



Executive Committee Meeting

Friday, July 26, 2019

11:00 am

County Administration Building

1221 Oak Street

Oakland CA, 94607

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 the Clerk of the Board at least 2 working days before the meeting at (510) 736-4981 or Scabrera@ebce.org.

If you have anything that you wish to be distributed to the Committee, please hand it to the clerk who will distribute the information to the Committee members and other staff. Please bring at least 15 copies.

1. Welcome & Roll Call

2. Chair and Vice-Chair Elections (Action Item)

3. Public Comment

This item is reserved for persons wishing to address the Board on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker. The Board Chair may increase or decrease the time allotted to each speaker.

4. Approval of Minutes from May 24, 2019

5. Marketing Partnerships (Action Item)

Direct staff to submit a letter of support for the Bay Area SunShares 2019 Program, participate as a partner and submit a "Join the Movement" form to Energy Upgrade California.

6. Customer Mailers (Informational Item)

Receive update from staff on upcoming customer mailers

7. Regulatory Update (Informational Item)

Receive update from staff on Regulatory matters.

- 8. Inclusion of New Communities (Informational Item)**
Receive report on including new jurisdictions within EBCE's service area.
- 9. Quarterly Financial Report (Informational Item)**
Receive quarterly unaudited financials report.
- 10. Risk Management Overview (Informational Item)**
- 11. Power Content (Informational Item)**
- 12. Community Advisory Committee Vacancies and Appointment Process (Action Item)**
- 13. Committee and Staff Announcements including requests to place items on future Committee Agendas**
- 14. Adjournment - to Date: Friday September 27, 2019**
Location: TBD



Draft Minutes

Executive Committee Meeting

Friday, May 24, 2019

12:00 pm

County Administration Building

1221 Oak Street
2nd Floor Room 255
Oakland CA 94612

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 the Clerk of the Board at least 2 working days before the meeting at (510) 736-4981 or Scabrera@ebce.org.

If you have anything that you wish to be distributed to the Board, please hand it to the clerk who will distribute the information to the Committee members and other staff. Please bring at least 10 copies.

1. Welcome & Roll Call

Present: Directors: Haggerty (Alameda County), Kalb (Oakland), Mendall (Hayward), Vice-Chair Arreguin (Berkeley) and Chair Martinez (Emeryville)

Excused: none

2. Public Comment

This item is reserved for persons wishing to address the Committee on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are limited to three minutes per speaker. The Committee Chair may increase or decrease the time allotted to each speaker.

Tom Kelly - Requested to see individual city enrollment numbers, EBCE salary survey and energy procurement agreements.

Tom Webster - Requested additional information on how much energy EBCE is procuring, how the energy is generated and how much of what is purchased reaches the residents of Alameda County.

Al Weinrub - Spoke regarding the CAC appointment process.

Barbara Stebbins - Requested the committee add the CAC appointment process to the next Board agenda.

Jessica Tovar - Spoke regarding CAC vacancies and importance of filling the seats for the next coming year.

3. Approval of Minutes from April 26, 2019

Director Haggerty motioned to approve the April 26, 2019 minutes. Vice-Chair Arreguin seconded the motion which carried 5/0

4. 2019-2020 Budget (Informational Item)

Accept Chief Executive Officer (CEO) report draft East Bay Community Energy 2019-2020 Budget.

The Committee discussed:

- Exit fee
 - Should a fee be considered?
- Unpaid/Uncollectable accounts
- How to manage uncollectable accounts
- Outside consulting costs
- Staffing
 - Agency size
 - Salary survey
 - Organizational Chart
- General Counsel
 - In house vs contracted services
 - Full Board discussion and decision
- LDBP budget and staff time accounting
- Value of CALCCA membership
- Lockbox and credit facility standings
- Power Content and Future planning
- Call Center timeline
- Local development

Al Weinrub - Spoke regarding the value proposition and requested an increase to the LDBP budget stating that the LDBP was developed to create several community benefits.

Richard Rollins - Spoke in support of a robust focus on the LDBP, requested additional procurement budget information and emissions tracking for current power mix.

Tom Kelly - Spoke regarding the reserves account and recommended it be reinvested into buying more renewable energy. Mr. Kelly also spoke regarding concerns with GHG emissions calculations and recommended opting all accounts to Brilliant 100 as the standard product.

Barbara Stebbins - Echoed previous comments and requested additional information on how EBCE budget was created and how power mix affects budget.

Anne Olivia Eldred - Spoke regarding the importance of proper staffing for programs, creating internal positions opposed to hiring consultants, increasing renewables procurement. Ms. Eldred also recommended that EBCE partner with other agencies to assist in job creation and advised EBCE staff to consider work other CCAs have done as a foundation instead of a best practice.

5. Local Development Business Plan (Informational Item)

Accept report on draft East Bay Community Energy 2019-2020 Budget for Local Development Business Plan.

The Committee Discussed:

- Vehicle and Building electrification
- Member City outreach
- Electrification incentives
- Training electric
- MuniFIT

Al Weinrub - Spoke regarding the LDBP, requested additional information on program specifics and concerns with budget approval and community engagement timeline.

Tom Kelly - Requested additional information on MuniFit program and status. Mr. Kelly also spoke regarding EBCE's power content, fuel switching and made recommendations to lower emissions.

David McCord - Spoke regarding the LDBP transportation electrification and requested information on what incentives are being considered and if it will include fleet electrification.

Barbara Stebbins - Spoke in support of vehicle electrification noting the focus on fleet/heavy vehicles is reassuring. Ms. Stebbins also spoke regarding renewable energy grants, collaborative procurement and expanding the reach of the LDBP benefits.

Jessica Tovar - Echoed previous comments and commented on the value of replacing diesel fleets with electric. Ms. Tovar also spoke regarding environmental Justice and importance of prioritizing LDBP actions that address community needs, requested additional LDBP budget information, and spoke regarding expanding CCA reach.

Anne Olivia Eldred - Spoke regarding the CAC discussion on three pillars of the benefits offered through the LDBP and recommended that primary benefactors of LDBP actions be identified and determine which benefits pillar the projects falls under. Ms. Eldred also recommended that over all emissions be reviewed not just GHG and encouraged member cities to find ways to partner with EBCE to further LDBP goals.

6. Committee Member and Staff Announcements including requests to place items on future Board Agendas

Director Haggerty polled the committee to change the July 26, 2019 Executive committee meeting start time to 11:00 am. The committee accepted the change in time and will meet at 11:00am on Friday, July 26, 2019

7. Adjourned



Staff Report Item 5

TO: East Bay Community Energy Executive Committee

FROM: Dan Lieberman, Marketing Director

SUBJECT: Marketing Partnerships with SunShares and Energy Upgrade California

DATE: July 26, 2019

Recommendation

Direct staff to submit a letter of support for the Bay Area SunShares 2019 Program and participate as a partner, and also submit a “Join the Movement” form to Energy Upgrade California.

Background and Discussion

SunShares

[SunShares](#) is an annual, limited-time program that offers discounts on residential solar and EV's. SunShares aims to make it simple and more affordable to go solar or purchase an electric vehicle by:

- Pooling the buying power of homeowners/vehicle buyers
- Providing vetted contractors
- Offering free, third party technical advice that helps inform customer decision-making

The Bay Area SunShares program is administered by the Business Council on Climate Change (BC3, a fiscally sponsored project of the 501(c)3 organization, Community Initiatives), on behalf of a group of cities, counties, major employers, and membership organizations, including the cities of Albany, Emeryville, Fremont, Hayward, Oakland, Piedmont, San Leandro, and Union City.

EBCE has participated in SunShares events, and SunShares invited EBCE to submit a letter of support and become a partner. As a partner, EBCE would agree to collaborate with BC3 and its program partners on this innovative program and will use our communication channels to reach our customer. EBCE may also promote the program to local business employees and community group members throughout the program term. EBCE would commit to conducting outreach to EBCE customers to promote program availability using communication channels which may include newsletter content, social media outlets, and providing general information at our outreach events as appropriate.

Energy Upgrade California

[Energy Upgrade California](#) (EUC) is a statewide initiative administered by the California Public Utilities Commission, that teaches Californians how to be more energy efficient and reduce greenhouse gas emissions. EUC is coalition and has invited EBCE to join as a member. As a member EBCE will:

- Help create awareness about how Californians can become better energy managers.
- Work to educate our customers on energy management actions and equip them with the information and tools to become better energy managers.
- Receive additional Energy Upgrade California materials and updates to share with our customers via social media and such.

Current partners include PG&E, BayREN, and MCE.

Fiscal Impact

There is no direct cost for either partnership.

Committee Recommendation



Staff Report Item 6

TO: East Bay Community Energy Board of Directors
FROM: Annie Henderson, VP Marketing and Account Services
SUBJECT: Customer Mailers (Informational Item)
DATE: July 26, 2019

Recommendation

Accept staff presentation on upcoming customer mailers

Background

There are two upcoming customer mailers that are required under law or regulation. The Power Content Label must be mailed to all EBCE customers. The Joint Rate Mailer must be mailed to all EBCE-eligible customers, including those that opted out. Staff will present a summary of each mailer and a timeline for when these will be sent to customers.

Attachment

Customer Mailer Presentation



Required Customer Mailers

PRESENTED BY: ANNIE HENDERSON

DATE: JULY 26, 2019



Overview

Power Content Label (PCL) Mailer

- Required by CEC
- Must include specific chart but can add more information
- Awaiting CA Aggregate Power Content Template
- Goes to all EBCE customers
- Will work with new design firm on layout

Joint Rate Mailer (JRM)

- Required by CPUC
- Fixed template, approved by Public Advisor's Office and co-branded with PG&E
- Goes to all EBCE-eligible customers (including those that opted out)
- Kick-off meeting with PG&E on Tuesday, July 23

Examples

Power Content Label

Version: July 2018

2017 POWER CONTENT LABEL		
Pacific Gas and Electric Company		
ENERGY RESOURCES	Power Mix	2017 CA Power Mix**
Eligible Renewable	33%	29%
Biomass & biowaste	4%	2%
Geothermal	5%	4%
Eligible hydroelectric	3%	3%
Solar	13%	10%
Wind	8%	10%
Coal	0%	4%
Large Hydroelectric	18%	15%
Natural Gas	20%	34%
Nuclear	27%	9%
Other	0%	<1%
Unspecified sources of power*	2%	9%
TOTAL	100%	100%

* "Unspecified sources of power" means electricity from transactions that are not traceable to specific generation sources.

** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the identified year.

For specific information about this electricity product, contact:	Pacific Gas and Electric Company 415-973-0640
For general information about the Power Content Label, please visit:	http://www.energy.ca.gov/pcl/
For additional questions, please contact the California Energy Commission at:	844-454-2906

Joint Rate Mailer

Understanding your energy choice

2018 Residential Rate Comparison, E-1*

	PG&E	PG&E Solar Choice	East Bay Community Energy	
			Bright Choice	Bright 100 (100% Carbon Free)
Generation Rate (\$/kWh)	\$0.10780	\$0.09436	\$0.07217	\$0.07379
PG&E Delivery Rate (\$/kWh)	\$0.13387	\$0.13387	\$0.13387	\$0.13387
PG&E PCIA/FF (\$/kWh)	N/A	\$0.03346	\$0.03401	\$0.03401
Total Electricity Cost (\$/kWh)	\$0.24167	\$0.26169	\$0.24005	\$0.24167
Average Monthly Bill (\$) (5)	\$91.22	\$98.77	\$90.60	\$91.22

*This compares electricity costs for an average residential customer in the EBCE/PG&E service area (Alameda County) with an average monthly usage of 377 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on E-1 rate schedules for PG&E and EBCE's published rates as of September 1, 2018.

Generation Rate is the cost of creating electricity to power your home. The generation rate varies based on your energy provider and the resources included in your energy provider's generation supply.

PG&E Delivery Rate is a charge assessed by PG&E to deliver electricity to your home. The PG&E delivery rate depends on your electricity usage, but is charged equally to both EBCE and PG&E customers.

PG&E PCIA/FF represents the Power Charge Indifference Adjustment (PCIA) and the Franchise Fee surcharge (FF). The PCIA is a charge to recover PG&E's above-market costs for generation resources acquired prior to a customer's switch to a third-party electric generation provider. The PCIA also applies to PG&E customers that elect to take service under PG&E's optional Solar Choice program. PG&E acts as a collection agent for the Franchise Fee surcharge, which is levied by the California Public Utilities Commission (CPUC) on behalf of cities and counties in PG&E's service territory for all customers. The costs for resources included in the PCIA and FF surcharges are included in the generation rate for PG&E bundled service customers. The PCIA is currently being reviewed by the CPUC and the methodology is subject to change. A final decision is expected later in 2018.

If this comparison does not address your specific rate, please visit us online at ebce.org or pge.com/ca.

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PG&E refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation.
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Electric Power Generation Mix*

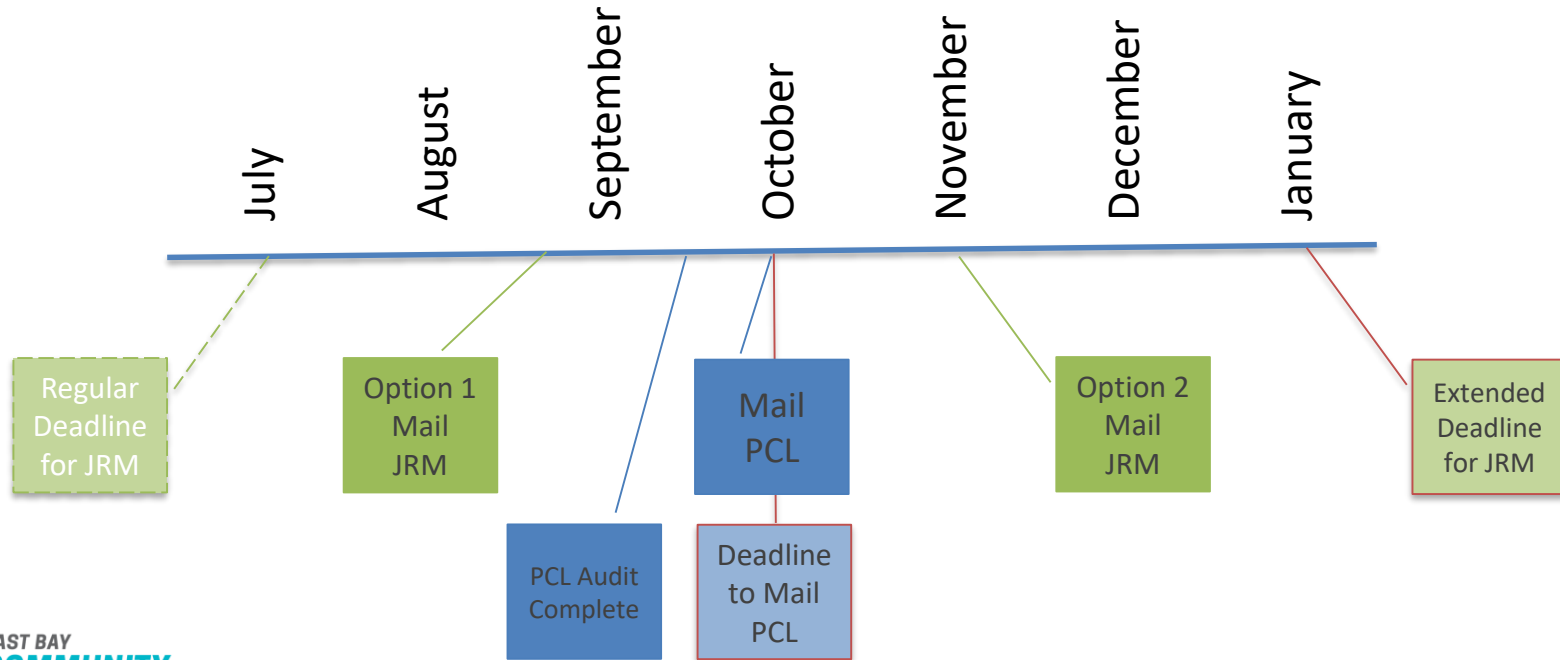
Specific Purchases	Percent of Total Retail Sales (MWh)			
	PG&E Solar Choice	Bright Choice	Bright 100	Bright 100
Renewable	33%	100%	38%	40%
- Biomass & Biowaste	4%	0%	0%	0%
- Geothermal	5%	0%	0%	0%
- Eligible Hydroelectric	3%	0%	0%	0%
- Solar Electric	13%	100%	19%	20%
- Wind	8%	0%	19%	20%
Coal	0%	0%	0%	0%
Large Hydroelectric	18%	0%	24%	60%
Natural Gas	20%	0%	0%	0%
Nuclear	27%	0%	0%	0%
Other	0%	0%	0%	0%
Unspecified Sources of Power**	2%	0%	38%	0%
TOTAL	100%	100%	100%	100%

*As reported to the California Energy Commission's Power Source Disclosure Program, PG&E data is subject to an independent audit and verification that will not be completed until October 1, 2018. EBCE's generation data is a forecast for 2018 and may be subject to change. Actual 2018 generation data will be reported to the California Energy Commission in 2019. The figures above may not sum up to 100 percent due to rounding.

**Unspecified sources of power refers to electricity that is not traceable to a specific generating facility, such as electricity traded through open market transactions. Unspecified sources of power are typically a mix of all resource types, and may include renewables.

For information, visit:
Para detalles de este programa en español, visite:
[www.ebce.org](http://ebce.org)
參閱本計劃中文版本, 請上線:

Proposed Timeline





Regulatory Update

July 26, 2019



Major Ongoing Regulatory Proceedings

PCIA/PG&E ERRR

- PCIA Phase II progress
- 2020 ERRR Forecast

Integrated Resources Plan

- 2018 IRP certified
- Procurement Track
- Development of Joint IRP

Resource Adequacy

- Central Buyer framework

PCIA Phase II

Feb 1 PCIA ruling established 3 working groups to resolve PCIA issues deferred to Phase II:

- WG 1: Benchmark Issues (to be resolved in 2019) – CalCCA & PG&E co-chairs
 - Report on brown power, RPS, and RA true up was filed 5/31
 - Report on forecasting, billing determinants, bill presentation was filed 7/1
 - PD expected in Sept
- WG 2: Prepayment (to be resolved in early 2020) – SDG&E & AReM/DACC co-chairs
 - Second progress report due 7/26
 - Report due 12/9/2019
- WG 3: Portfolio Optimization and Cost Allocation (to be resolved in mid-2020) – SCE and CalCCA co-chairs; Commercial Energy subgroup chair
 - First progress report filed 6/24
 - WG discussing allocation proposals for GHG-free energy and local RA
 - Report due 1/30/2020

PG&E 2020 ERRA Forecast Application

- Proceeding sets PG&E bundled customer generation rates and PCIA rates for 2020
- Joint CCAs protested PG&E's application on July 5
- Testimony like due between Aug 15-Sept 1
- At issue will be whether PG&E used the correct methodologies and data, particularly in light of changes to the PCIA stemming from CPUC's 2018 Decision
- Too early to use application to forecast next year's rates; PG&E's June filing is largely a placeholder and will be updated more precisely in November 2019
- Decision expected December 2019

Integrated Resources Planning (IRP)

- CPUC accepted EBCE's supplemental NO_x and PM emissions estimates effective 7/14, making its 2018 IRP "certified"
- EBCE is sending out an RFP on behalf of joint CCAs for a consultant to develop a Joint CCA IRP for the 2019-2020 planning cycle

Integrated Resources Planning (IRP)

- Procurement track of current IRP proceeding underway
 - Ruling required comments on CPUC proposal to:
 - LSEs would each be required to procure their load share of 2000 additional MW of capacity by mid-2021, and
 - SCE would be required to procure 500 additional MW, charged to all customers
 - CalCCA's analysis showed uncertainty in CPUC analysis; recommends additional analysis before settling on new procurement requirements.

Resource Adequacy (RA)

- Track II: Central Buyer
 - CalCCA continues to refine a more detailed residual proposal where LSEs can supply RA first and a central buyer fills the gaps
 - Conversations with stakeholders incl Gov office
 - PD expected Q4



Staff Report Item 8

TO: East Bay Community Energy Executive Committee

FROM: Alex DiGiorgio, Public Engagement Manager

SUBJECT: Inclusion of New Communities (Informational Item)

DATE: July 26, 2019

Recommendation

Receive report on including new jurisdictions within EBCE's service area.

Background and Discussion

As a mission-driven public agency, EBCE strives to reduce energy-related greenhouse gas (GHG) emissions by providing more renewable energy at competitive rates while pioneering innovative programs and policies. To the extent EBCE retains and expands its customer-base, it can accelerate the achievement of this mission. Moreover, by including new communities within its service area, EBCE can more generally advance sustainable development, environmental justice, and energy democracy throughout California.

New Community Inclusion: Requirements, Timing, Process

Section 3.1 of EBCE's Joint Powers Authority (JPA) Agreement refers to the "Addition of Parties," and provides for the possibility of including new cities and/or counties within the JPA.

Requirements

In order to join EBCE, the following requirements must be met: 1) the governing body of the prospective jurisdiction (i.e., the City Council or County Board of Supervisors) must pass a resolution and ordinance to join EBCE's JPA; 2) EBCE's Board must pass a

resolution authorizing the membership of the prospective jurisdiction; and 3) EBCE must file an updated Implementation Plan with the California Public Utilities Commission (CPUC) reflecting the membership of the new jurisdiction within EBCE’s JPA.

Section 3.1 of the Joint Power Agreement also provides for the possibility of other “conditions” for JPA membership (e.g. “membership payments” or “membership fees”), which are subject to the discretion of EBCE’s Board. To date, no such conditions have been considered.

Timing

In February of 2018, the CPUC passed [Resolution E-4907](#), which delays the timeline by which California cities and counties may begin service with Community Choice Aggregation (CCA) agencies, like EBCE. In effect, cities and counties must wait a full calendar year between the time they form or join a CCA and when electricity customers within their borders may be enrolled within the CCA’s service options. As a result, any jurisdiction that requests to begin service with EBCE by 2021, must complete the process of joining EBCE’s JPA by the end of 2019. Otherwise, enrollment with EBCE will not be possible until 2022 or later.

Process

Given the requirements and timing articulated above, EBCE staff has drafted a document outlining the process to join EBCE in time to enroll customers before 2022 Please see attached: ‘Steps to Joining East Bay Community Energy (EBCE).’

Date	Event
Aug-Sept 2019	City completes PG&E Load Data Request Forms
Sept-Oct 2019	City passes Resolution, Ordinance, & MOU to join EBCE
Aug-Oct 2019	EBCE conducts internal technical analysis to evaluate inclusion request(s)
Oct-Nov 2019	EBCE Executive Committee considers technical analyses and inclusion request(s)
Nov-Dec 2019	EBCE Board considers technical analyses and inclusion request(s); pending affirmative Board vote, staff files updated Implementation Plan with CPUC
2020	Community Outreach within new jurisdictions
2021	Enrollment begins in jurisdictions

New Community Inclusion: Eligible Communities

EBCE staff has been in contact with the following jurisdictions:

- 1) City of Tracy (San Joaquin County);
- 2) City of Newark (Alameda County); and

3) City of Pleasanton (Alameda County)

Fiscal Impact

There no fiscal impact to consider the inclusion of new communities. There would be fiscal impacts, however, to considering the membership requests of a given jurisdiction. These should be discussed and considered by EBCE's Board if/when a jurisdiction completes its share of the required steps to join EBCE.

Staff Recommendation

Consider inclusion of new communities within EBCE's JPA.

Attachments

- A. New Community Inclusion Presentation; and
- B. Steps to Joining EBCE Factsheet



Steps to joining East Bay Community Energy (EBCE)

- 1) In-person meeting(s) with City staff and local elected officials;
 - Request PG&E data release forms (Forms 79-1030 & 79-1031);
 - i. May take up to eight weeks to receive accurate data from PG&E;
 - Expedited timeline due to CPUC Res. E-4907;
- 2) Three presentations to Council:
 - Discussion item;
 - Vote #1 on Ordinance, Resolution & MOU to join EBCE's Joint Powers Authority (JPA)
 - Vote #2 on Ordinance + Signature page of JPA – *Must be completed by Sept/Oct 2019 for 2021 enrollment*
- 3) EBCE staff conducts internal technical analysis;
 - Evaluates impact on 1) EBCE's rates; and 2) GHG emissions reductions by serving prospective new community;
- 4) EBCE Executive Committee reviews technical analysis and evaluates inclusion request(s);
- 5) EBCE Board votes on Resolution to include prospective new community;
- 6) EBCE files amended Implementation Plan to CPUC before 12/31/19;

2020: Community Outreach in new community;

- Board member for new community entitled to seat on EBCE Board of Directors;

2021: Enrollment of electricity accounts in new community



New Community Inclusion

Executive Committee
7/26/19



New Community Inclusion

Value Proposition:

Advance EBCE's mission by acquiring new customers & communities;

- Reduce GHGs by supplying more renewable energy to more electricity accounts;
- Enhance EBCE's financial strength (i.e., net revenues & reserves);
- Expand public access to competitively-priced renewable energy options and innovative policies & programs;
- Empower local communities w/more democratic representation within CA's energy economy (i.e., before the CPUC & CA Legislature);
 - Gain more representative leverage in Sacramento (i.e., via new Assembly & Senate members);

New Community Inclusion*

Value Proposition:

Advance EBCE's mission by acquiring new customers & communities;

- Diversify EBCE's service area (i.e., link urban/rural; affluent/low-income);
 - Include more Ag accounts;
 - Local development opportunities via local resources
- Balance EBCE's load profile (potentially);
- Inspire neighboring communities to explore CCA;
- Validate CCA movement

**JPA Sec. 3.1 "Addition of Parties"*

Inclusion Process: Required Documents

- City Manager:
 - PG&E Load Data Request docs (Forms 79-1030 & 79-1031)
- City Council:
 - Ordinance, Resolution, MOU, JPA sig page
- EBCE:
 - Technical Analysis; Board Resolution; updated Implementation Plan & JPA
 - Analysis evaluates impact on 1) rates & 2) GHGs

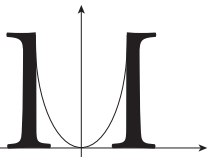
Inclusion Process: Order of Operations

Jurisdiction(s) must complete inclusion process by **12/31/19** to enroll by 2021 (CPUC Res. E-4907)

- 1) Communicate w/staff and/or local electeds;
 - Request PG&E forms (Forms 79-1030 & 79-1031)
 - Emphasize time-sensitivity due to CPUC Res. E-4907
- 2) In-person meetings w/staff and/or local electeds;
 - Confirm receipt of PG&E forms (Forms 79-1030 & 79-1031)
- 3) Three presentations to Council:
 - Discussion item
 - Vote #1 on Ordinance + Resolution & MOU to join EBCE
 - Vote #2 on Ordinance **COMPLETED BY SEPT/OCT**

Inclusion Process: Order of Operations

- 4) EBCE conducts internal technical analysis;
- 5) EBCE Executive Committee considers tech analysis and inclusion request(s);
- 6) EBCE Board votes on Resolution to include prospective new communities;
- 7) EBCE files amended Implementation Plan to CPUC before 12/31/19;
 - EBCE conducts community outreach in 2020
 - EBCE enrollments begins 2021



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
East Bay Community Energy Authority

Management is responsible for the accompanying financial statements of East Bay Community Energy Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 2019, and the related statements of revenues, expenses, and changes in net position for the quarter and nine months then ended, and the statement of cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. East Bay Community Energy Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

MAHER ACCOUNTANCY

San Rafael, CA
May 10, 2019



EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 30,475,965
Accounts receivable, net of allowance	32,108,534
Accrued revenue	18,785,498
Other receivables	48,913
Prepaid expenses	4,929,820
Deposits	459,310
Restricted cash	22,100,000
Total current assets	<u>108,908,040</u>
Noncurrent assets	
Capital assets, net of depreciation	29,242
Deposits	6,199,384
Total noncurrent assets	<u>6,228,626</u>
Total assets	<u>115,136,666</u>

LIABILITIES

Current liabilities	
Accounts payable	2,478,611
Accrued cost of electricity	45,867,033
Accrued interest payable	183,559
Accrued payroll and benefits	181,744
User taxes and surcharges due to other governments	3,055,813
Supplier security deposits	600,000
Total current liabilities	<u>52,366,760</u>
Noncurrent liabilities	
Note payable to bank	14,300,000
Total noncurrent liabilities	<u>14,300,000</u>
Total liabilities	<u>66,666,760</u>

NET POSITION

Investment in capital assets	29,242
Restricted for security collateral	22,100,000
Unrestricted	26,340,664
Total net position	<u>\$ 48,469,906</u>

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
THREE & NINE MONTHS ENDED MARCH 31, 2019

	<u>Quarter</u>	<u>Year-to-Date</u>
OPERATING REVENUES		
Electricity sales, net	\$ 93,804,175	\$ 269,985,012
OPERATING EXPENSES		
Cost of electricity	83,808,415	213,997,594
Staff compensation and benefits	1,070,472	2,547,203
Data management	1,657,865	3,109,193
Service fees - PG&E	553,453	887,308
Consultants and other professional fees	425,119	1,285,390
Communications and marketing	68,838	902,708
General and administration	202,461	536,245
Depreciation	3,713	10,002
Total operating expenses	<u>87,790,336</u>	<u>223,275,643</u>
Operating income (loss)	<u>6,013,839</u>	<u>46,709,369</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	143,354	143,354
Interest and related expense	<u>(396,255)</u>	<u>(1,467,337)</u>
Total nonoperating revenues (expenses)	(252,901)	(1,323,983)
CHANGE IN NET POSITION	5,760,938	45,385,386
Net position at beginning of period	<u>42,708,968</u>	<u>3,084,520</u>
Net position at end of period	<u>\$ 48,469,906</u>	<u>\$ 48,469,906</u>

EAST BAY COMMUNITY ENERGY AUTHORITY

STATEMENT OF CASH FLOWS JULY 1, 2018 THROUGH MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 236,540,218
Receipts from supplier security deposits	600,000
Tax and surcharge receipts from customers	10,303,205
Deposits and collateral received	3,392,900
Payments to purchase electricity	(171,755,588)
Payments for staff compensation and benefits	(2,501,973)
Payments for data manager fees	(1,547,014)
Payments for PG&E service fees	(346,559)
Payments for consultants and other professional fees	(1,419,451)
Payments for customer communications	(1,194,289)
Payments for general and administration	(588,030)
Payments of deposits and collateral	(3,893,418)
Tax and surcharge payments to other governments	(8,554,913)
Net cash provided (used) by operating activities	<u>59,035,088</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Note proceeds from bank	9,500,000
Principal payments on notes and loans	(18,636,656)
Interest and related expense payments	(1,716,730)
Net cash provided (used) by non-capital financing activities	<u>(10,853,386)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(21,681)</u>
-------------------------------	-----------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>143,354</u>
Net change in cash and cash equivalents	48,303,375
Cash and cash equivalents at beginning of period	4,272,590
Cash and cash equivalents at end of period	<u>\$ 52,575,965</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 30,475,965
Restricted cash	22,100,000
Cash and cash equivalents	<u>\$ 52,575,965</u>

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF CASH FLOWS
(continued)
JULY 1, 2018 THROUGH MARCH 31, 2019

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 46,709,369
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	10,001
Revenue reduced for uncollectible accounts	1,356,709
(Increase) decrease in accounts receivable	(33,526,565)
(Increase) decrease in other receivables	(48,913)
(Increase) decrease in accrued revenue	(2,581,769)
(Increase) decrease in prepaid expenses	1,539,258
(Increase) decrease in noncurrent deposits	(500,518)
Increase (decrease) in accounts payable	1,697,479
Increase (decrease) in accrued cost of electricity	40,691,557
Increase (decrease) in accrued payroll and related	33,355
Increase (decrease) taxes due to other governments	3,055,125
Increase (decrease) in supplier security deposits	600,000
Net cash provided (used) by operating activities	<u>\$ 59,035,088</u>



1st Quarter Energy Market Results

PRESENTED BY: Bill Her

DATE: July 26, 2019



Summary

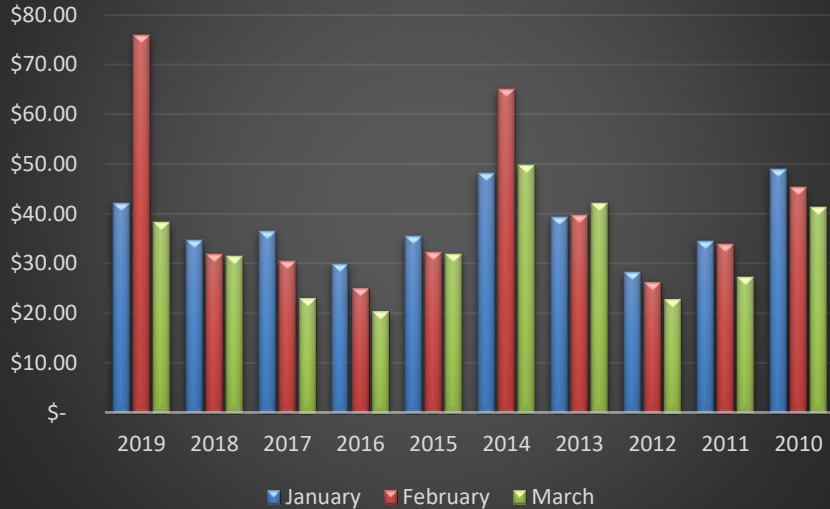
- Brief overview on CAISO energy purchases and hedging
- Historical Range of Costs – demonstrate potential volatility
- Risk Management Guideline Hedge Matrix and Targets
- Effective Coverage Ratios
- Power Costs Results

Overview of Energy Hedging

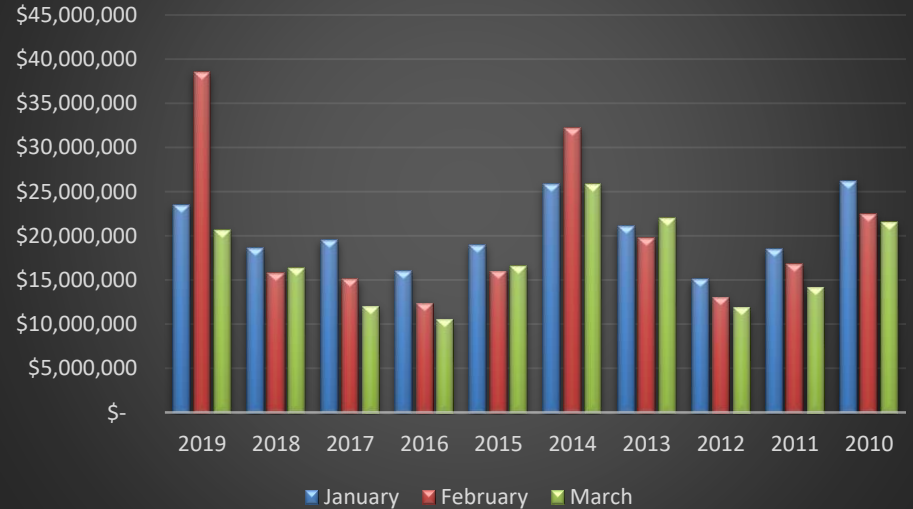
- Start with a load forecast based on historical usage patterns to determine demand for the period under consideration
- Two main purchase options: Pre-pay vs. Spot Market (Day Ahead/Real time)
- Buy power from another entity with a defined volume, delivery period, and profile at a fixed price. For example *100mw for January, February, March between 6am and 10pm @\$30/MWh* – give up potential of lower costs for certainty, standard energy product profile doesn't match exactly with demand, general “insurance” premium built in
- Pay for each hour's demand at the published CAISO clearing price in the Day-Ahead and Real-time spot markets – more volatility, uncertainty, minimal credit issues

Range of Potential 1st Quarter Spot Market Costs Based on Historical Prices

Average Monthly Spot Market Costs/MWh by Year

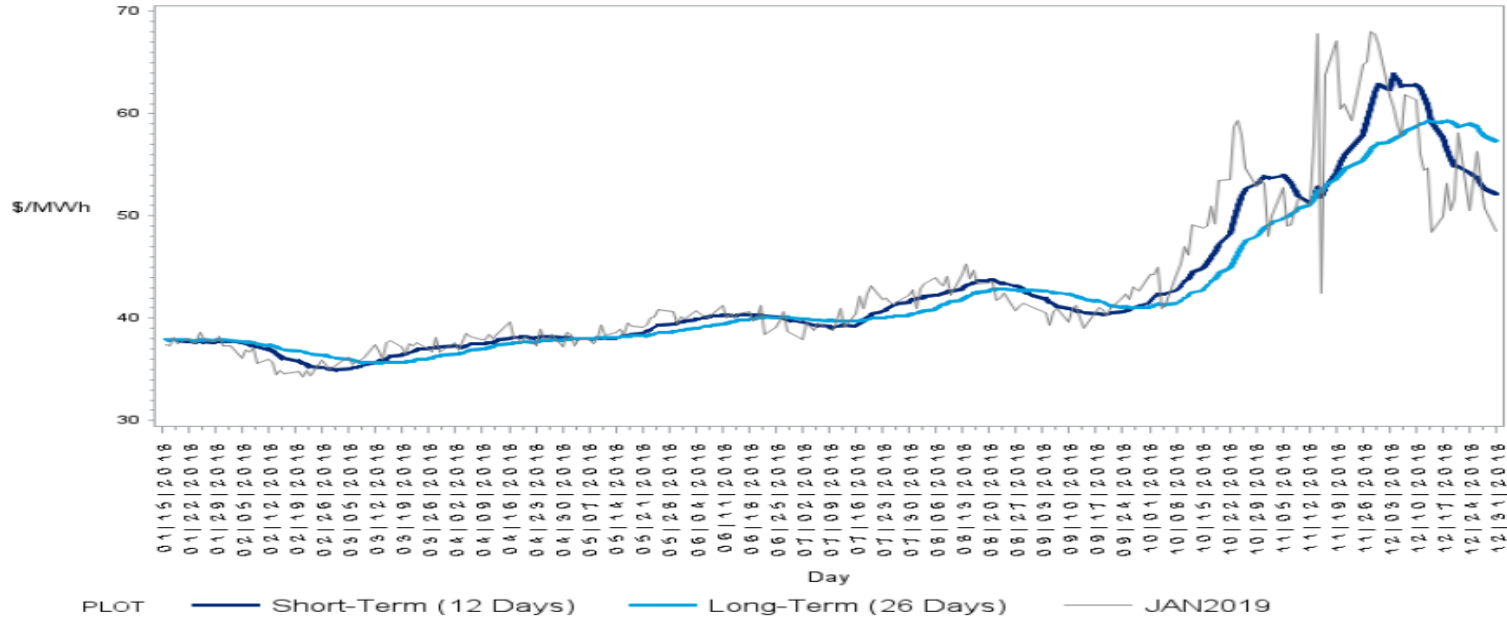


Historical Monthly Spot Market Costs by Year



Historical Pricing for January '19 Prior to Actual Deliveries

Chart 1: Fwd. NP15 January 2019



PLOT — Short-Term (12 Days) — Long-Term (26 Days) — JAN2019

Risk Management Guideline Matrix

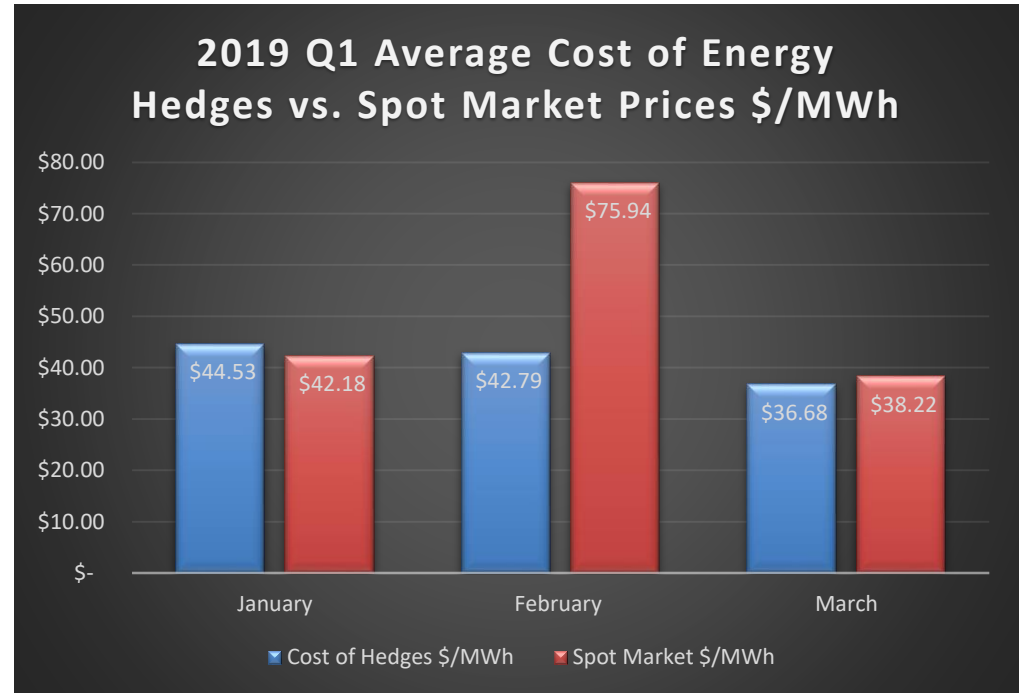
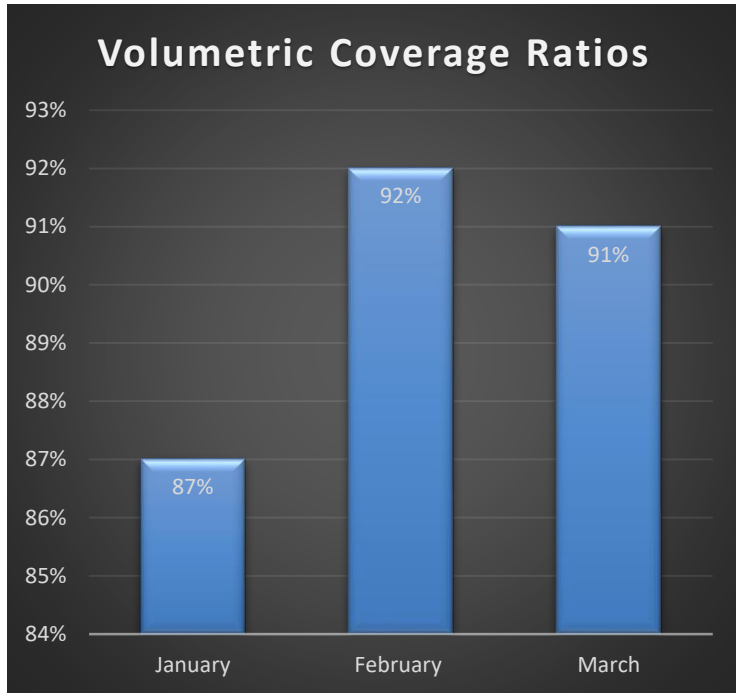
APPENDIX 9

Recommended Coverage

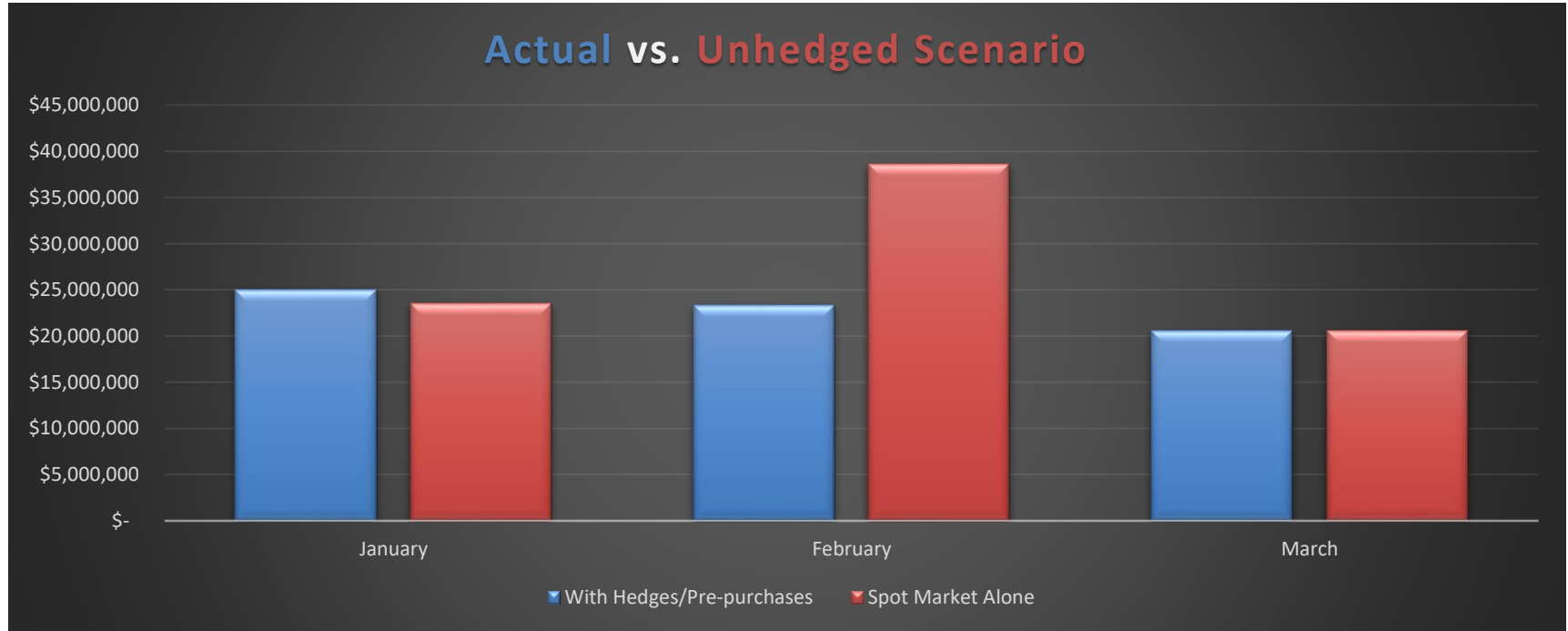
The following Time-Price Coverage Matrix will be used as a guide for EBCE’s short term and long term procurement strategies. The objective of the Time-Price Coverage Matrix is to develop a procurement strategy focused on hedging against the risk of open load positions, as measured over time, and to mitigate EBCE’s exposure to market price volatility and other pricing risk. EBCE will strive to further develop this matrix based on (1) EBCE’s wholesale price risk and (2) appropriate limits for these risks. The actual covered positions taken by EBCE, reflected as a percentage of forecasted load, may deviate from the following Time-Price Coverage Matrix based upon EBCE’s staff evaluation of current market conditions and other applicable requirements (e.g., regulatory requirements).

Months to Delivery		Price Matrix Percentile						
		>60%	60%	50%	40%	25%	10%	<10%
		Covered Position as a % of Forecasted Load						
0+	3	80%	80%	85%	85%	90%	90%	100%
3+	6	70%	70%	75%	80%	80%	90%	100%
6+	9	70%	70%	75%	80%	80%	80%	90%
9+	12	60%	60%	70%	80%	80%	80%	90%
12+		60%	60%	70%	80%	80%	80%	90%

Coverage Ratios for Q1 2019



2019 1st Quarter Results



Questions?



EBCE Co2-free Accounting

PRESENTED BY: Nick Chaset

DATE: 7/26/19



1. EBCE Carbon Accounting: Today

EBCE currently uses The Climate Registry to measure and report CO₂ emissions

- **The Climate Registry:** The Climate Registry methodology focuses on matching the amount of electricity used to the total clean energy procured over the course of a year, without any explicit limitations on where the clean energy is generated or consumed. It is an overall climate based emissions calculation and not constrained to CA-only emissions.
 - About the Climate Registry: TCR is an industry standard methodology to account for Co2 emissions and is used by EBCE member jurisdictions like Oakland, IOUs like PG&E and many large corporations
- Under the Climate Registry, EBCE attributes a CO₂ emissions factor per MWh to all purchases to create a per MWh Carbon budget to guide procurement.
- Here is a simple formula to calculate EBCE's emissions factor for 2018 using the Climate Registry method:
 - CAISO Emissions Factor: 0.428 MT- CO₂/MWh
 - Bright Choice Emissions Requirement: 15%
 - Bright Choice Target Emissions Factor: 15% * 0.428 = .0642 MT- CO₂/MWh = 142 lbs CO₂e/MWh

1. EBCE Carbon Reporting: Today

The Climate Registry Reporting

- For 2018, EBCE's unaudited Climate Registry emissions were 101 lbs/MWh (as compared to a target of 142 lbs/MWh)
- Climate Registry accounts for ACS power as Large Hydro and applies the associated emissions factor

Power Content Label Reporting

- EBCE reports to the California Energy Commission through the Power Content Label annually. Currently, the PCL only reports the % and types of energy procured, without CO₂ emissions. Over the course of the next few years the PCL is changing to also include reporting on emissions.
- For 2018, EBCE is reporting 91% procurement from zero/very low emission sources (w/ 62% from zero CO₂ and 29% from very low CO₂)
- PCL is currently consistent with the Renewable Portfolio Standards as established by CA state legislation



East Bay Community Energy 2019 POWER CONTENT LABEL (Draft)						
Greenhouse Gas Emissions Intensity (in lb CO ₂ e/MWh)				Energy Resources	2018 EBCE Bright Choice Power Mix	2017 CA Power Mix
2018 EBCE Renewable 100 Power Mix	2018 EBCE Brilliant 100 Power Mix	2018 EBCE Bright Choice Power Mix	State Average	Eligible Renewables ¹	42.0%	29.0%
0	0	101	671			
				Biomass & biowaste	0.0%	2.0%
				Geothermal	1.3%	4.0%
				Eligible hydroelectric	0.0%	3.0%
				Solar	14.8%	10.0%
				Wind	25.8%	10.0%
				Coal	0.0%	4.0%
				Large Hydroelectric	46.4%	15.0%
				Natural Gas	2.6%	34.0%
				Nuclear	0.0%	9.0%
				Other	0.0%	<1%
				Unspecified Electricity ²	9.0%	9.0%
				TOTAL	100.0%	100.0%
Unbundled RECs retired as a percentage of these electric service products' retail sales:					2%	

¹ Unbundled renewable energy credits (RECs) represent renewable investments that do not deliver electricity to the retail supplier's customers. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.

² Unspecified power is electricity that was purchased through open market transactions and is not traceable to a specific generation source or sources.

POWER CONTENT LABEL		
ENERGY RESOURCES	2018 EBCE Bright Choice Power Mix	2017 CA Power Mix**
Eligible Renewable	42%	29%
Biomass & biowaste	0%	2%
Geothermal	1%	4%
Eligible hydroelectric	0%	3%
Solar	15%	10%
Wind	26%	10%
Coal	0%	4%
Large Hydroelectric	20%	15%
Natural Gas	0%	34%
Nuclear	0%	9%
Other	0%	<1%
Unspecified sources of power ¹	38%	9%
TOTAL	100%	100%

* "Unspecified sources of power" means electricity from transactions that are not traceable

** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers

¹29% of Unspecified Power is low-carbon, Northwest Asset Controlling Supply Power; 9% is from Unspecified Sources

1. Description of Carbon-Free Energy Sources and expected Carbon Accounting Treatment

Resource Type	Description	PCL	TCR
RPS – PCC1	Renewable energy that is generated and/or consumed in the CAISO. REC and energy are bundled together.	Yes	Yes
RPS – PCC2	Renewable energy that is generated and consumed outside of CAISO, but within western grid. REC and energy are bundled together, with unspecified energy being delivered into California within the same hour that the renewable generation is actually generated.	No	Yes
RPS – PCC3	Renewable energy that is generated in CAISO or outside of CAISO. REC is unbundled from energy and can be sold after the energy is actually generated.	No	Yes, as long as PCC3 generated in same year
CO2-free – CAISO Large Hydro	Large hydro from a specified source (e.g. specific dam) that is generated and/or consumed in the CAISO. Carbon-free attribute and energy are bundled together.	Yes	Yes
CO2-free – CAISO ACS	Large hydro from a specified system of sources (e.g. a geographic area controlled by a single utility with multiple large hydro generators and some small quantity of unspecified energy) that is imported and consumed in the CAISO. Carbon-free attribute and energy are bundled together.	Yes, and accounts for GHG of unspecified	Yes, and accounts for GHG of unspecified
CO2-free WECC Large Hydro	Large hydro from a specified source (e.g. specific dam) that is generated and consumed outside of CAISO, but within the western grid. Carbon free attribute and energy are bundled together.	No	Yes
CO2-free – CAISO Nuclear	Nuclear energy from Diablo Canyon Nuclear Generating Station (DCNGS) or Palo Verde Nuclear Generating Station (PVNGS). DVNGS is located in California. PVNGS is located in Arizona. Carbon-free attribute is bundled with energy.	Yes	Yes

2. Changing Carbon Accounting Landscape:

Power Content Label: the PCL is the California Energy Commission's uniform methodology for tracking and reporting information on all load serving entities' energy portfolios. This has historically been done in a simple way by defining resources by their fuel type (renewable, carbon-free, unspecified, nuclear, or natural gas). Over the course of the next few years, the PCL will start tracking specific carbon intensity of each resource type and – significantly – will only do so in regard to generation emissions in California.

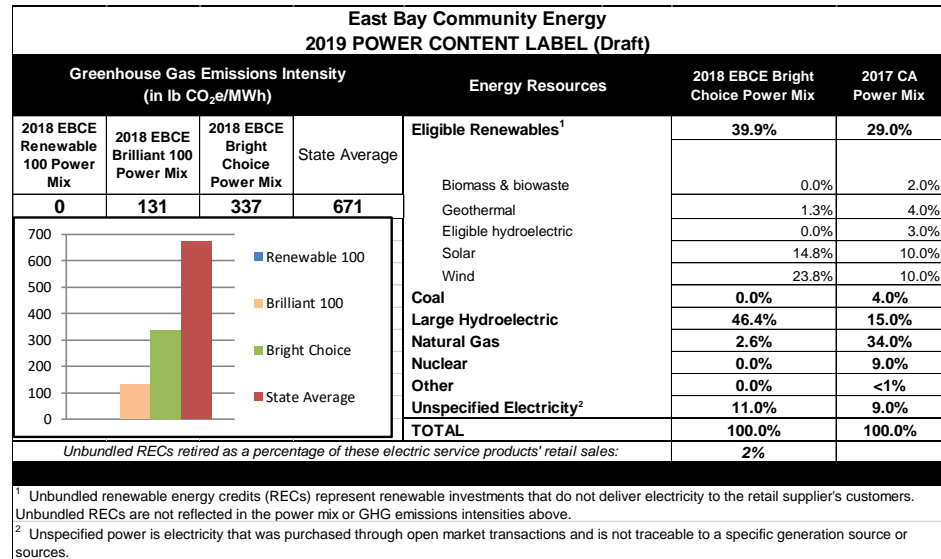
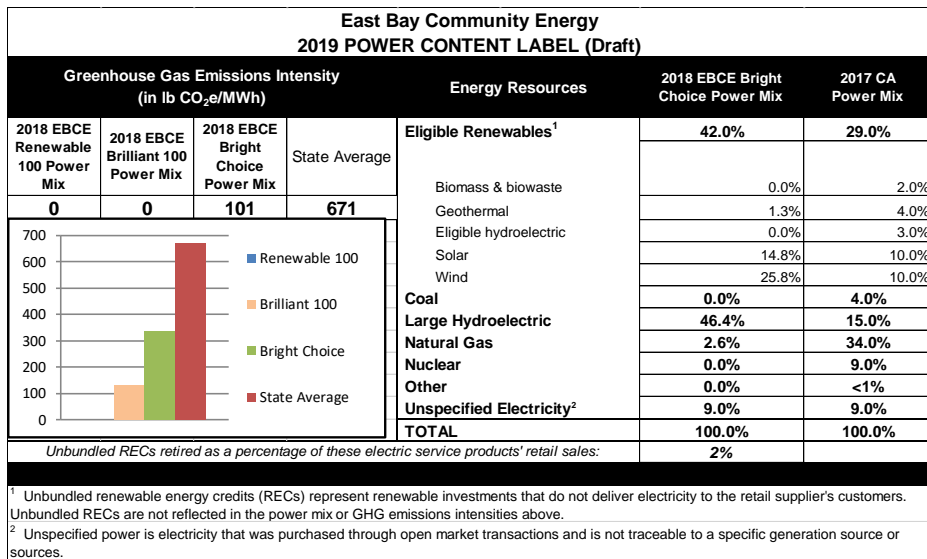
PCL Treatment of Certain GHG-free Resources: Once the new PCL GHG accounting goes into effect – which is expected sometime in 2020 or 2021 for EBCE – four sources of GHG-free energy that count under the Climate Registry will not count under the PCL.

- **PCC 2:** PCC 2 renewables – which are generated and consumed outside of CAISO with an associated import of substitute power – will not count as GHG-free and instead will carry with them the emissions associated with the import. Note that PCC2 renewables will continue to be RPS eligible.
- **PCC 3:** PCC 3 renewables – which is an unbundled REC with no associated power procurement – will not count as GHG-free and instead will carry the emissions associated with the unspecified power that the LSE procures to physically serve load. Note that PCC3 renewables will continue to be RPS eligible.
- **Energy Imbalance Market (EIM) Imported Large Hydro:** large hydro that is imported into the CAISO in the real time market through the EIM will carry the emissions associated with the unspecified power that the LSE procures to physically serve load
- **Out of State Large Hydro/ACS:** large hydro that is both generated and consumed outside of CAISO will carry the emissions associated with the unspecified power that the LSE procures to physically serve load

2. CO2 Reporting Impact of Changes to PCL

EBCE CO2 Intensity – Climate Registry

EBCE CO2 Intensity – PCL (expected)



Pending changes to PCL will increase EBCE's "accounted" CO₂ intensity by over 120 lbs CO₂e/MWh. If the new PCL guidelines were applied to EBCE 2018 actual procurement, EBCE's 2018 Bright Choice CO₂ emissions factor would shift from 101 lbs/MWh to 337 lbs/MWh – which equates to a shift from 91% CO₂-free to 70% CO₂-free.

2. Fiscal Impact of PCL Changes

One way to consider fiscal impact of PCL changes is to consider what the incremental costs of buying only PCC1 would be compared to a mix of PCC1 and PCC2 resources. The following is an illustration of a potential fiscal impact to EBCE of pursuing this course of action.

Total Load	6,000,000 MWh		
2020 Renewables Procurement	38% = 2,280,000 MWh		
2020 RPS Requirement	33%		
PCC1 Share of Renewables	65% = 1,482,000	\$18/MWh*	75% of RPS required to be PCC1
PCC2 Share of Renewables	35% = 706,800	\$7/MWh*	All residual renewables after meeting PCC1 RPS requirement and PCC3 JPA threshold
PCC3 Share of Renewables	3% = 68,400	\$3/MWh*	Capped at 5% of of RPS requirement by EBCE JPA
Cost Impact of Swapping all PCC2 and PCC3 for PCC1 to maintain PCL Continuity from 2019 to 2020 Requirements			
Cost of Swapping PCC2 for PCC1	706,800 x \$11 = \$7,774,800		
Cost of Swapping PCC3 for PCC1	68,400 x \$15 = \$1,026,000		
Total Cost of PCL Change	\$8,800,800 a year		

EBCE estimates that the change to the PCL will increase procurement costs by over \$8m a year at 38% Renewables. Given current constraints on PCC1 supply, EBCE expects these costs to increase significantly at higher levels of renewables until such time as EBCE has built the necessary resources to self supply – which EBCE is currently doing and will start delivering benefits when projects come online in 2021

3. EBCE CO2 Accounting: key considerations

As the Power Content Label starts to account and report CO2 emissions, EBCE needs to consider the impacts of likely changes to the PCL methodology on its emissions reporting.

Pros

1. **Uniform Accounting:** Once the PCL starts accounting and reporting CO2 emissions, it will be the uniform measure of CO2 emissions across all electricity providers in California and is the most accessible metric for consumers.
2. **Alignment with State Policy:** The California Energy Commission has developed the new PCL regulations to reflect California state policy. Aligning CO2 accounting with the PCL has the benefit of ensuring that EBCE is operating in a manner that is well coordinated with California regulations.
3. **More Investment in California:** By limiting the PCL to physically delivered resources into CAISO, more procurement will need to occur in California, which in turn will result in more investment in California over time.

Cons

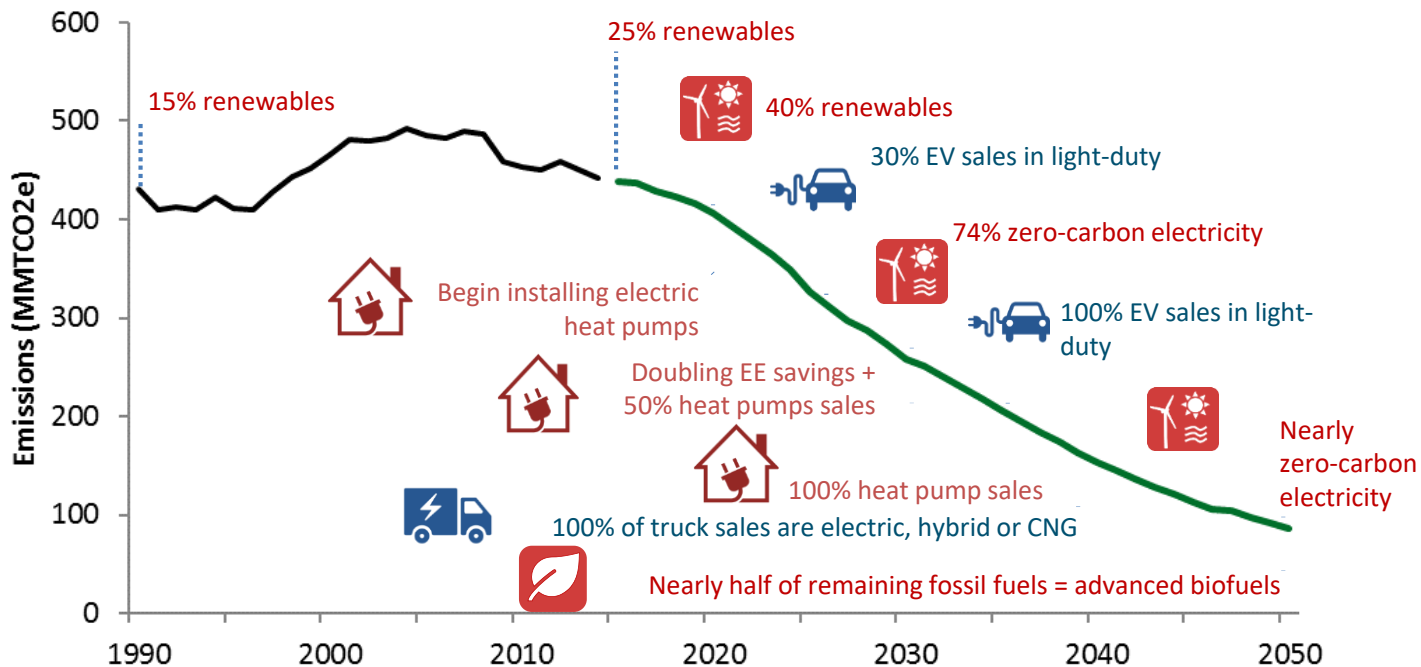
1. **Limited Supply:** By focusing only on the emissions associated with power that is physically delivered into the CAISO, the PCL approach to CO2 emissions limits the available supply of energy resources that can be procured to reduce the emissions intensity of an electricity provider like EBCE. This supply constraint in turn makes it considerably more challenging to deliver 100% clean energy in the near term. As a reference, in 2017, California's energy supply was 52%-53% CO2-free. As more CCAs seek to procure high-levels of CO2-free energy, supply will be more constrained. The new PCL methodology does not fully align to state legislation related to RPS eligibility, which explicitly allows for PCC2 and PCC3 procurements to meet RPS targets.
2. **Higher Costs:** Removing the eligibility of resources like PCC2s from the CO2-free emissions stack increases costs by forcing an electricity provider to procure from a more constrained set of resources to meet emissions goals. In EBCE's case, staff estimated over \$8m in increased procurement costs for the 2018 reference year. Over time EBCE expects these costs to continue to rise.
3. **PCL Does Not Reflect Global Nature of Emissions:** By explicitly limiting CO2-emissions to resources that are physically delivered into CAISO, the PCL does not account for emissions reductions that occur elsewhere in the power system. Given the nature of CO2 emissions, procuring emission reductions from energy resources in Oregon or Washington State delivers the same global benefit as an emissions reduction specifically tied to energy coming into the CAISO.

Other Challenges

One of the most persistent clean energy challenges facing California is transitioning from natural gas peakers to zero emission sources of capacity. Unfortunately, the Power Content Label and the Climate Registry do not effectively account for the emissions benefits of procuring resources like energy storage to displace gas peakers. This illustrates just one of the short comings of currently available carbon accounting when trying to measure actions that benefit the climate.

3. CA Energy Supply and Emissions

CA RPS and 100% Clean Energy Regulations state that by 2030 60% of energy comes from RPS renewables and 74% of all energy comes from zero carbon sources. No matter what CO2 accounting methodology EBCE chooses in the near term, EBCE must procure to these mandates over the next ten years, with the RPS acting as the primary catalyst for the procurement of new renewable energy.



Source: E3 report on "Deep Decarbonization in a High Renewables Future" June 2018, CEC-500-2018-012

3. Next Steps

- Further evaluate costs and benefits of continuing to rely on Climate Registry as basis for CO2 accounting
- Consider the relative importance of achieving near term 100% clean energy versus setting goals based on exceeding California’s 2030 and beyond energy policy goals:
 - Set goals above RPS (i.e. 60% RPS by 2025 and 70% RPS by 2030)
 - Set goals for zero emission capacity (25% zero emission RA by 2025 and 50% zero emission RA by 2030)