



Staff Report Item 13

TO: East Bay Community Energy Board of Directors

FROM: Dan Lieberman, Senior Manager of Account Services

SUBJECT: Large Customer Retention (Action Item)

DATE: July 18, 2018

Recommendation

Delegate to Staff the authority to develop a voluntary agreement for commercial customers that grants two calendar years of certainty that EBCE's Bright Choice and Brilliant 100 rates will not exceed PG&E's rates, in exchange for two calendar years' commitment from the customer to purchase power from EBCE. Agreement will be presented to the Board for final approval.

Background and Discussion

In meeting with EBCE's key accounts, a common concern is whether EBCE will raise rates and/or become more expensive than PG&E over time. Three notable points of reference are:

- When customers opt out of EBCE service, they are asked why. The leading reason is "rate or cost concerns" (99 of 516 opt outs as of July 11, 2018).
- There is an energy management company that is advising 18 of EBCE's large accounts to opt out of EBCE because the current 1.5% discount is too low to counter the risk of EBCE raising rates without customers being aware of it.
- Some CCAs have at times had higher rates than PG&E.

Customers are concerned about having rates changed without their awareness. If EBCE can create more rate certainty for customers, that would likely reduce opt outs and also make conditions favorable for the return of currently opted out customers.

EBCE could create a voluntary agreement for commercial accounts to ensure year-over-year rate assurance in exchange for the customer agreeing to not opt out during that time. This agreement provides rate certainty for customers and load certainty for EBCE.

The agreement may be structured as follows:

- EBCE will sign a two-year agreement with any commercial customer promising that the current and following calendar year's rates for that customer will not exceed PG&E's rates.
- Customers that wish to participate must agree to not opt out during the current or following calendar year.
- Customers can join at any time, but the agreement will always cover the current and following calendar year.
- Each year this process will be automatically repeated, so long as both parties agree to the terms. When customers enroll, they shall provide a contact email(s) that will be pinged annually to confirm continued participation. January (or the 31 days following when PG&E sets generation rates, whichever is later) will be a grace period for renewal/cancellation. Customers will be notified at the start of the grace period.
- The customer will be billed at the current year's rate, even in the event that EBCE's rates exceed PG&E's rates.
- In the event that EBCE's rates exceed PG&E's rates, the participant would receive quarterly dividend payments to make up the difference. A dividend approach will simplify billing and also simplify a penalty for a customer violating the agreement.
- An account that opts out of EBCE service or the agreement before its term is complete will not receive a dividend. No penalty will be applied.
- Accounts that close do not receive a dividend for an incomplete period.
- The dividend would be issued as a check to the billing address. If the check is not cashed within 90 days, then the check is cancelled and the dividend is allocated to the LDBP.
- If EBCE forecasts ongoing rate premiums, the program could be cancelled by EBCE at that time (though EBCE would honor the active agreements). A forecast could be done annually to determine the costs and benefits of this program.

The offer will not be extended to residential customers. Residential customer participation could create a great administrative burden, while not providing significant load certain benefits.

Fiscal Impact

Will be determined through the agreement development process.