reflect market rates in an inverse relationship so the overall financial impact on a Fall 2017 vs. Spring 2018 launch should be minimal.

Attachment 5: Updated Critical Dates Timeline