



## Community Advisory Committee – Meeting Agenda

Tuesday, August 1, 2017

7:00 pm

Castro Valley Library

3600 Norbridge Ave, Castro Valley, CA

*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 Committee, please hand it to a member of EBCE staff who will distribute the information to the Committee members and other staff.*

1. **Roll Call (Bruce Jensen, CDA)**
2. **Public Comment on Items Not on Agenda**

### CONSENT AGENDA

No Items

### REGULAR AGENDA

3. **Policy Discussion re: Implementation Plan Elements (Action Item) -**

This is a follow-up discussion to the July 6 and July 19, 2017 meeting item of the same name. Attached to this Agenda is the Draft Implementation Plan, including a more substantive budget discussion. This IP could be adopted by the Board at its August 2 meeting as-is or with amendments, and direction given to Staff to submit to the California Public Utilities Commission.

4. **Role of Chair and Vice-Chair** – Discussion item
5. **Formal Request for Appointment of Alternates for CAC members** – request by CAC that the Board allow CAC members to select alternates, for appointment by the Board, to serve in their absence.
6. **Formal Request that CAC Chair, as Board Member, be able to call other CAC members as Committee Representatives** – request by CAC that Chair be able to call other CAC membership at Board meetings as topic experts to represent the CAC as extensions of the Chair's Board seat.
7. **Board Member and Staff Announcements**
8. **Adjournment to Date TBD**

# East Bay Community Energy (EBCE)

## DRAFT COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

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**CHAPTER 1 – Introduction**

East Bay Community Energy Authority (EBCEA) is a public agency located within Alameda County, formed for the purpose of implementing a community choice aggregation program (“CCA”, or “Community Choice Energy” – “CCE” – which has been recently used as an alternative identifying term for the CCA service model), which has been named East Bay Community Energy (the “Program” or “EBCE”). Member Agencies of EBCEA include eleven municipalities located within the County of Alameda (“County”) as well as the unincorporated areas of the County itself (together, the “Members” or “Member Agencies”), which have elected to allow EBCE to provide electric generation service within their respective jurisdictions. Currently, the following Members Agencies comprise EBCEA:

Alameda County	Hayward
Albany	Livermore
Berkeley	Oakland
Dublin	Piedmont
Emeryville	San Leandro
Fremont	Union City

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes EBCEA’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of the cities and unincorporated county that currently take bundled electric service from Pacific Gas & Electric (“PG&E”). The EBCE Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. The planned start date for the Program is May 1, 2018, the first business day in May 2018. All current PG&E customers within EBCE’s service area will receive information describing the EBCE Program and will have multiple opportunities to choose to remain full requirement (“bundled”) customers of PG&E, in which case they will not be enrolled. Thus, participation in the EBCE Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of EBCE will enable customers within EBCEA’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. EBCE’s primary objectives in implementing this Program are to provide lower-cost electric services than PG&E; reduce greenhouse gas emissions (“GHGs”) resulting from electricity use within the County; stimulate renewable energy development; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for

residents and businesses through local control. The prospective benefits to consumers include increased renewable and other low-GHG emitting energy supplies, lower electric rates, and the opportunity for public participation in determining which technologies are utilized to meet local electricity needs.

To ensure successful operation of the Program, EBCE will solicit energy suppliers and marketers through a competitive process and will negotiate with one or more qualified suppliers throughout the summer and fall of 2017. Final selection of EBCE's initial energy supplier(s) will be made by EBCE following administration of the aforementioned solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for EBCE's initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for EBCE to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the EBCE Program. The CPUC also has responsibility for registering EBCE as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On August 2<sup>nd</sup>, 2017, EBCE, at a duly noticed public hearing, considered and adopted this Implementation Plan, through Resolution EBCE R-2017-10 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism. With each of these milestones having been accomplished, EBCE submits this Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this Implementation Plan and resolution of any outstanding issues, EBCE will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

***Organization of this Implementation Plan***

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides EBCE’s statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process

Chapter 3: Organizational Structure

Chapter 4: Startup Plan & Funding

Chapter 5: Program Phase-In

Chapter 6: Load Forecast & Resource Plan

Chapter 7: Financial Plan

Chapter 8: Rate setting

Chapter 9: Customer Rights and

Responsibilities Chapter 10: Procurement  
Process

Chapter 11: Contingency Plan for Program Termination

Appendix A: EBCE Resolution No. R-2017-10 (Adopting Implementation Plan)

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

**Table 2**  
**AB 117 Cross References**

<b>AB 117 REQUIREMENT</b>	<b>IMPLEMENTATION PLAN CHAPTER</b>
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other vendors	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination



**CHAPTER 2 – Aggregation Process*****Introduction***

This chapter describes the background leading to the development of this Implementation Plan, and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2014, the County began investigating formation of a CCA Program in the County unincorporated areas and within its cities, pursuant to California state law, with the following objectives: 1) provide lower-cost electric services; 2) reduce greenhouse gas emissions related to the use of electric power within the County; and 3) increase the use of renewable energy resources relative to the incumbent utility. A technical feasibility study for a CCA Program serving the City was completed for the EBCE Partnership in June of 2016.

After a year of collaborative work by representatives of the County, independent consultants, local experts, and stakeholders, EBCE was formed in January of 2017. The EBCE Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the County. EBCE plans to offer choices to eligible customers through creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, as well as many other energy programs.

***Process of Aggregation***

Before they are enrolled in the Program, prospective EBCE customers will receive two written notices in the mail, from EBCE, that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to the first phase of customers in March. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by EBCE. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

Customers enrolled in the EBCE Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by EBCE as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the EBCE Program without penalty and return to the distribution utility (PG&E). EBCE customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by EBCE but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the EBCE Program and to have agreed to the EBCE Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

### ***Consequences of Aggregation***

#### **Rate Impacts**

EBCE Customers will pay the generation charges set by EBCE and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

EBCE's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). EBCE will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by EBCE's Board.

Initial EBCE Program rates will be established following approval of EBCE's inaugural program budget, reflecting final costs from the EBCE Program's energy supplier(s). EBCE's rate policies and procedures are detailed in Chapter 7. Information regarding final EBCE Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once EBCE gives definitive notice to PG&E that it will commence service, EBCE customers will generally not be responsible for costs associated with PG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers.<sup>1</sup>

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<sup>1</sup> For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility

**Renewable Energy Impacts**

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to exceed California's prevailing renewable energy procurement mandate for all enrolled customers. EBCE customers may also voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose EBCE's 100 percent renewable energy option, the renewable content of EBCE's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, EBCE may consider independent development of new renewable generation resources.

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Surcharge are set forth in PG&E's tariffs as separate rates/charges paid by all customers (with limited exceptions).

## CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of EBCE and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of EBCE are outlined and discussed below.

### ***Organizational Overview***

East Bay Community Energy Authority is responsible for establishing EBCE's Program policies and objectives and overseeing EBCE's operation. In June 2017, the EBCE Board of Directors appointed a Chief Executive Officer (CEO) to manage the operation of EBCE in accordance with policies adopted by the Board. When EBCE receives CPUC certification, the CEO will proceed to hire staff and contractors to manage EBCE's activities. These activities include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), supply acquisition (energy trading, contract negotiation and system development), and legal and government affairs.

### ***Governance***

The EBCE Program will be governed by the Board of Directors. The Board of Directors' primary duties are to establish program policies, approve rates and provide policy direction to the CEO, who has general responsibility for program operations, consistent with the policies established by the Board of Directors. In the future, the Board of Directors may establish special committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. EBCE may also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect EBCE and its customers and would provide analytical support and recommendations to the Board of Directors.

### ***Management***

In June 2017, EBCE's Board of Directors hired a CEO, who has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as EBCE's General Counsel. In performing the obligations to EBCE, the CEO may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors. Major functions of EBCE that will be managed by the CEO are summarized below.

### ***Administration***

EBCE's CEO will be responsible for managing the organization's human resources and administrative functions and will coordinate with the Board of Directors, as necessary, with

regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues.

### ***Finance***

The CEO is also responsible for managing the financial affairs of EBCE, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. EBCE will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low income assistance programs, provided that the overall revenue requirement is achieved.

EBCE may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.

EBCE's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the EBCE Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, EBCE will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

### ***Marketing & Public Affairs***

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. EBCE will conduct program marketing to raise consumer awareness of the EBCE Program and to establish the EBCE "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the EBCE Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance EBCE's ability to

differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. EBCE will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests, and administers customer enrollments and departures from the EBCE Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and EBCE, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of EBCE.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. EBCE will initially contract with a third party for these services, who has demonstrated the necessary experience and administers an appropriate customer information system to perform the customer account and billing services functions.

### ***Power Resources & Energy Programs***

EBCE must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. EBCE's long term resource plans (addressing the 10-20 year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. EBCE may develop and administer complementary energy programs that may be offered to EBCE customers, including green pricing, energy efficiency, net energy metering, EV incentives, feed-in-tariff, distributed energy resources, energy storage, demand response and various other programs that may be identified to support the overarching goals and objectives of EBCE.

EBCE will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of EBCE will make maximum use of demand side energy efficiency, distributed energy resources and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by EBCE on an annual basis.

### ***Electric Supply Operations***

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

EBCE will initially contract with one or more experienced and financially sound third party energy services providers to perform electric supply operations for the EBCE Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

#### ***Local Energy Programs***

A key focus of the EBCE Program will be the development and implementation of local energy programs responsive to community input and interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow the identification of requisite funding sources and responsive to the recommendations of the Local Development Business Plan.

#### ***Governmental Affairs & General Counsel***

The EBCE Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that will impact EBCE, its customers. EBCE will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission.

Under the direction of its General Counsel, EBCE may retain outside legal services, as necessary, to administer EBCE, review contracts, and provide overall legal support related to activities of the EBCE Program.

## CHAPTER 4 – Startup Plan & Funding

This Chapter presents EBCE’s plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, EBCE may utilize a mix of staff and contractors in its CCA Program implementation.

### ***Startup Activities***

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
  - Electric supplier and scheduling coordinator
  - Data management provider
- Define and execute communications plan
  - Customer research/information gathering
  - Media campaign
  - Key customer/stakeholder outreach
  - Informational materials and customer notices
  - Customer call center
- Post CCA bond and complete requisite registration requirements
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the EBCE Program will be the responsibility of the EBCE Program’s contractors (and are assumed to be covered by any fees/charges imposed by such contractors). These may include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

### ***Staffing and Contract Services***

Personnel in the form of EBCE staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements would include a CEO, a General Counsel, and other personnel needed to support regulatory, procurement, finance, and communications activities.



For budgetary purposes, it is assumed that ten (10) full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will be retained, as needed, to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

### ***Capital Requirements***

The Start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on EBCE's anticipated start-up activities and phase-in schedule, a total need of \$73 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding EBCE's expected capital requirements and general Program finances.

Related to EBCE's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by EBCE's power supplier(s)); 2) requisite deposit with the California Independent System Operator prior to commencing market operations; 3) CCA bond (posted with the CPUC); and 4) PG&E service fee deposit.

Operating revenues from sales of electricity will be remitted to EBCE beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. EBCE will need working capital to support electricity procurement and costs related to program management, which is included in EBCE's initial \$73 million capital requirement.

### ***Financing Plan***

EBCE's initial capital requirement will be provided via conventional financing methods (e.g., bank loans and/or lines of credit); subsumed in the initial capital requirement is EBCE's initial start-up funding (not to exceed \$5.5M), which has been provided by the County – such amounts are to be repaid by EBCE as soon as practically possible. For all other amounts borrowed, EBCE will make repayments (including any interest, as applicable) over assumed 2- and 5-year terms, commencing in July 2018. EBCE will recover the principal and interest costs associated with the start-up funding via retail generation rates charged EBCE customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first years of EBCE operation.

**CHAPTER 5 – Program Phase – In**

EBCE will roll out its service offering to customers over the course of several phases. At present, EBCE expects to launch with the following three phases:

- Phase 1. Municipal accounts and volunteers
- Phase 2. Non-residential accounts and volunteers
- Phase 3. Residential accounts

This approach provides EBCE with the ability to test its program with municipal and volunteer accounts before building to full program integration for an expected customer base of approximately 540,500 accounts, post customer opt-out. EBCE will offer service to all customers on a phased basis, which is expected to be completed within eight (8) months of initial service to Phase 1 customers.

Phase 1 of the Program is targeted to begin in May 2018, subject to a decision to proceed by EBCE. During Phase 1, EBCE anticipates serving approximately 4,800 accounts, comprised of all municipal accounts, totaling roughly 150 GWh of annual energy sales. EBCE is currently refining the potential composition of Phase 1 accounts in consideration of cost of service and customer load characteristics as well as other operational considerations. Specific accounts to be included in Phase 1 will be approximately two (2) percent of EBCE's total customer load and will be specifically defined after further analysis and consideration by EBCE.

Phase 2 of the Program will commence following successful operation of the EBCE Program over an approximate four-month term, which corresponds with an expected Phase 2 service commencement date occurring in September 2018. It is anticipated that approximately 44,700 additional customers, comprised primarily of commercial and industrial customers will be included in Phase 2, with annual energy consumption approximating 3,735 GWh, or sixty (60) percent of EBCE's total prospective customer load.

Following the successful completion of Phase 1 and Phase 2 customer enrollments, EBCE will commence the process of completing the CCA roll out to all remaining customers in Phase 3, which is expected to occur in January 2019. This phase is expected to comprise the remaining residential accounts within EBCE's service territory. Phase 3 will add approximately 491,000 accounts with annual energy consumption of approximately 2,315 GWh, or thirty-seven (37) percent of EBCE's total prospective customer load.

EBCE may also evaluate other phase-in options and shorter timelines between phase-in periods based on current market conditions, statutory requirements and regulatory

considerations as well as other factors potentially affecting the integration of additional customer accounts, such as data management service constraints.

**CHAPTER 6 -- Load Forecast & Resource Plan*****Introduction***

This Chapter describes the planned mix of electric resources that will meet the energy demands of EBCE customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key policies are as follows:

- EBCE will seek to reduce greenhouse gas (GHG) emissions from electric generation to serve customers in its service territory through decreased reliance on fossil-fuels and increased use of renewable resources.
- EBCE will seek to reduce energy costs and maintain stable electric rates for its customers.
- EBCE will support local renewable resource development and benefit the area's economy through investment in local infrastructure, projects, and energy programs.

EBCE will offer its customers at least two power products. EBCE's default product will at a minimum match the share of renewable energy in PG&E's standard rate and exceed by at least ten percent (10%) the share of GHG-free energy in PG&E's standard rate. In addition, EBCE will offer at least one other power product that will be 100% renewable. As the EBCE Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the EBCE Program to achieve increased renewable energy content over time. EBCE's aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators, and purchases of renewable energy from third party suppliers. EBCE may introduce additional power products and increase the renewable and GHG-free content of its default power product offering based on market conditions and in consideration of the Local Development Business Plan.

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer at least two distinct generation rate tariffs: 1) a default EBCE service option that at a minimum matches PG&E's renewable energy share and exceeds its share of GHG-free energy by 10%; and 2) 100 percent renewable energy, offered to EBCE customer on a voluntary basis.
- Continue increasing renewable energy supplies over time, subject to resource availability, economic viability and applicable compliance mandates.
- Encourage distributed renewable generation in the local area through the offering of a

net energy metering, feed-in-tariff and other creative, customer-focused programs targeting increased access to local renewable energy sources.

EBCE will comply with regulatory rules applicable to California load serving entities. EBCE will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. EBCE will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve EBCE's customers, even if there were a need for the EBCE Program to cease operations and return customers to PG&E. In addition, EBCE will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

### ***Resource Plan Overview***

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to EBCE's status as a California load serving entity, EBCE's resource plan will likely include a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of EBCE's resource plan is to reduce electric sector GHG emissions while offering reduced generation rates to participating customers. The planned power supply initially will most likely be comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by EBCE.

Once the EBCE Program demonstrates it can operate successfully, EBCE may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by EBCE or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of EBCE's electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the EBCE Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews, and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, EBCE may consider partnering with an experienced public power developer and could enter into a long-term (20-to 30-year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the EBCE Program’s operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be preferable to EBCE as it works to achieve increasing levels of renewable energy supply to its customers.

EBCE’s resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, EBCE will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

EBCE’s indicative resource plan for the years 2018 through 2027 is summarized in the following table:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>EBCE Demand</b>										
Retail Demand	1,346	6,201	6,214	6,226	6,239	6,251	6,264	6,276	6,289	6,301
Dist. Gen	0	0	0	0	0	0	0	0	0	0
Energy Efficiency	0	0	0	0	0	0	0	0	0	0
Losses and UFE	87	403	404	405	405	406	407	408	409	409
<b>TOTAL DEMAND</b>	<b>1,433</b>	<b>6,604</b>	<b>6,617</b>	<b>6,631</b>	<b>6,644</b>	<b>6,657</b>	<b>6,671</b>	<b>6,684</b>	<b>6,697</b>	<b>6,711</b>
<b>EBCE Supply</b>										
Renewable Resources										
Total Renewable Resources	438	2,159	2,301	2,382	2,469	2,559	2,652	2,748	2,848	2,952
Conventional Resources										
Total Conventional Resources	996	4,445	4,316	4,249	4,175	4,099	4,019	3,936	3,849	3,759
<b>TOTAL SUPPLY</b>	<b>1,433</b>	<b>6,604</b>	<b>6,617</b>	<b>6,631</b>	<b>6,644</b>	<b>6,657</b>	<b>6,671</b>	<b>6,684</b>	<b>6,697</b>	<b>6,711</b>
Energy Open Position	0	0	0	0	0	0	0	0	0	0

***Supply Requirements***

The starting point for EBCE’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile”. The electric sales forecast and load profile will be affected by EBCE’s plan to introduce the EBCE Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. EBCE’s phased roll-out plan and assumptions regarding customer participation rates are discussed below.

***Customer Participation Rates***

Customers will be automatically enrolled in the EBCE Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. For the first phase, an estimated 4,800 municipal accounts, EBCE anticipates a 100% participation rate. For subsequent phases, EBCE anticipates an overall average customer participation rate of approximately 90 percent of PG&E bundled service customers, based on reported opt-out rates for other CCA programs in California. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that EBCE will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as EBCE’s public outreach and market research efforts continue to develop.

***Customer Forecast***

Once customers enroll in each phase, they will be switched over to service by EBCE on their regularly scheduled meter read date over an approximately thirty-day period. Approximately 160 service accounts per day will be switched over during the first month of service. For Phase 2, the number of accounts switched over to EBCE service will increase to about 1,650 accounts per day. For Phase 3, the number of accounts switched over to EBCE service will increase again to about 18,000 accounts per day. The number of accounts served by EBCE at the end of each phase is shown in the table below.

**Table 4**  
**East Bay Community Energy**  
**Enrolled Retail Service Accounts**  
**Phase-In Period\* (End of Month)**

<b>EBCE Customers</b>	<b>May-18 Phase 1</b>	<b>Sep-18 Phase 2</b>	<b>Jan-19 Phase 3</b>
Residential	0	0	490,787
Small Commercial	918	39,152	39,098
Large Commercial	101	4,237	4,303
Industrial	51	2,255	2,179
Street Lighting & Traffic	3,695	3,682	3,702
Agricultural & Pumping	0	125	125
<b>Total</b>	<b>4,765</b>	<b>49,451</b>	<b>540,195</b>

\*Volunteers who choose to enroll earlier than their scheduled phase may impact the total account numbers

EBCE assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.2% annual growth) over the noted planning horizon. EBCE believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within the region and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by EBCE for each of the next ten years is shown in the following table:

**Table 5**  
**East Bay Community Energy**  
**Retail Service Accounts (End of Year)**  
**2018 to 2027**

<b>EBCE Customers</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Residential	0	492,533	493,518	494,505	495,494	495,054	496,044	497,036	498,030	499,026
Small Commercial	39,121	39,200	39,278	39,356	39,435	39,457	39,536	39,615	39,694	39,774
Large Commercial	4,262	4,270	4,279	4,287	4,296	4,319	4,328	4,337	4,345	4,354
Industrial	2,276	2,281	2,285	2,290	2,295	2,222	2,226	2,231	2,235	2,240
Street Lighting & Traffic	3,672	3,679	3,687	3,694	3,701	3,725	3,732	3,740	3,747	3,755
Agricultural & Pumping	125	125	125	126	126	126	127	127	127	127
<b>Total</b>	<b>49,456</b>	<b>542,088</b>	<b>543,173</b>	<b>544,259</b>	<b>545,347</b>	<b>544,903</b>	<b>545,993</b>	<b>547,085</b>	<b>548,179</b>	<b>549,276</b>



**Sales Forecast**

EBCE’s forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below.

<b>EBCE Energy Req.</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Retail Energy	1,346	6,201	6,214	6,226	6,239	6,251	6,264	6,276	6,289	6,301
Losses and UFE	87	403	404	405	405	406	407	408	409	409
Total Load Requirement	1,433	6,604	6,617	6,631	6,644	6,657	6,671	6,684	6,697	6,711

**Capacity Requirements**

The CPUC’s resource adequacy standards applicable to the EBCE Program require a demonstration one year in advance that EBCE has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, EBCE must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of EBCE’s capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside. EBCE would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on EBCE’s forecasted peak load. EBCE must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

EBCE is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible resource adequacy framework.

The estimated forward resource adequacy requirements for 2018 through 2020 are shown in the following tables<sup>2</sup>:

<sup>2</sup>The figures shown above are estimates. EBCE’s resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC’s resource adequacy compliance process.

**Table 7**  
**East Bay Community Energy**  
**Forward Capacity and Reserve Requirements (MW)**  
**2018 to 2020**

Month	2018	2019	2020
January	0	1,229	1,232
February	0	1,298	1,256
March	0	1,125	1,127
April	0	1,172	1,175
May	28	1,124	1,126
June	34	1,381	1,384
July	34	1,392	1,395
August	34	1,416	1,419
September	831	1,271	1,274
October	736	1,134	1,136
November	750	1,212	1,214
December	706	1,231	1,234

EBCE’s plan ensures that sufficient reserves will be procured to meet its peak load at all times. EBCE’s projected annual capacity requirements are shown in the following table:

**Table 8**  
**East Bay Community Energy**  
**Capacity Requirements (MW)**  
**2018 to 2027**

Demand (MW)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Retail Demand	831	1,416	1,419	1,419	1,421	1,424	1,427	1,430	1,433	1,436
Losses and UFE	0	0	0	0	0	0	0	0	0	0
Total Net Peak Demand	831	1,416	1,419	1,419	1,421	1,424	1,427	1,430	1,433	1,436
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	125	212	213	213	213	214	214	214	215	215
Capacity Requirement Including Reserve	956	1,628	1,631	1,631	1,635	1,638	1,641	1,644	1,648	1,651

Local capacity requirements are a function of the PG&E area resource adequacy requirements and EBCE’s projected peak demand. EBCE will need to work with the CPUC’s Energy Division

and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of EBCE’s annual local capacity requirement for the ten-year planning period ranges from approximately 415 MW to 718 MW as shown in the following table:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
EBCE Peak	831	1,416	1,419	1,419	1,421	1,424	1,427	1,430	1,433	1,436
Local Capacity Req. (% of Peak)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Greater Bay Area Share of Local Capacity	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
Other PG&E Areas Share of Local Capacity	54%	54%	54%	54%	54%	54%	54%	54%	54%	54%
EBCE Local Capacity Req., Greater Bay	189	322	323	323	324	324	325	326	326	327
EBCE Local Capacity Req., Other PG&E	226	385	386	386	387	388	389	389	390	391
EBCE Local Capacity Req., Total	415	708	709	709	711	712	714	715	716	718

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

EBCE will coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to EBCE during CCA program phase-in. For system resource adequacy requirements, EBCE will make month-ahead showings for each month that EBCE plans to serve load, and load migration issues would be addressed through the CPUC’s approved procedures. EBCE will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

### ***Renewables Portfolio Standards Energy Requirements***

#### **Basic RPS Requirements**

As a CCA, EBCE will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining EBCE’s renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to EBCE.

California’s RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 (“SB 350”; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California’s RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 350 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 50 percent procurement mandate – for planning purposes, EBCE has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 50 percent RPS. EBCE will also adopt an integrated resource plan in compliance with SB 350 – EBCE understands that various details related to this planning requirement have yet to be developed, and EBCE intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, EBCE will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

#### ***EBCE’s Renewables Portfolio Standards Requirement***

EBCE’s annual RPS procurement requirements, as specified under California’s RPS program, are shown in the table below. When reviewing this table, it is important to note that EBCE projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Retail Sales	1,346	6,201	6,214	6,226	6,239	6,251	6,264	6,276	6,289	6,301
Baseline	336	1,798	2,051	2,164	2,277	2,391	2,505	2,615	2,725	2,836
% of Current Year Retail Sales*	25%	29%	33%	35%	37%	38%	40%	42%	43%	45%

\*Note: Specific details related to SB 350 implementation have yet to be identified. For purposes of this table, EBCE assumed a straight-line increase from California’s 33 percent RPS procurement mandate in 2020 to California’s new, 50 percent RPS procurement mandate in 2030.

#### ***Purchased Power***

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of EBCE Program operation. EBCE

will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply purchase, and the supplier(s) will be responsible for procuring the specified resource mix, including EBCE's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Program.

### ***Renewable Resources***

EBCE will initially secure necessary renewable power supply from its third party electric supplier(s). EBCE may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by EBCE. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by EBCE, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by EBCE. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of EBCE's load zone, as defined by the CAISO.

### ***Energy Efficiency***

EBCE's energy efficiency goals will reflect a strong commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E's and Regional Energy Network (REN) programs. To promote the achievement of this goal, EBCE may complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by EBCE customers. To the extent that EBCE is successful in this application process, receiving funding to administer additional energy efficiency programs within the region, it will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility and REN programs as well as by forming new programs that will compliment the existing programs and displace EBCE's need for traditional electric procurement activities. Additional details related to EBCE's energy efficiency plan will be developed once EBCE Program phase-in is underway and the financial viability of EBCE is established.

### ***Demand Response***

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., EBCE), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win

proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. It is likely that any EBCE demand response programs would partially offset its local capacity requirements.

PG&E offers several demand response programs to its customers, and EBCE may recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by EBCE. EBCE may also adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in EBCE's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. EBCE may utilize experienced third party contractors to design, implement and administer its demand response programs.

### ***Distributed Energy Resources***

Consistent with EBCE's policies and the state's Energy Action Plan, clean distributed generation is a component of EBCE's resource plan. EBCE will work to promote deployment of photovoltaic (PV) systems and energy storage within EBCE's service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. EBCE also plans to implement a net energy metering program and a feed-in-tariff to promote local investment in distributed generation. Community solar project development also is a high priority for EBCE.

There are clear environmental benefits and strong customer interest in distributed energy resource systems. To support such systems, EBCE may provide direct financial incentives from revenues funded by customer rates to further support use of solar power, energy storage, and other renewable resources within the local area. With regards to EBCE's prospective net energy metering program, it is anticipated that EBCE would eventually adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to EBCE. In addition, EBCE anticipates eventually developing a Renewable Energy Self-Generation Bill Credit Transfer program (RES-BCT). These programs would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable

generation produced by net energy metered facilities located within the service territories of California’s large investor owned utilities, including PG&E. However, EBCE may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within the County. To the extent that incentives offered by EBCE improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.

## CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the EBCE Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan outline contained in Chapter 6.

### ***Description of Cash Flow Analysis***

EBCE's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the EBCE Program's monthly costs and revenues and specifically accounts for the phased enrollment of EBCE Program customers described in Chapter 5.

### ***Cost of CCA Program Operations***

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components are taken into consideration:

- Electricity Procurement;
  - Ancillary Service Requirements;
  - Grid Management and other CAISO Charges;
  - Scheduling Coordination;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- CCA Bond and Security Deposit;
- Pre-Startup Cost; and
- Debt Service.

### ***Revenues from CCA Program Operations***

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that EBCE charges a



standard, default electricity tariff similar to the generation rates of PG&E for each customer class and an optional 100% renewable energy tariff at a premium reflective of incremental renewable power costs. More detail on EBCE Program rates can be found in Chapter 8.

***Cash Flow Analysis Results***

The results of the cash flow analysis provide an estimate of the level of capital required for EBCE to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by EBCE, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be \$73 million. Working capital requirements peak soon after enrollment of the Phase 2 customers.

***CCA Program Implementation Pro Forma***

In addition to developing a cash flow analysis which estimates the level of working capital required to move EBCE through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected EBCE Program operations for the period beginning May 2018 through December 2019. EBCE has also included a summary of Program reserves, which are expected to accrue over this same period of time.

**Table 11a**  
**East Bay Community Energy**  
**Monthly Start-Up Cash Flow Analysis**  
**Pre-Start-up**

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
<b>Cash Flow</b>										
Power Supply	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-bypassable charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Power Supply</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CCA Program Costs</b>										
IOU Fees (including Billing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$169,292
Consultants	\$118,000	\$118,000	\$118,000	\$118,000	\$118,000	\$157,500	\$126,667	\$126,667	\$126,667	\$126,667
Uncollected accounts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Staffing	\$25,000	\$25,000	\$25,000	\$100,394	\$100,394	\$100,394	\$132,533	\$132,533	\$132,533	\$161,579
General & Admin	\$10,000	\$0	\$0	\$116,250	\$66,250	\$16,250	\$36,250	\$16,250	\$116,250	\$136,250
Debt Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CPUC Bond							\$100,000			
PG&E Payment (Data management)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Budget</b>	\$153,000	\$143,000	\$143,000	\$334,644	\$284,644	\$274,144	\$395,450	\$275,450	\$375,450	\$593,787
<b>CCA Revenues based on Projected Rates</b>										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Reserve Needs</b>										
<b>Beginning Balance</b>	\$0	-\$153,000	-\$296,000	-\$439,000	-\$773,644	-\$1,058,289	-\$1,332,433	-\$1,727,883	-\$2,003,333	-\$2,378,783
Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reductions	\$153,000	\$143,000	\$143,000	\$334,644	\$284,644	\$274,144	\$395,450	\$275,450	\$375,450	\$593,787
<b>Ending Balance</b>	-\$153,000	-\$296,000	-\$439,000	-\$773,644	-\$1,058,289	-\$1,332,433	-\$1,727,883	-\$2,003,333	-\$2,378,783	-\$2,972,570
<b>Cash flow</b>										
<b>Beginning Balance</b>		\$1,847,000	\$1,704,000	\$1,561,000	\$1,226,356	\$941,711	\$667,567	\$15,272,117	\$14,996,667	\$14,621,217
Additions										
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing	\$2,000,000						\$15,000,000			
Reductions including debt service	\$153,000	\$143,000	\$143,000	\$334,644	\$284,644	\$274,144	\$395,450	\$275,450	\$375,450	\$593,787
<b>Ending Balance</b>	\$1,847,000	\$1,704,000	\$1,561,000	\$1,226,356	\$941,711	\$667,567	\$15,272,117	\$14,996,667	\$14,621,217	\$14,027,430

**Table 11b**  
**East Bay Community Energy**  
**Monthly Start-Up Cash Flow Analysis**  
**Phases 1 and 2**

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
<b>Cash Flow</b>								
Power Supply	\$542,799	\$556,206	\$601,409	\$596,648	\$16,200,258	\$15,562,177	\$15,822,414	\$15,683,908
Non-bypassable charges	\$149,196	\$153,243	\$156,440	\$155,448	\$5,337,921	\$5,079,002	\$5,135,687	\$5,007,858
<b>Total Power Supply</b>	<b>\$691,995</b>	<b>\$709,450</b>	<b>\$757,849</b>	<b>\$752,096</b>	<b>\$21,538,179</b>	<b>\$20,641,178</b>	<b>\$20,958,102</b>	<b>\$20,691,766</b>
<b>CCA Program Costs</b>								
IOU Fees (including Billing)	\$2,096	\$2,102	\$2,094	\$2,092	\$21,711	\$21,671	\$21,709	\$481,251
Consultants	\$126,667	\$156,667	\$116,667	\$116,667	\$116,667	\$91,667	\$91,667	\$99,167
Uncollected accounts	\$4,825	\$4,909	\$5,041	\$4,958	\$138,137	\$131,073	\$131,909	\$128,402
Staffing	\$161,579	\$161,579	\$161,579	\$161,579	\$161,579	\$161,579	\$161,579	\$161,579
General & Admin	\$16,250	\$16,250	\$16,250	\$124,583	\$124,583	\$24,583	\$24,583	\$24,583
Debt Payment	\$0	\$0	\$87,743	\$87,743	\$87,743	\$1,144,532	\$1,144,532	\$1,144,532
CPUC Bond								
PG&E Payment (Data management)	\$5,478	\$5,495	\$5,474	\$5,467	\$56,745	\$56,639	\$56,740	\$56,758
<b>Total Budget</b>	<b>\$1,008,889</b>	<b>\$1,056,451</b>	<b>\$1,152,696</b>	<b>\$1,255,184</b>	<b>\$22,245,344</b>	<b>\$22,272,921</b>	<b>\$22,590,821</b>	<b>\$22,788,037</b>
<b>CCA Revenues based on Projected Rates</b>	<b>\$0</b>	<b>\$0</b>	<b>\$965,019</b>	<b>\$981,849</b>	<b>\$1,008,234</b>	<b>\$991,536</b>	<b>\$27,627,481</b>	<b>\$26,214,614</b>
<b>Reserve Needs</b>								
<b>Beginning Balance</b>	<b>-\$2,972,570</b>	<b>-\$3,981,458</b>	<b>-\$5,037,910</b>	<b>-\$5,225,586</b>	<b>-\$5,498,922</b>	<b>-\$26,736,031</b>	<b>-\$48,017,417</b>	<b>-\$42,980,756</b>
Additions	\$0	\$0	\$965,019	\$981,849	\$1,008,234	\$991,536	\$27,627,481	\$26,214,614
Reductions	\$1,008,889	\$1,056,451	\$1,152,696	\$1,255,184	\$22,245,344	\$22,272,921	\$22,590,821	\$22,788,037
<b>Ending Balance</b>	<b>-\$3,981,458</b>	<b>-\$5,037,910</b>	<b>-\$5,225,586</b>	<b>-\$5,498,922</b>	<b>-\$26,736,031</b>	<b>-\$48,017,417</b>	<b>-\$42,980,756</b>	<b>-\$39,554,179</b>
<b>Cash flow</b>								
<b>Beginning Balance</b>	<b>\$14,027,430</b>	<b>\$13,018,542</b>	<b>\$11,962,090</b>	<b>\$11,774,414</b>	<b>\$11,501,078</b>	<b>\$46,263,969</b>	<b>\$24,982,583</b>	<b>\$30,019,244</b>
Additions								
Revenues	\$0	\$0	\$965,019	\$981,849	\$1,008,234	\$991,536	\$27,627,481	\$26,214,614
Financing					\$56,000,000			
Reductions including debt service	\$1,008,889	\$1,056,451	\$1,152,696	\$1,255,184	\$22,245,344	\$22,272,921	\$22,590,821	\$22,788,037
<b>Ending Balance</b>	<b>\$13,018,542</b>	<b>\$11,962,090</b>	<b>\$11,774,414</b>	<b>\$11,501,078</b>	<b>\$46,263,969</b>	<b>\$24,982,583</b>	<b>\$30,019,244</b>	<b>\$33,445,821</b>

**Table 11c**  
**East Bay Community Energy**  
**Monthly Start-Up Cash Flow Analysis**  
**Phase 3**

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
<b>Cash Flow</b>												
Power Supply	\$27,024,407	\$26,248,690	\$24,647,520	\$23,441,859	\$22,805,980	\$23,811,330	\$25,442,428	\$25,561,849	\$24,764,984	\$23,835,176	\$25,037,575	\$26,537,439
Non-bypassable charges	\$13,642,377	\$12,662,953	\$11,814,445	\$11,833,317	\$11,702,446	\$12,148,423	\$12,401,550	\$12,344,341	\$12,126,569	\$11,633,098	\$12,534,341	\$13,656,027
<b>Total Power Supply</b>	<b>\$40,666,784</b>	<b>\$38,911,642</b>	<b>\$36,461,965</b>	<b>\$35,275,177</b>	<b>\$34,508,425</b>	<b>\$35,959,752</b>	<b>\$37,843,977</b>	<b>\$37,906,191</b>	<b>\$36,891,554</b>	<b>\$35,468,274</b>	<b>\$37,571,915</b>	<b>\$40,193,466</b>
<b>CCA Program Costs</b>												
IOU Fees (including Billing)	\$230,048	\$230,082	\$230,302	\$230,126	\$230,266	\$230,182	\$229,624	\$230,151	\$229,680	\$229,541	\$229,670	\$229,768
Consultants	\$241,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$149,167
Uncollected accounts	\$244,766	\$232,803	\$219,227	\$221,362	\$219,332	\$227,702	\$232,134	\$231,251	\$226,902	\$216,797	\$228,970	\$242,370
Staffing	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717	\$209,717
General & Admin	\$65,875	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075	\$25,075
Debt Payment	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600	\$1,427,600
CPUC Bond												
PG&E Payment (Data management)	\$601,263	\$601,351	\$601,925	\$601,465	\$601,833	\$601,611	\$600,154	\$601,531	\$600,299	\$599,936	\$600,275	\$600,529
<b>Total Budget</b>	<b>\$43,687,721</b>	<b>\$41,729,937</b>	<b>\$39,267,478</b>	<b>\$38,082,188</b>	<b>\$37,313,915</b>	<b>\$38,773,307</b>	<b>\$40,659,948</b>	<b>\$40,723,183</b>	<b>\$39,702,493</b>	<b>\$38,268,608</b>	<b>\$40,384,889</b>	<b>\$43,077,692</b>
<b>CCA Revenues based on Projected Rates</b>												
	\$26,381,809	\$25,680,473	\$48,953,219	\$46,560,536	\$43,845,486	\$44,272,316	\$43,866,332	\$45,540,418	\$46,426,824	\$46,250,160	\$45,380,439	\$43,359,494
<b>Reserve Needs</b>												
<b>Beginning Balance</b>	-\$39,554,179	-\$56,860,091	-\$72,909,555	-\$63,223,814	-\$54,745,466	-\$48,213,895	-\$42,714,885	-\$39,508,501	-\$34,691,266	-\$27,966,936	-\$19,985,384	-\$14,989,835
Additions	\$26,381,809	\$25,680,473	\$48,953,219	\$46,560,536	\$43,845,486	\$44,272,316	\$43,866,332	\$45,540,418	\$46,426,824	\$46,250,160	\$45,380,439	\$43,359,494
Reductions	\$43,687,721	\$41,729,937	\$39,267,478	\$38,082,188	\$37,313,915	\$38,773,307	\$40,659,948	\$40,723,183	\$39,702,493	\$38,268,608	\$40,384,889	\$43,077,692
<b>Ending Balance</b>	<b>-\$56,860,091</b>	<b>-\$72,909,555</b>	<b>-\$63,223,814</b>	<b>-\$54,745,466</b>	<b>-\$48,213,895</b>	<b>-\$42,714,885</b>	<b>-\$39,508,501</b>	<b>-\$34,691,266</b>	<b>-\$27,966,936</b>	<b>-\$19,985,384</b>	<b>-\$14,989,835</b>	<b>-\$14,708,033</b>
<b>Cash flow</b>												
<b>Beginning Balance</b>	\$33,445,821	\$16,139,909	\$90,445	\$9,776,186	\$18,254,534	\$24,786,105	\$30,285,115	\$33,491,499	\$38,308,734	\$45,033,064	\$53,014,616	\$58,010,165
Additions												
Revenues	\$26,381,809	\$25,680,473	\$48,953,219	\$46,560,536	\$43,845,486	\$44,272,316	\$43,866,332	\$45,540,418	\$46,426,824	\$46,250,160	\$45,380,439	\$43,359,494
Financing												
Reductions including debt service	\$43,687,721	\$41,729,937	\$39,267,478	\$38,082,188	\$37,313,915	\$38,773,307	\$40,659,948	\$40,723,183	\$39,702,493	\$38,268,608	\$40,384,889	\$43,077,692
<b>Ending Balance</b>	<b>\$16,139,909</b>	<b>\$90,445</b>	<b>\$9,776,186</b>	<b>\$18,254,534</b>	<b>\$24,786,105</b>	<b>\$30,285,115</b>	<b>\$33,491,499</b>	<b>\$38,308,734</b>	<b>\$45,033,064</b>	<b>\$53,014,616</b>	<b>\$58,010,165</b>	<b>\$58,291,967</b>

**Table 12**  
**East Bay Community Energy**  
**Summary of CCA Program Start-Up and Phase-In**  
**2018 to 2027**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Revenue from Operations (\$)											
Electric Sales Rev	\$109,851,015	\$548,723,285	\$568,588,542	\$588,549,284	\$609,048,329	\$610,266,425	\$611,486,958	\$612,709,932	\$613,935,352	\$615,163,223	\$5,488,322,346
Less Uncollected Accounts	\$549,255	\$2,743,616	\$2,842,943	\$2,942,746	\$3,045,242	\$3,051,332	\$3,057,435	\$3,063,550	\$3,069,677	\$3,075,816	\$27,441,612
<b>Total Revenues</b>	<b>\$109,301,760</b>	<b>\$545,979,669</b>	<b>\$565,745,600</b>	<b>\$585,606,537</b>	<b>\$606,003,087</b>	<b>\$607,215,093</b>	<b>\$608,429,524</b>	<b>\$609,646,383</b>	<b>\$610,865,675</b>	<b>\$612,087,407</b>	<b>\$5,460,880,734</b>
Cost of Operations (\$)											
Cost of Energy	\$65,735,111	\$299,159,237	\$306,687,787	\$313,983,457	\$321,251,295	\$328,491,702	\$335,827,439	\$344,057,617	\$351,479,356	\$358,916,828	\$3,025,589,829
PCIA	\$21,174,795	\$148,499,886	\$163,676,574	\$164,003,927	\$164,331,935	\$164,660,599	\$164,989,920	\$165,319,900	\$165,650,540	\$165,981,841	\$1,488,289,916
Operating & Administrative											
Billing & Data Management	\$248,795	\$7,212,172	\$7,226,596	\$7,241,049	\$7,255,531	\$7,270,042	\$7,284,582	\$7,299,151	\$7,313,750	\$7,328,377	\$65,680,046
PG&E Fees	\$554,726	\$2,759,440	\$2,764,958	\$2,770,488	\$2,776,029	\$2,781,581	\$2,787,145	\$2,792,719	\$2,798,304	\$2,803,901	\$25,589,292
Personnel/Staffing	\$1,851,807	\$2,516,605	\$2,516,605	\$2,516,605	\$2,516,605	\$2,516,605	\$2,516,605	\$2,516,605	\$2,516,605	\$2,516,605	\$24,501,255
Outreach and communications	\$285,000	\$120,000	\$122,400	\$124,848	\$127,345	\$129,892	\$132,490	\$135,139	\$137,842	\$140,599	\$1,455,555
Professional services	\$1,422,500	\$1,307,500	\$1,333,650	\$1,360,323	\$1,387,529	\$1,415,280	\$1,443,586	\$1,472,457	\$1,501,907	\$1,531,945	\$14,176,677
Legal and regulatory	\$960,000	\$960,000	\$979,200	\$998,784	\$1,018,760	\$1,039,135	\$1,059,918	\$1,081,116	\$1,102,738	\$1,124,793	\$10,324,443
General & Administrative expenses	\$676,667	\$341,700	\$238,900	\$202,878	\$206,936	\$211,074	\$215,296	\$219,602	\$223,994	\$228,474	\$2,765,519
Debt Service	\$3,696,824	\$17,131,204	\$16,604,748	\$16,078,291	\$16,078,291	\$12,907,924	\$0	\$0	\$0	\$0	\$82,497,282
Total O&A Costs	\$9,696,319	\$32,348,621	\$31,787,057	\$31,293,267	\$31,367,027	\$28,271,534	\$15,439,621	\$15,516,790	\$15,595,140	\$15,674,694	\$226,990,069
Operating Reserves	\$6,762,436	\$33,600,542	\$35,150,599	\$35,649,646	\$36,186,518	\$36,499,668	\$36,137,989	\$36,742,602	\$37,290,753	\$37,840,135	\$331,860,887
New Programs Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cost &amp; Reserves</b>	<b>\$103,368,660</b>	<b>\$513,608,285</b>	<b>\$537,302,018</b>	<b>\$544,930,296</b>	<b>\$553,136,775</b>	<b>\$557,923,503</b>	<b>\$552,394,969</b>	<b>\$561,636,909</b>	<b>\$570,015,788</b>	<b>\$578,413,498</b>	<b>\$5,072,730,701</b>
CCA Program Surplus/(Deficit)	\$5,933,100	\$32,371,384	\$28,443,582	\$40,676,241	\$52,866,312	\$49,291,590	\$56,034,555	\$48,009,474	\$40,849,887	\$33,673,908	\$388,150,033

**Table 13**  
**East Bay Community Energy**

**Reserves Summary**  
2018 to 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>Reserve Additions</b>											
Operating Reserve Contr.	\$12,695,536	\$65,971,926	\$63,594,181	\$76,325,887	\$89,052,830	\$85,791,258	\$92,172,544	\$84,752,075	\$78,140,639	\$71,514,044	\$720,010,920
Cash from Financing	\$73,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$73,000,000
<b>Total Additions</b>	<b>\$85,695,536</b>	<b>\$65,971,926</b>	<b>\$63,594,181</b>	<b>\$76,325,887</b>	<b>\$89,052,830</b>	<b>\$85,791,258</b>	<b>\$92,172,544</b>	<b>\$84,752,075</b>	<b>\$78,140,639</b>	<b>\$71,514,044</b>	<b>\$793,010,920</b>
<b>Reserves Outlays</b>											
Start-Up Funding Payments	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Working Capital Repayment	\$3,696,824	\$17,131,204	\$16,604,748	\$16,078,291	\$16,078,291	\$12,907,924	\$0	\$0	\$0	\$0	\$82,497,282
New Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Reserve Outlays</b>	<b>\$3,796,824</b>	<b>\$17,131,204</b>	<b>\$16,604,748</b>	<b>\$16,078,291</b>	<b>\$16,078,291</b>	<b>\$12,907,924</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,597,282</b>
<b>Rate Stabilization Reserve Balance</b>	<b>\$81,898,712</b>	<b>\$48,840,721</b>	<b>\$46,989,433</b>	<b>\$60,247,596</b>	<b>\$72,974,539</b>	<b>\$72,883,335</b>	<b>\$92,172,544</b>	<b>\$84,752,075</b>	<b>\$78,140,639</b>	<b>\$71,514,044</b>	<b>\$710,413,638</b>

The surpluses noted in Table 12 serve to build EBCE's net financial position and credit profile and to provide operating reserves for EBCE in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within EBCE's resource mix plus offer discounts off of the current PG&E generation rates.

### ***EBCE Financings***

It is anticipated that one or more financings will be necessary to support EBCE Program implementation. Subsequent capital requirements will be self-funded from EBCE's accrued financial reserves. The anticipated financing approach is described below.

### ***CCA Program Start-up and Working Capital***

As previously discussed, the anticipated start-up and working capital requirements for the EBCE Program are \$73 million. This amount is dependent upon the electric load served by EBCE, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period as these variables become known. Once the EBCE Program is up and running, these costs would be recovered from customers through retail rates.

It is assumed that this financing will be primarily secured via a short-term loan or letter of credit, which would allow EBCE to draw cash as required. Requisite financing would need to be arranged no later than the third quarter of 2018.

### ***Renewable Resource Project Financing***

EBCE may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency/demand response projects. These financings would only occur after a period of successful EBCE Program operation, and after appropriate project opportunities are identified. EBCE's ability to directly finance projects with outside funds will likely require a track record of years of successful program operations demonstrating strong underlying credit to support the financing.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of EBCE.



**CHAPTER 8 – Rate Setting, Program Terms and Conditions*****Introduction***

This Chapter describes the initial policies proposed for EBCE in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board of Directors. EBCE would retain authority to modify program policies from time to time at its discretion.

***Rate Policies***

EBCE will establish rates sufficient to recover all costs related to operation of the EBCE Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the EBCE Board. As a general policy, rates will be uniform for all similarly situated customers enrolled in the EBCE Program.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option (default service offering), including a proportionate quantity of renewable energy at or in excess of California’s prevailing renewable energy procurement mandate;
- 100 percent renewable energy supply option (voluntary service offering);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

***Rate Competitiveness***

A primary goal is to offer competitive rates for electric services that EBCE would provide to participating customers. For participants in EBCE’s standard Tariff, the goal would be for EBCE Program rates to initially be lower than similar generation rates offered by PG&E, subject to actual energy product pricing and decisions of EBCE’s Board. For voluntary participants in the EBCE Program’s 100 percent renewable energy Tariff, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers.

Competitive rates will be critical to attracting and retaining EBCE customers. In order for EBCE to be successful, the combination of price and value must be perceived as superior when

compared to the bundled utility service alternative. As planned, the value provided by the EBCE Program will include a higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility, enhanced energy efficiency and customer programs, community focus, local investment and control.

As previously discussed, the EBCE Program will increase renewable energy supply to program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for EBCE Program customers will be the standard Tariff, which will increase renewable energy supply while maintaining generation rates that are generally comparable to PG&E's. The initial renewable energy content provided under EBCE's standard Tariff will exceed California's prevailing renewable energy procurement mandate, and EBCE will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. EBCE will also offer its customers a voluntary 100% renewable energy Tariff, which will supply participating customers with 100 percent renewable energy at rates that reflect EBCE's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

#### ***Rate Stability***

EBCE will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. EBCE will attempt to maintain general rate parity with PG&E to ensure that EBCE Program rates are not drastically different from the competitive alternative.

#### ***Equity among Customer Classes***

EBCE's initial rates will be set below similar rates offered by PG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by EBCE.

#### ***Customer Understanding***

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the EBCE Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

***Revenue Sufficiency***

EBCE Program rates must collect sufficient revenue from participating customers to fully fund EBCE's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of the EBCE Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in EBCE's rate stabilization fund may be used from time to time to augment operating revenues.

***Rate Design***

EBCE will initially match the rate structures from PG&E's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the EBCE Program. EBCE will review its rates at a minimum once a year. EBCE will employ a robust and highly transparent rate setting process for all rate changes that will include both a public hearing and a written public comment period.

***Custom Pricing Options***

EBCE may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

***Net Energy Metering***

As planned, customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from EBCE. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net energy metering (NEM) tariff requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule NEM. The objective is that EBCE's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. EBCE plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by EBCE.

***Disclosure and Due Process in Setting Rates and Allocating Costs among Participants***

Initial program rates will be adopted by EBCE following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, EBCE will prepare an annual budget and corresponding customer rates. Any proposed rate adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide meaningful comment on the proposed rate changes.

After proposing a rate adjustment, EBCE will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer's monthly electricity bill (on the page addressing EBCE charges). The notice will provide a summary of the proposed rate adjustment and will include a link to the EBCE Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of EBCE to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

**CHAPTER 9 – Customer Rights and Responsibilities**

This Chapter discusses customer rights, including the right to opt-out of the EBCE Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board of Directors from time to time.

By adopting this Implementation Plan, EBCE will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The EBCE Board retains authority to modify program policies from time to time at its discretion.

***Customer Notices***

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service from PG&E, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of a phase launch from PG&E. A second notice will be sent approximately thirty days later. EBCE will likely use its own mailing service for requisite enrollment notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying EBCE using the EBCE Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to the EBCE Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (at approximately thirty and sixty days from a phase launch). Opt-out requests made on or before the sixtieth day following start of EBCE Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by EBCE during the time the customer took service from the EBCE Program, but will otherwise not be subject to any penalty or transfer fee from EBCE.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the EBCE Program and will have sixty days from the start of service

to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing EBCE's privacy policy regarding customer usage information. EBCE will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the EBCE Program's customer base.

### ***Cost-Based Termination Fee***

Customers that are automatically enrolled in the EBCE Program can elect to transfer back to PG&E without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a cost-based Termination Fee, which EBCE reserves the right to impose, if deemed necessary. Customers that relocate within EBCE's service territory would have EBCE service continued at their new address. If a customer relocating to an address within EBCE's service territory elected to cancel CCA service, the cost-based Termination Fee could be applied. Program customers that move out of EBCE's service territory would not be subject to the Termination Fee. If deemed applicable by EBCE, PG&E would collect the cost-based Termination Fee from returning customers as part of EBCE's final bill to the customer. The final determination of whether a cost-based Termination Fee is applicable will depend on many cost factors to include EBCE administrative costs, power supply agreement terms and pricing, and the market value of power.

If adopted, the cost-based Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by EBCE subject to applicable customer noticing requirements and based on future EBCE cost analysis.

Customers electing to terminate service after the initial notification period would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by PG&E and would be required to remain on bundled utility service for a period of one year, as described in the PG&E's tariffs.

### ***Customer Confidentiality***

EBCE will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. EBCE will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of EBCE or to provide services to customers, including but not limited to where such disclosure is

necessary to (a) comply with the law or regulations; (b) enable EBCE to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. EBCE will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at EBCE's discretion.

### ***Responsibility for Payment***

Customers will be obligated to pay EBCE Program charges for service provided through the date of transfer including any applicable cost-based Termination Fees. Pursuant to current CPUC regulations, EBCE will not be able to direct that electricity service be shut off for failure to pay EBCE bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

### ***Customer Deposits***

Under certain circumstances, EBCE customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the EBCE Program. A deposit would be required for an applicant who previously had been a customer of PG&E or EBCE and whose electric service has been discontinued by PG&E or EBCE during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment. A customer whose service is discontinued by EBCE is returned to PG&E generation service. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

**CHAPTER 10 – Procurement Process*****Introduction***

This Chapter describes EBCE’s initial procurement policies and the key third party service agreements by which EBCE will obtain operational services for the EBCE Program. By adopting this Implementation Plan, EBCE will have approved the general procurement policies contained herein to be effective at Program initiation. EBCE retains authority to modify Program policies from time to time at its discretion.

***Procurement Methods***

EBCE will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that EBCE will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

EBCE will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at EBCE’s discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

***Key Contracts******Electric Supply Contracts***

EBCE will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet EBCE customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. EBCE may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. EBCE would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

EBCE will also solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet EBCE customer demand, and in keeping with CAISO requirements.



At this point in time, EBCE has not yet commenced the requisite competitive solicitation process to identify its initial energy supplier(s). However, EBCE anticipates executing the electric supply contract for Phase 1 loads in fall of 2017. The contract for Phase 2 and Phase 3 loads will be executed a few months in advance of each phase's launch.

### ***Data Management Contract***

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). It is anticipated that a single contractor will be selected to perform all of the data management functions.

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for data management services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives EBCE greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

As this point in time, EBCE has not yet completed the requisite competitive solicitation process to identify its data management services provider. However, it is anticipated that EBCE will execute a contract for data management services in September 2017.

## CHAPTER 11 – Contingency Plan for Program Termination

### **Introduction**

This Chapter describes the process to be followed in the case of EBCE Program termination. By adopting the original Implementation Plan, EBCE will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that EBCE would terminate the EBCE Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. EBCE retains authority to modify program policies from time to time at its discretion.

### **Termination by EBCE**

EBCE will offer services for the long term with no planned Program termination date. In the unanticipated event that EBCE decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to EBCE consistent with the terms set forth in the JPA Agreement. Following such notice, EBCE's Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that EBCE affirmatively votes to proceed with JPA termination, EBCE would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and EBCE would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

EBCE will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer

returned for default or because its contract has expired. EBCE will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

**CHAPTER 12 – Appendices**

***Appendix A: EBCE Resolution No. R-2017-10 (Adopting Implementation Plan)***

**RESOLUTION EBCE R-2017-10**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY ADOPTING THE IMPLEMENTATION PLAN REQUIRED BY PUBLIC UTILITIES CODE SECTION 366.2(c)(3)**

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

Section 1. Recitals.

- (a) The East Bay Community Energy Authority (“EBCEA”) is a joint powers authority established on January 5<sup>th</sup>, 2017 for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2.
- (b) The members of EBCEA include the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, Union City, and the County of Alameda.
- (c) Public Utilities Code Section 366.2 requires that before commencing a community choice aggregation program, EBCEA first must prepare and adopt an Implementation Plan to be filed with the California Public Utilities Commission.
- (d) The draft EBCEA Community Choice Aggregation Implementation Plan and Statement of Intent was presented to the Board of Directors at a duly noticed public hearing for its consideration and adoption.

Section 2. Adoption.

After conducting a duly noticed public hearing as required by Public Utilities Code Section 366.2(c)(3), the Board of Directors hereby adopts the EBCEA Community Choice Aggregation Implementation Plan and Statement of Intent.

**ADOPTED AND APPROVED this 2nd day of August, 2017.**

\_\_\_\_\_  
Chair

**ATTEST:**

\_\_\_\_\_  
Secretary

# East Bay Community Energy

## Board Briefing on Policy Issues – Session #4

August 2, 2017

Presented by:

**Gary Saleba, President/CEO**  
**Colin Cameron, Senior Analyst**  
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# Agenda

- **Introductions and Session Objectives**
- **Implementation Plan Review**
- **Sensitivity Analysis – Power Prices**
- **Preview of Issues for Later Session**
- **Wrap-Up**

# EBCE Implementation Plan

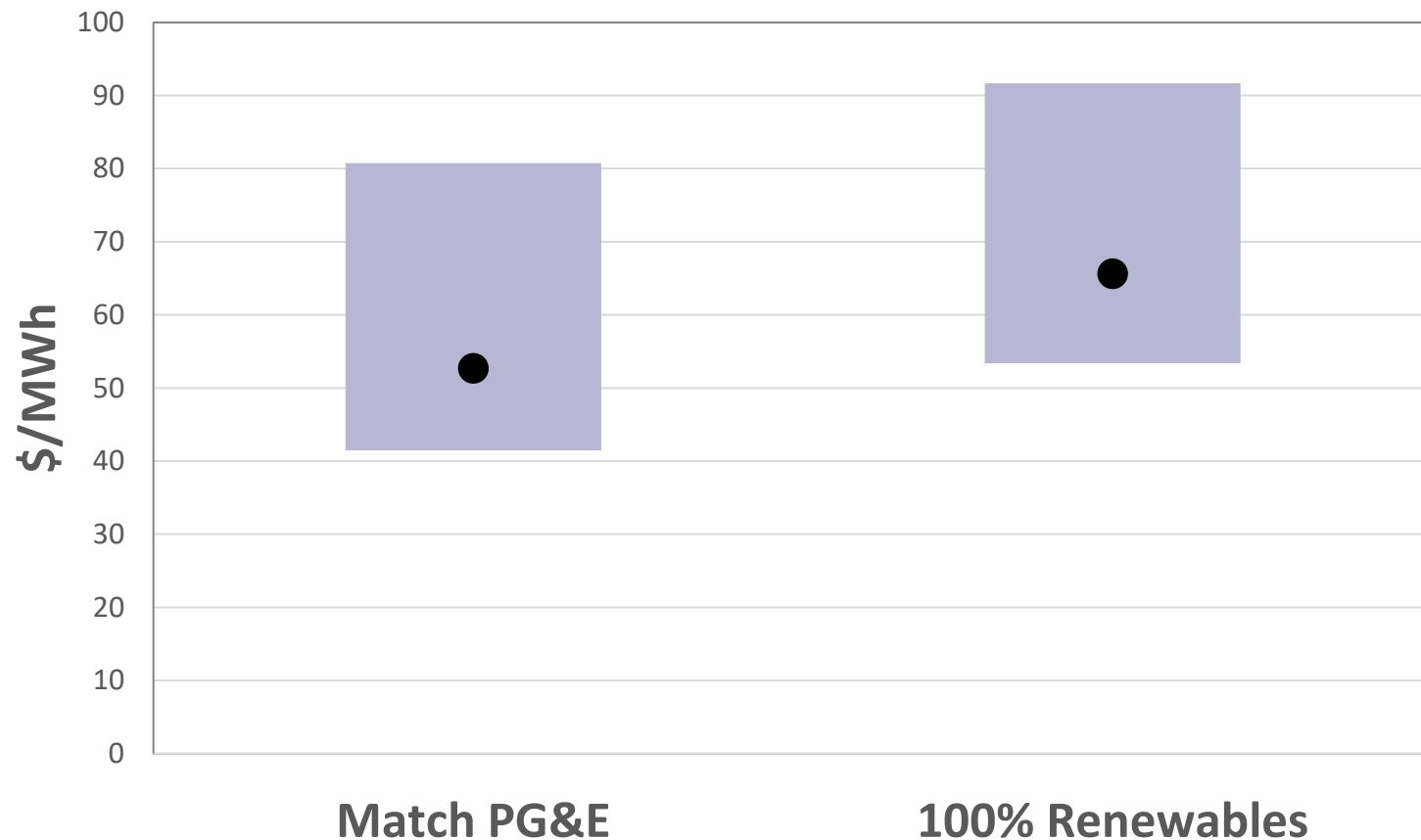
- EES/RS2 prepared the noted draft Implementation Plan based on the comments received at the July 19<sup>th</sup> Board Meeting
- Key objectives:
  - Comply with CPUC requirements
  - Maintain maximal flexibility for EBCE in language wherever possible as many key cost items are not known at this time
- Monthly start-up operating budget employs cash-based accounting and assumes conservative contract terms and could improve in practice



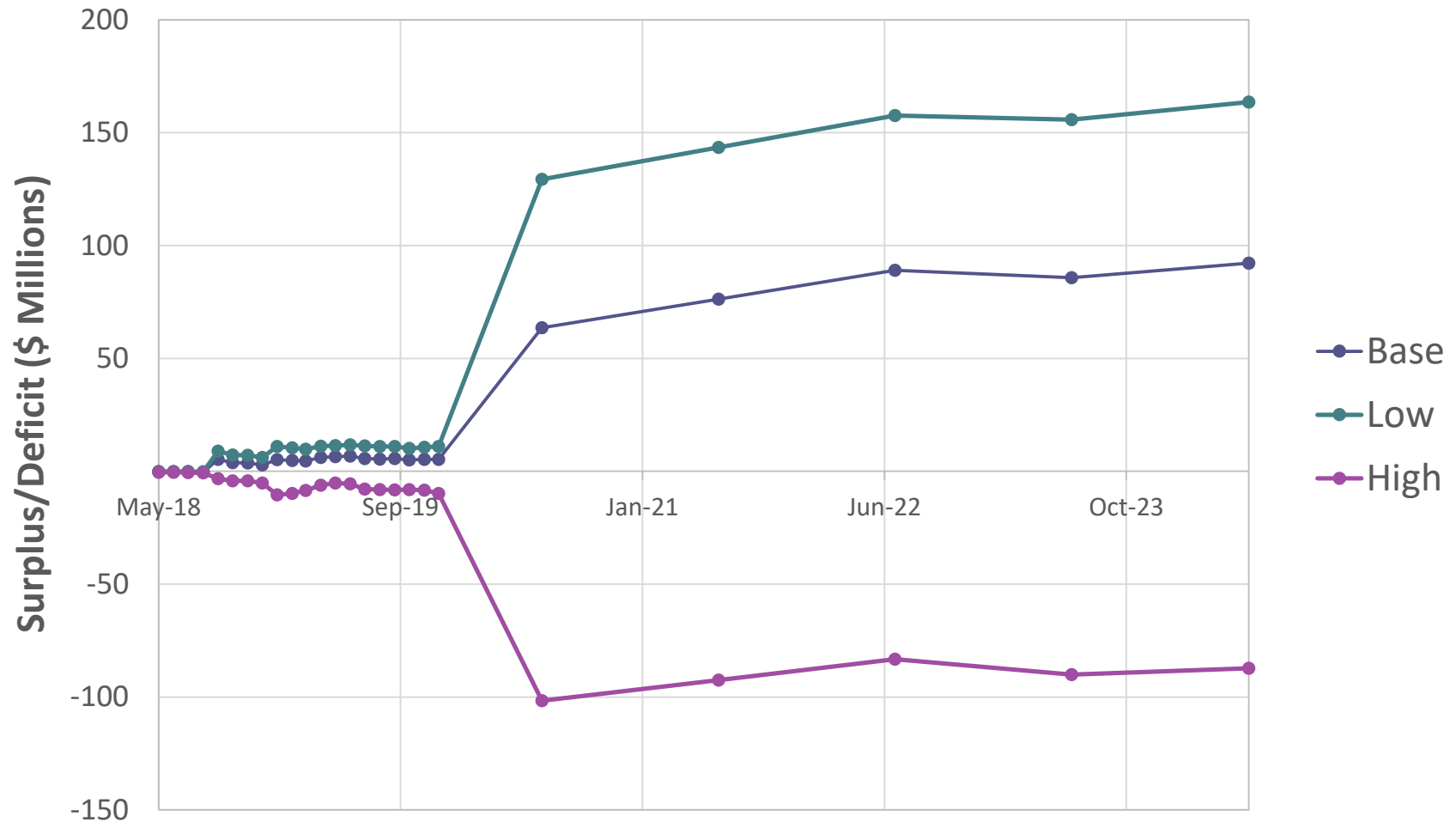
# Sensitivity Analysis: Power Supply Cost

- **Power costs represent the largest determinant of EBCE's budget**
- **EES tested three scenarios to explore the best and worst case scenarios of power cost and examined the impacts on EBCE's budget:**
  1. Low Cost Scenario: best case scenario - lowest prices seen in recent history
  2. Base Case: consistent with the assumptions used in the Base Case scenario presented at the last Board Meeting (7/19/2017)
  3. High Cost Scenario: worst-case scenario of power prices
- **For simplicity, these scenarios make the unrealistic assumption that PG&E's rates would remain the same**
- **Note - these scenarios are not expected outcomes, but rather are intended as worst and best case scenarios.**

# Power Supply Levelized Cost: Low, Base, and High Scenarios



# Impacts on EBCE Monthly Surplus



# Remaining Policy Issues on Next Session's Agenda

## ■ Preferred Power Supply Resource Mix

- Amount/location of resources
- Long-term vs. short-term contracts
- Fixed vs. variable pricing

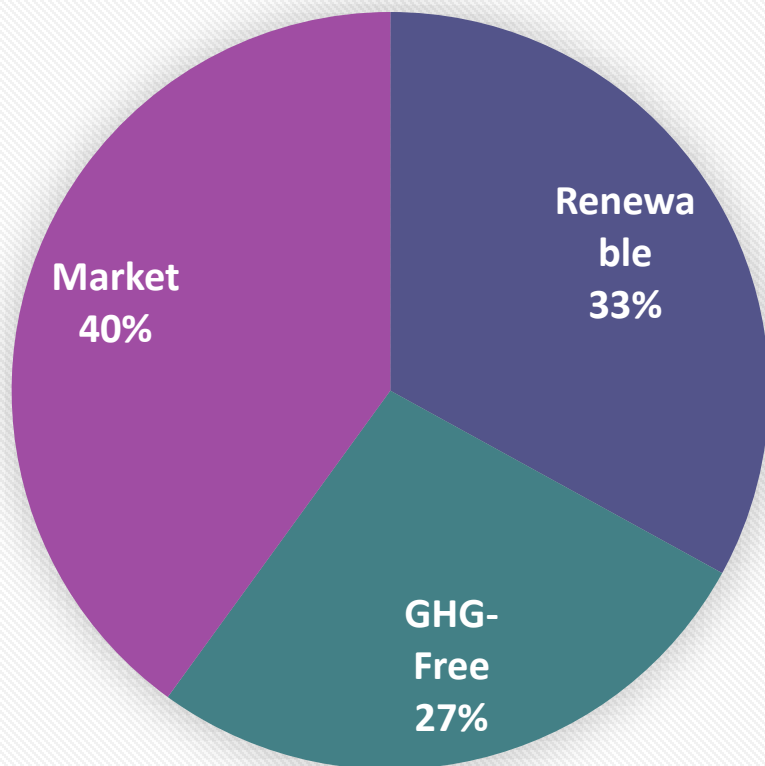
## ■ Financial Metrics

- Rate reduction preferences
- Cash reserve levels/line of credit options
- How to finance capital improvements/programs – cash vs. debt
- Banking relationships

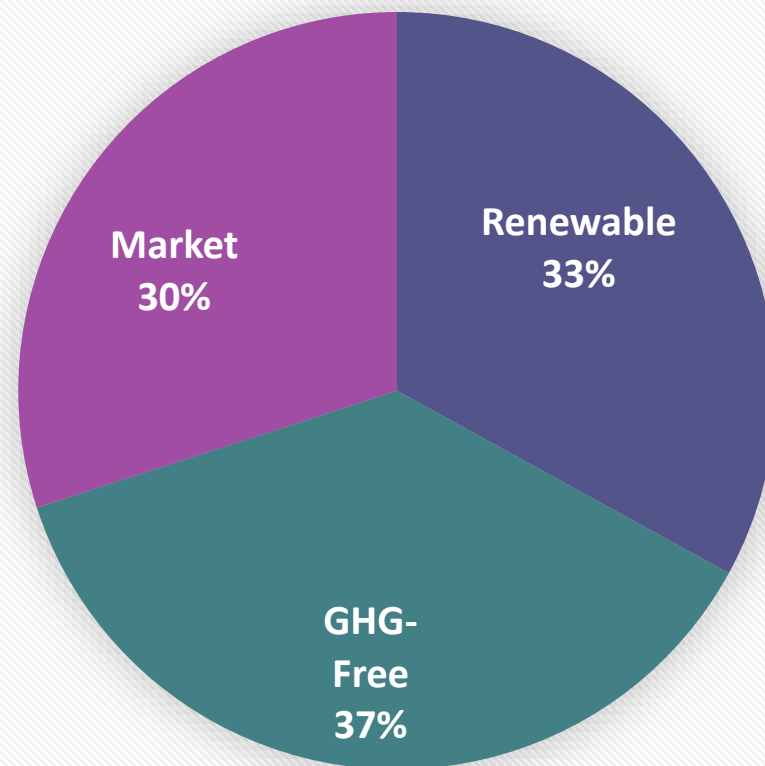
# Questions/Answers

# Appendix: Recap of Base Case Power Mix

**PG&E – Standard Power Product**



**EBCE – Base Case Product**





### **Staff Report Item 3**

**TO:** East Bay Community Energy – Community Advisory Committee

**FROM:** Seth Baruch, Carbonomics / Colin Cameron, EES / Ryan Ramos, RS2 Energy

**SUBJECT:** EBCE Implementation Plan and Power Price Sensitivity Analysis

**DATE:** July 26, 2017

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#### **Recommendation(s)**

1. Review this report, the Implementation Plan and Power Supply Sensitivity Analysis
2. Make recommendation to EBCE Board regarding the Implementation Plan

#### **Background**

EBCE's next step toward launch will be to submit an Implementation Plan to the California Public Utilities Commission (CPUC).

#### **Discussion:**

##### **1. Implementation Plan**

EES/RS2 prepared an Implementation Plan based on California statutory requirements and the directions received at the last Board Meeting (7/19/2017). EES/RS2 emphasized allowing EBCE maximal flexibility in all decisions, while adhering to the format established by previous CCAs and previously approved by CPUC. Firm decisions are difficult to make until load levels and firm power prices are known.

The Implementation Plan includes a start-up operating budget that employs cash-based accounting (as opposed to the accrual based accounting presented at the last Board Meeting). The financials included assume conservative contract terms with key vendors. The budget presented in the Implementation Plan is non-binding. In practice, EBCE will likely secure better-than-assumed contract terms with its vendors, thereby reducing the magnitude of its financing requirement.

*Recommendation: Review the Implementation Plan provided by EES/RS2/Staff. If recommendations are needed, avoid extensive comments in order to maintain the core format and established language where possible.*

## **2. Power Cost Sensitivity Analysis**

At the request of EBCE's CEO, EES/RS2 has prepared an initial sensitivity analysis on the assumed cost of power. Power costs are the largest variable influencing EBCE's bottom line. To fulfill this request, EES/RS2 has developed worst and best case power cost scenarios and tested their impacts on EBCE's surplus/deficit over time. Power cost scenarios were developed based on the most extreme prices seen over the last several years. The low and high-cost scenarios are not expected outcomes, but rather intended to explore extreme scenarios. For simplicity, these scenarios make the unrealistic assumption that PG&E's rates would remain the same. In reality, PG&E's rates would also be affected by the market price, and thereby reduce the range of these scenarios. Power cost inputs for the three scenarios as well as the resulting EBCE budget impacts are presented in Appendix A.

### *Recommendations:*

*Review sensitivity analysis and consider additional analysis where needed.*

## **3. Remaining Policy Issues for Next Board Meeting**

### **a. Power Procurement/Risk Management Protocol**

This item addresses EBCE's policy for managing its power supply procurement (i.e. who can approve contracts, up to what size, etc.) as well as some direction on EBCE's preferred market position in terms of contract length, fixed vs. variable pricing options, location of resources and types of resources.

### **b. Financial Metrics**

This item will discuss key metrics for EBCE to monitor as it launches its program, such as the percent rate reduction, the level of cash reserves on hand, available credit, and capital improvement financing methods (cash vs. debt).

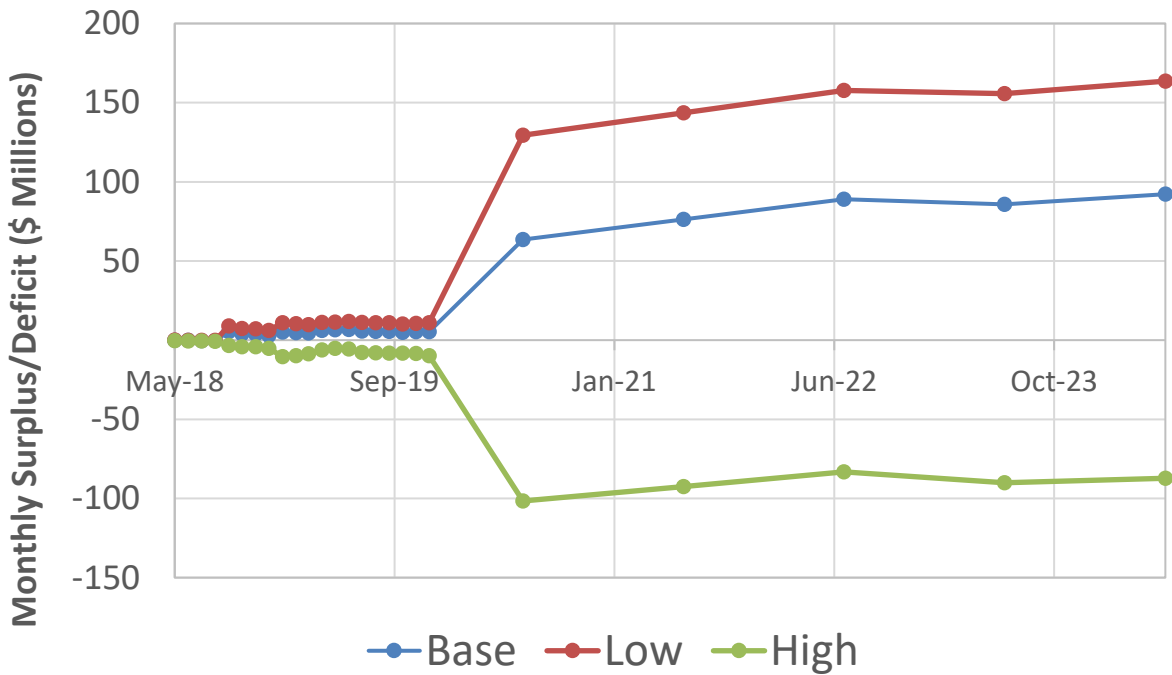
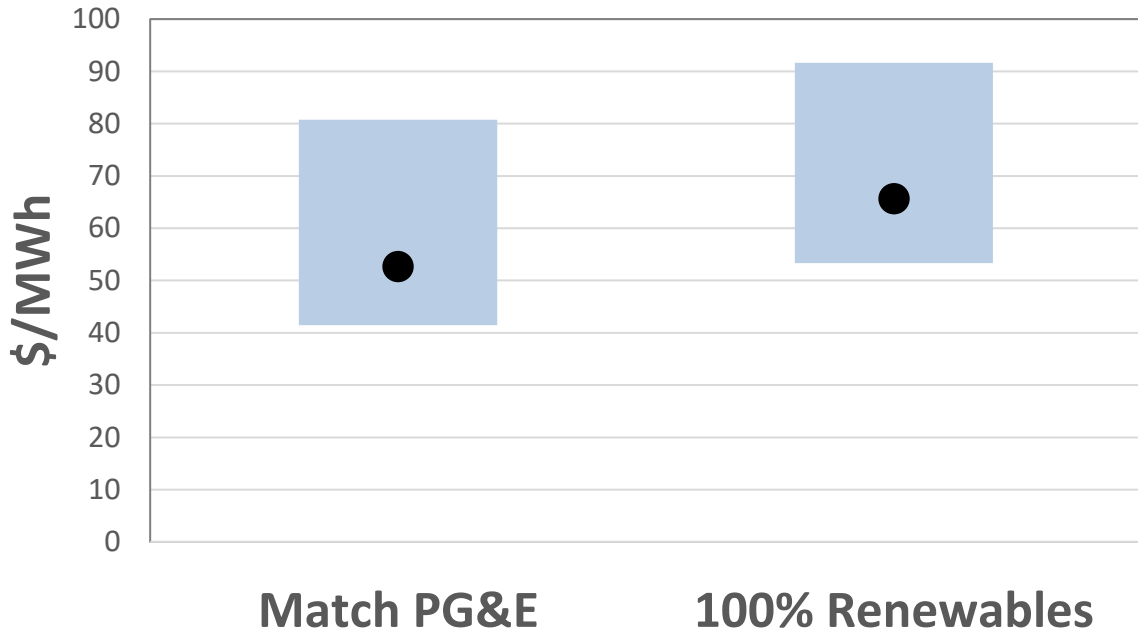
### **Attachments:**

Attachment A: Power Cost Sensitivity Analysis



# Attachment A — Base Case Assumptions Recap

## Base Case Power Mix Assumptions





#### **CAC Staff Report - Item 4**

**TO:** EBCE Community Advisory Committee

**FROM:** Bruce Jensen, Alameda County Community Development Agency

**SUBJECT:** Roles of Chair and Vice Chair - Discussion

**DATE:** August 1, 2017

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#### **Recommendation(s)**

That the CAC discuss among themselves, with input from the audience if required, on the roles of the Chair and Vice Chair; and to develop, by consensus if possible, some fuller understanding of the Chair's / Vice Chair's roles.

#### **Background**

The usual roles of a committee Chair and /or Vice Chair are usually fairly-well defined. The Chair (and in the Chair's absence, the Vice Chair) runs meetings, establishes meeting decorum and protocol, helps coordinate agendas and determining appropriateness / "ripeness" of discussion items, recognizes speakers from among the deliberating body and the audience, and other operational / logistical matters. The Chair may or may not vote, but often chooses to withhold a vote except in the case of a tiebreaker or the presence of a minimum quorum. In the case of the EBCE, the CAC Chair / Vice Chair also hold a seat on the EBCE Board for the purposes of discussion and representing the CAC as a formal Board presence.

The CAC membership determined at its July 6, 2017 meeting, that a fuller discussion of the roles, responsibilities and privileges of the Chair / Vice Chair are warranted. This item is to enable that discussion. Staff has received no specific direction on how to present this matter, and so Staff's recommendation is simply for the CAC to engage on this topic and develop, by consensus if possible, some fuller understanding of the Chair's / Vice Chair's roles.



### **CAC Staff Report - Item 5**

**TO:** EBCE Community Advisory Committee

**FROM:** Bruce Jensen, Alameda County Community Development Agency

**SUBJECT:** Formal Request for Appointment of Alternates for CAC members

**DATE:** August 1, 2017

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#### **Recommendation(s)**

That the CAC consider a motion to allow alternates to be appointed for the CAC members by the Board, using the following as a guide:

- a. Request that the EBCE Board formally adopt a provision to allow a CAC member to have an alternate to represent that CAC seat at meeting in the event of an excused absence of a CAC member.
- b. Allow the CAC member to select his or her alternate for consideration and appointment by the Board for the term of his or her seat.
- c. Revise and Update the EBCE JPA Agreement and / or bylaws as required to permit the EBCE Board to make appointments of CAC member alternates.

#### **Background**

Some members of the CAC have requested, at meeting, being able to select and appoint alternate CAC members to serve in their place during occasional absences at meetings. The JPA Agreement does not currently permit the participation by alternates on the CAC Board. In earlier deliberations on this matter, the EBCE Board chose to not allow alternates for the CAC, choosing instead to require each member to be present at CAC meetings in order to be able to cast a vote. The following passage is from the original CAC application form, and the Board may have had this passage in mind, although it is not definitive on this matter:

“Applicants should be committed to serving on the CAC and attending regular Board and planning meetings. Board meetings may take place twice monthly until the program is launched, and then may be no more frequent than once per month. Meetings will generally take place in the early evening hours...”

Staff is neutral on this issue, but offers the sample motion above as a starting point if the CAC membership wishes to pursue this matter with the Board. If such a motion is approved by the CAC, Staff will bring it to the EBCE Board at the earliest opportunity with formal language that it could adopt.



### CAC Staff Report - Item 6

**TO:** EBCE Community Advisory Committee

**FROM:** Bruce Jensen, Alameda County Community Development Agency

**SUBJECT:** Formal Request that CAC Chair, as Board Member, be able to call other CAC members as Committee Representatives – request by CAC that Chair be able to call other CAC membership at Board meetings as topic experts to represent the CAC as extensions of the Chair’s Board seat.

**DATE:** August 1, 2017

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#### **Recommendation(s)**

That the CAC consider a motion to request the Board adopt a guideline allowing the CAC Chair, as a seated Board member, to call other CAC members at Board meetings as topic experts to represent the CAC as extensions of the Chair’s Board seat.

#### **Background**

As a seated Board member, the CAC Chair may be recognized by the EBCE Board Chair to speak and present items for discussion, especially including topics in which the CAC may have interest, such as energy policy, financial matters, local development and program topics and so forth. However, the CAC Chair may not always have the background and expertise necessary to fully describe or support a position taken by the CAC on the technical aspects of a topic. In view of this circumstance, there may be times when the Chair would prefer to have another member of the CAC with expertise on a given topic be the main speaker on behalf the CAC, rather than the Chair.

In meeting, the CAC Chair Board member, once recognized, may speak at reasonable length to explain and support any topic on the Agenda on which the CAC has deliberated, and may also speak on any topic the CAC may not have covered but which the CAC Chair feels is in their purview. The CAC Chair may engage in back and forth discussions on these topics as permitted by the EBCE Chair.

Any other CAC member who wishes to speak on an item, however, regardless of general expertise, would likely be limited to the timespan allotted to any member of the public, usually three minutes, unless the Board had further questions of that CAC member. Their comments would be consoered public comments.

The present request would ask the Board to allow the CAC Chair to invite other CAC members with broader and deeper knowledge of an issue to participate as an extension of his or her seat on the CAC’s behalf, and to be able to speak for the Chair. The person so recognized would probably have to speak

from the podium rather than the dais, but would otherwise be permitted to speak and discuss on behalf of the CAC as the Chair would.

Staff is neutral on this issue, but offers the sample idea above as a starting point if the CAC membership wishes to pursue this matter with the Board. If such a motion is approved by the CAC, Staff will bring it to the EBCE Board at the earliest opportunity with formal language that it could adopt.