



Board of Directors Meeting

Wednesday, December 5, 2018

6:00 pm

City of Hayward
Council Chambers
777 B Street,
Hayward, CA 94544

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 Board members and other staff. Please bring at least 20 copies.

1. Welcome & Roll Call

2. Pledge of Allegiance

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.

CONSENT AGENDA

4. Approval of Minutes from November 7, 2018

5. Contracts entered into (Informational Item)

6. Adopt Resolution authorizing EBCE staff to make non-substantive changes to documents without Board approval (Action Item)

Adopt a resolution allowing EBCE staff, subject to the approval of the General Counsel, non-substantive editorial authority to format and make minor changes to documents to allow for the technical correction of language without Board approval

REGULAR AGENDA

- 7. CEO REPORT**
 - A. Executive Committee Meeting;
 - B. Marketing and Outreach update; and
 - C. Update on Opt-out
- 8. Community Advisory Committee Report**
- 9. Presentation of EBCE Audited Financial Statements (Informational Item)**
- 10. Regulatory/Legislative Overview (Informational Item)**

Receive overview of Regulatory/Legislative matters and provide feedback.
- 11. Rate Forecast and Change in PCIA (Informational item)**

Receive preliminary information about PG&E rate forecasts based on PG&E's recent rate filings and provide feedback.
- 12. Amendments to Net Energy Metered (NEM) Policy for Solar Customers (Action Item)**

Approve amendments to the Net Energy Metering (NEM) policy that covers solar customers. Amendments include:

 - Amend EBCE's Net Energy Metering (NEM) policy with program details and publish a NEM tariff.
 - Amend policy to start enrollment of existing PG&E Net Energy Metered (NEM) customers in April 2019 with bi-monthly enrollment batches in April, June, August, October, and December of 2019 based on the date of a customer's PG&E True-Up date.
- 13. Board Member and Staff Announcements including requests to place items on future Board Agendas**
- 14. Adjournment - to** Date: Wednesday, January 16, 2019
Location: City of Hayward,
Council Chambers
777 B Street
Hayward, CA 94541



Draft Minutes

Board of Directors Meeting

Wednesday, November 7, 2018

6:00 pm

City of Hayward

Council Chambers

777 B Street,

Hayward, CA 94544

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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

Present: Directors: Pilch (Albany), Hernandez (Dublin), Martinez (Emeryville), Bacon (Fremont), Mendall (Hayward), Carling (Livermore); Hernandez (San Leandro); Dutra-Vernaci (Union City), O'Neil (Community Advisory), Vice-chair Kalb (Oakland) and Chair Haggerty (Alameda County)

Excused: Directors: Arreguin (Berkeley) and Rood (Piedmont)

2. Pledge of Allegiance

3. Public Comment

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CONSENT AGENDA

4. Approval of Minutes from October 17, 2018

5. Contracts entered into (Informational Item)

Director Hernandez (Dublin) motioned to approve the Consent Agenda. Director Mendall seconded the motion which carried 8/0; Excused: Directors: Arreguin, Pilch, Rood and Vice-chair Kalb.

REGULAR AGENDA

6. CEO REPORT

- A. Executive Committee Meeting;
- B. Marketing and Outreach update;
- C. Local Development Business Plan Update; and
- D. Update on Opt-out

Director Pilch in at 6:12pm

7. Community Advisory Committee Report

8. Adopt Resolution Amending the Conflict of Interest Code to Update the Conflict of Interest Code (Action Item)

Adopt Resolution amending the EBCE Conflict of Interest Code to add 1 current and six new positions:

1. Director of Public Affairs;
2. Senior Director of Public Affairs;
3. Vice-President of Technology and Data Analytics;
4. Director of Government and Community Affairs;
5. Finance Manager;
6. Deputy General Counsel; and
7. Clerk of the Board

Director Mendall motioned to approve staff recommendation. Director Dutra-Vernaci seconded the motion which carried 9/0; Excused: Directors Arreguin, Rood and Vice-chair Kalb

R-2018- 36

9. Formation of Two Board of Directors Sub-Committees (Action item)

Form two additional Sub-Committees to the Board of Directors:

- A. Sub-Committee on Marketing, Regulatory and Legislative Matters; and
- B. Sub-Committee on Finance, Administration and Procurement

The Board discussed:

- Need for additional Board committees
- Meeting schedule - will defer to committees once seated
- Potential to have Board Alternates serve on Sub-committees
- Board member participation in sub-committees

Vice-Chair Kalb in at 6:17pm

Barbara Stebbins - Spoke regarding local advocacy groups ability to attend and participate in EBCE meetings and requested the meetings be scheduled in a manner to allow for constituent participation.

Jessica Tovar - Reiterated the importance of transparency and community involvement in the subcommittees. Ms. Tovar also congratulated EBCE on its residential launch.

Director Mendall motioned to approve as amended:

- A. Include Board alternates for sub-Committee membership.

Director Pilch seconded the motion

Director Pilch withdrew second after further discussion

Director Mendall motioned to approve staff recommendation. Director Bacon seconded the motion which carried 10/0; Excused: Directors: Arreguin and Rood

10. New Office Space (Action item)

Approve staff recommendation to pursue negotiation of an office space lease agreement to bring to the Board for approval in the first quarter of 2019. EBCE office space selection will be based on the following five criteria:

1. Adjacent to a BART station;
2. Centrally located in Alameda County (Emeryville, Oakland, San Leandro, Hayward, Castro Valley);
3. Class A office space able to accommodate 30 to 40 staff;
4. Large enough conference room to host Community Advisory Committee, Executive Committee and Sub-Committee meetings; and
5. 2019 lease cost within EBCE's approved budget

The Board discussed:

- Staff location preferences
- Removing criteria two and consider full JPA membership for potential office location
- Class B office space

Director Hernandez (SL) motioned to approve as amended

- A. **Remove criteria two and consider all member cities for potential office location.**

Director Kalb seconded the motion which carried 10/2; excused: Directors: Arreguin and Rood.

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

12. Adjourned



Consent Item 5

TO: East Bay Community Energy Board of Directors

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: Contracts Entered into

DATE: December 5, 2018

RECOMMENDATION

Accept the CEO's report on contracts entered into between 11/2/18 to 11/30/18

1. C-2018-114 First Amendment to an agreement with Energy and Environmental Economics (Principal: Snuller Price; Location: San Francisco) for the purpose of testimony review and consultation services, increasing the total compensation under this agreement to \$60,000.
2. C-2018-126 First Amendment to Legal Services Agreement with Davis Wright Tremaine, LLP (Principal: Patrick Ferguson; Location: San Francisco) for the purposes of providing advice on labor and employment and regulatory compliance, increases the total compensation under this agreement by \$8,000.
3. C-2018-127 Legal Services Agreement with Wilson Sonsini Goodrich & Rosati (Special Counsel: Peter Mostow; Location: San Francisco) for the purpose of providing advice on power procurement & matters related to the Oakland Clean Energy Initiative, for the term of 10/3/18 to the completion of services, compensation not to exceed \$100,000.
4. C-2018-136 General Conditions of Assignment with Robert Half Legal (Location: Oakland) for hourly Legal Assistant services.
5. C-2018-137 Legal Services Agreement with Richard Watson and Gershon (Principal: Inder Khalsa; Location: San Francisco) for the purpose of providing Special Counsel services, for the term of 9/1/18 - 6/30/19, compensation not to exceed \$50,000.



Consent Item 6

TO: East Bay Community Energy Board of Directors

FROM: Leah Goldberg, General Counsel

SUBJECT: Adopt Resolution authorizing EBCE staff to make minor changes to documents without Board approval (Action Item)

DATE: December 5, 2018

Recommendation

Adopt a resolution allowing EBCE staff, subject to the approval of the General Counsel, non-substantive editorial authority to format and make minor changes to documents to allow for the technical correction of language without Board approval.

Background and Discussion

The goal of this resolution is to allow for the staff of EBCE to perform duties related to document drafting quickly and efficiently, without having to bring nonmaterial changes before the Board.

Currently, all changes are required to be approved by the Board, which could cause unnecessary or unintended delays to the execution of documents.

It is suggested that the documents that would be included in the recommended resolution are resolutions, contracts, and contract amendments.

Such changes made by EBCE staff under this authorization will not materially change the scope or terms of the document, will not expand or decrease the scope of authority, or affect their sense, meaning, effect, or substance. Such changes would include numbering, re-lettering, capitalization, punctuation, providing new headings or cathchlines, correcting omissions, spelling, grammar, or captions.

Fiscal Impact

This will not have any fiscal impact.

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE GENERAL COUNSEL TO MAKE NONMATERIAL CHANGES TO BOARD APPROVED DOCUMENTS

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

Section 1. The East Bay Community Energy Authority (“EBCE”) was formed on December 1, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs in all of the member jurisdictions.

Section 2. Periodically, EBCE staff identifies typographical and other minor inconsistencies in Board approved documents following Board approval. It is inefficient and causes delays to require that each and every nonmaterial change be reviewed and approved by the Board of Directors.

Section 3. The Board of Directors hereby delegate authority to the General Counsel or his/her designee to make nonmaterial changes to documents such as contracts and resolutions that have been previously approved by the Board of Directors.

Section 4. Such changes shall not materially change the scope or terms of the document and will not expand or decrease the scope of authority, or affect their sense, meaning, effect, or substance. Examples of non-material changes include: renumbering, re-lettering, capitalizing, punctuation, dividing provisions of the code, and correcting omissions or captions.

ADOPTED AND APPROVED this 5th day of December, 2018.

Scott Haggerty, Chair

ATTEST:

Stephanie Cabrera, Clerk of the Board



Staff Report Item 7

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: CEO Report (Informational Item)
DATE: December 5, 2018

Recommendation

Accept Chief Executive Officer (CEO) report on update items below.

Executive Committee Meeting

No executive committee was held in November.

Marketing and Outreach Update

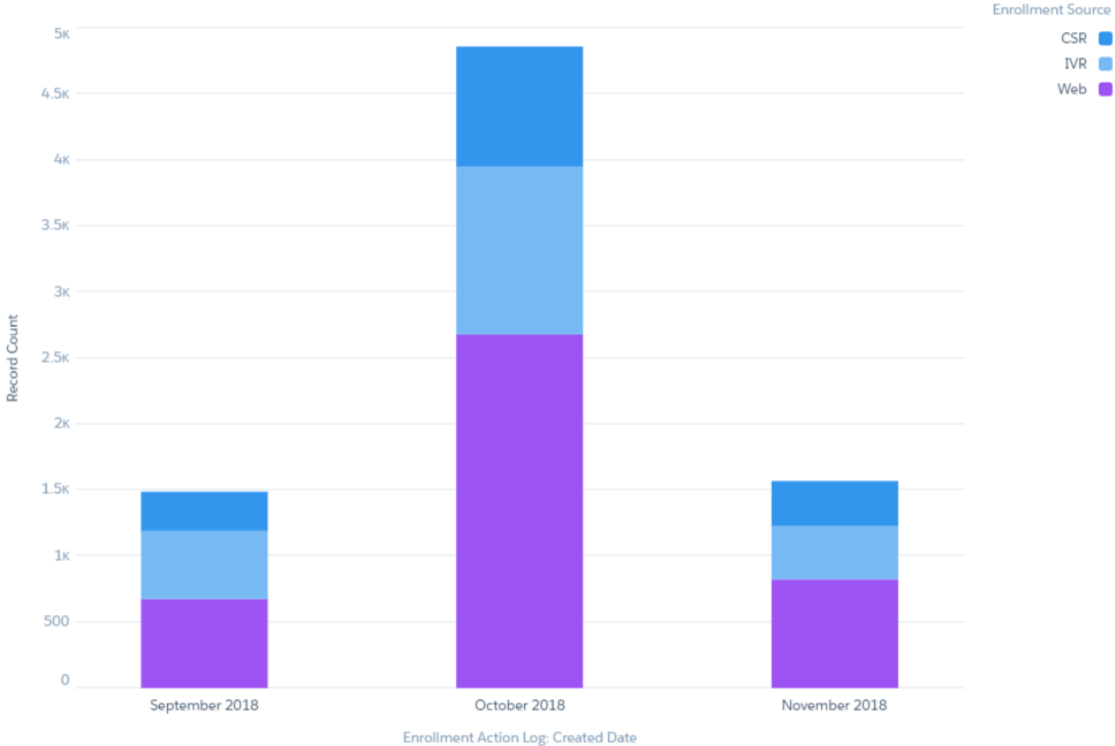
East Bay Community Energy in the last month of Phase 2 marketing and outreach efforts. Attached to this report is a presentation outlining key marketing and outreach activities related to Phase 2.

ENROLLMENT UPDATE

	Eligible Accounts	Opt Out		Bright Choice		Brilliant 100		Renewable	
		Opt Out	Opt Out %	Choice	%	100	%	100	%
ALBANY INC	7,279	90	1.24%	27	0.37%	7,100	97.54%	62	0.85%
BERKELEY INC	54,089	375	0.69%	52,999	97.98%	420	0.78%	295	0.55%
DUBLIN INC	25,xxx	395	1.58%	24,374	97.40%	243	0.97%		0.05%
EMERYVILLE INC	8,353	96	1.15%	8,148	97.55%	84	1.01%	25	0.30%
FREMONT INC	83,898	1,061	1.26%	82,170	97.94%	611	0.73%	56	0.07%
HAYWARD INC	56,180	666	1.19%	14,504	25.82%	40,992	72.97%	18	0.03%
LIVERMORE INC	33,602	1,867	5.56%	31,669	94.25%	34	0.10%	32	0.10%
OAKLAND INC	181,560	1,694	0.93%	178,121	98.11%	1,286	0.71%	459	0.25%
PIEDMONT INC	3,675	76	2.07%	103	2.80%	147	4.00%	3,349	91.13%
SAN LEANDRO INC	35,707	615	1.72%	34,762	97.35%	283	0.79%	47	0.13%
UNINC ALAMEDA CO	53,711	1,085	2.02%	52,386	97.53%	204	0.38%	36	0.07%
UNION CITY INC	23,xxx	318	1.35%	23,146	98.57%		0.06%		0.02%
Total	566,560	8,338	1.47%	502,409	88.68%	51,xxx	9.08%	4,xxx	0.78%

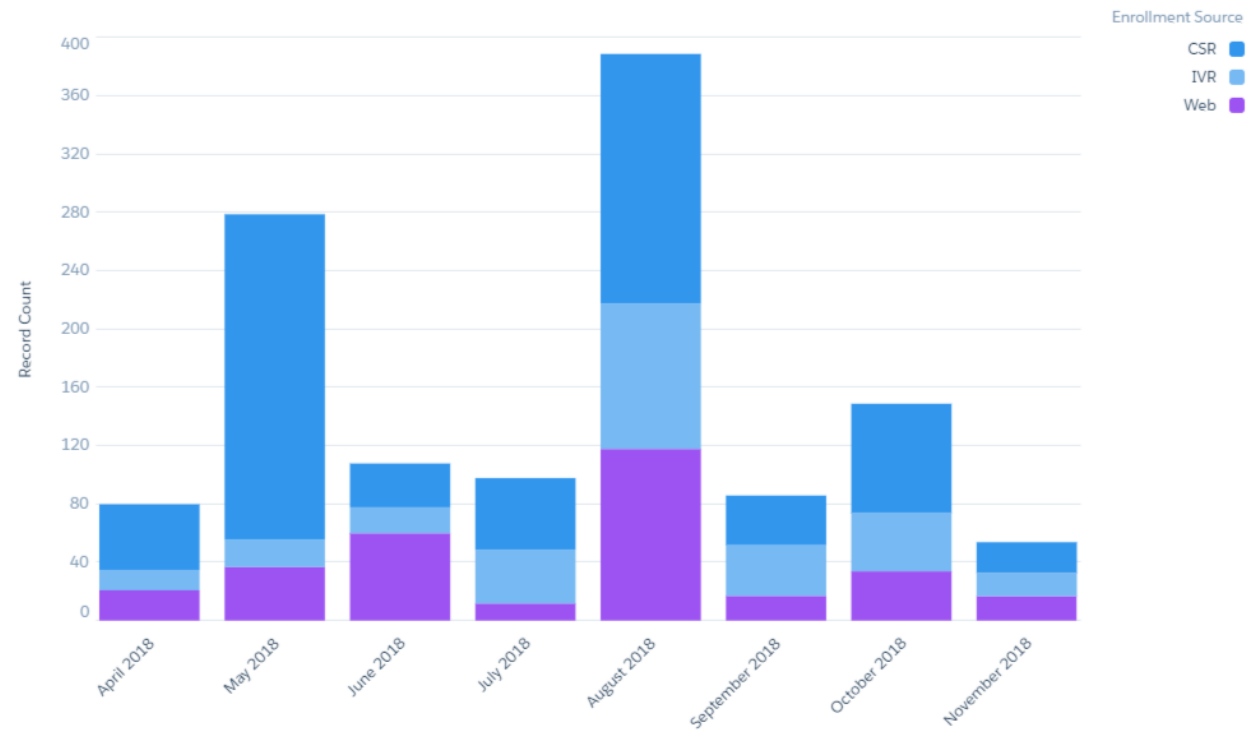
RESIDENTIAL OPT OUTS

Monthly Opt Out Summary - EBCE RES



COMMERCIAL OPT OUTS

Monthly Opt Out Summary - EBCE COMM



Enrollment Action Log: Created Date



Regulatory and Legislative Updates

PRESENTED BY Melissa Brandt

DATE 12/05/18



Regulatory Proceedings - ERRA

- PG&E's 2019 ERRA Forecast application, once approved, will:
 - Implement updated 2019 PCIA rate for EBCE's customers
 - Implement reduced generation rate for PG&E's customers
- EBCE team and other CCAs continuing to do outreach with Commissioners' offices on implementation details
- Proposed Decision expected in December; comments and reply comments due soon thereafter
- Final Decision could be voted on as early as January
- Implementation of rate changes expected Q1 2019

Regulatory Proceedings - Resource Adequacy (RA)

- 11/21/18 - Track 2 proposed decision (PD) issued
 - EBCE procures energy and RA on behalf of its customers
 - PD addresses *local* RA but central buyer may expand to *system* RA and *flex* RA in the future
 - PD would require PG&E to serve as central buyer beginning in 2020; EBCE would no longer have an RA requirement
 - Would curtail CCAs' ability to invest in energy projects that sell RA, e.g., solar + storage or DERs that reduce RA need
- 12/11/18 – comments on PD due
- 12/17/18 – reply comments on PD due
- 1/10/19 – Decision could be voted out

Legislative Update

- New AlCo legislators:
 - Asm Bauer-Kahan (AD 16; formerly Catharine Baker)
 - Asm Wicks (AD 15; formerly Tony Thurmond)
- Q4 in-district mtgs held:
 - 11/2 - Asm Quirk (w/ EBCE Board Member Mendall)
 - 11/13 - Asm K. Chu's office
 - 11/28 - Sen Skinner
- Q4 in-district mtgs planned:
 - 12/12 - Asm Bonta (w/ EBCE Board Vice Chair Kalb)
 - TBD - Sen Wieckowski
 - TBD - Sen Glazer
- For 2019 Leg Session:
 - Implementing EBCE Legislative Program
 - Working with CalCCA on bill concepts



Staff Report 1tem 10

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, CEO
SUBJECT: Rate Forecast and Change in PCIA
DATE: December 5, 2018

Recommendation

Receive preliminary information about PG&E rate forecasts based on PG&E's recent rate filings.

Background and Summary

Throughout the year, PG&E makes numerous filings that impact its rates the following year. PG&E's final annual consolidated rate change filing is typically due on December 31, with customer rate changes taking effect on January 1. That typical schedule will not be followed this year, for reasons we detail below. Instead, we expect to see PG&E rate changes take effect on March 1, 2018. We expect the PG&E rates that *EBCE* customers pay (such as PCIA rates) will increase for most customer classes on that date. Conversely, we expect PG&E generation rates that bundled customers pay will *decrease* on that date. EBCE will need to reduce its rates to remain cost-competitive under its current business model, with a commensurate reduction in revenues.

Discussion

The PG&E filings most pertinent to EBCE customers are those related to the Power Charge Indifference Adjustment (PCIA). All EBCE customers pay PCIA rates.

PCIA rates depend, among other things, on PG&E's fuel and purchased power cost forecast. PG&E forecasts and tracks these costs in its Energy Resource Recovery Account (ERRA).

PG&E annually applies to the CPUC to recover ERRA costs in rates. The proceedings that result from these applications are "ERRA proceedings." There are two proceedings every year. An "ERRA forecast proceeding," and an "ERRA compliance proceeding." We are concerned with the ERRA forecast proceeding, as it sets rates going forward. After the CPUC acts on PG&E's ERRA forecast application, approved ERRA costs will be eligible for inclusion in the PCIA rates charged to EBCE customers. PG&E will file its new PCIA rates, and all other rate changes to become effective in 2019, in its annual consolidated rate change filing.

PG&E filed its 2018 ERRA forecast application with the CPUC on June 1, 2018. PG&E subsequently updated information in its ERRA forecast application on November 7, 2018. PG&E had requested that the CPUC act on the ERRA forecast application by December 13, 2018 (the last CPUC business meeting of 2018), with new rates to become effective January 1, 2019. The CPUC has postponed action on the ERRA forecast application until January at the soonest. Accordingly, we anticipate that this year's annual consolidated rate change will be delayed until later in Q1, although we are still awaiting an updated schedule from the CPUC. Regardless of the final due date, in its annual consolidated rate change PG&E is expected to include the following changes:

- **Changes to rate design** -- PG&E filed its 2017 GRC Phase 2 application on June 30, 2016 and entered into settlement agreements with intervenors on revenue allocation and Medium & Large Commercial Customer rate design issues in October 2017 and January 2018, respectively. In August 2018, a decision was issued in this proceeding approving the filed settlement agreements. These settlement agreements will be implemented in 2019 and will cause de minimis changes.
- **Tax Refund** -- In January 2018 the Tax Cuts and Jobs Act of 2017 went into effect, reducing the corporate income tax rate from 35 to 21 percent and reducing the utilities' cost of service accordingly. PG&E will adjust electric rates in 2019 to account for the income tax reduction, reducing rates by up to 0.5%.
- **Reduction in Bundled Customer Generation Rates** -- PG&E forecasts a total 2019 ERRA revenue requirement of approximately \$2.7 billion. This ERRA revenue requirement represents a 17% reduction relative to the 2018 ERRA costs currently in rates, attributed primarily to a decrease of the bundled load, a decrease in natural gas prices, and an increase in hydro generation. PG&E forecasts a 22% decrease in the bundled load due to an increase of the CCA departing load and continued growth of Energy Efficiency and Distributed Generation. Based on this, we anticipate an approximately 1.5-2.5% rate decrease from this application. We anticipate that the ERRA will be implemented in rates in 2019.
- **Increase in PCIA rates charged to Unbundled Customers** -- Based on the Decision issued by the CPUC in October, the PCIA will increase by approximately 29% on a system average basis for EBCE customers, in 2019. The increase in PCIA paid by departing load will offset and thus decrease PG&E generation customer rates.
- **Miscellaneous other changes** -- balancing account updates and transmission rate changes may slightly decrease rates for both bundled and unbundled customers.

Fiscal Impact

PG&E bundled customer rates are going down and departed load customer PCIA rates are going up. **To the extent that EBCE is committed to its current product value propositions, EBCE must significantly reduce its rates.** A rate reduction is necessary to (a) offset the increase in the PCIA and (b) align with PG&E's expected 2019 generation rate reductions for bundled customers. Reduction in EBCE rates will reduce the funds available for operating expenses, reserves, and community investments.

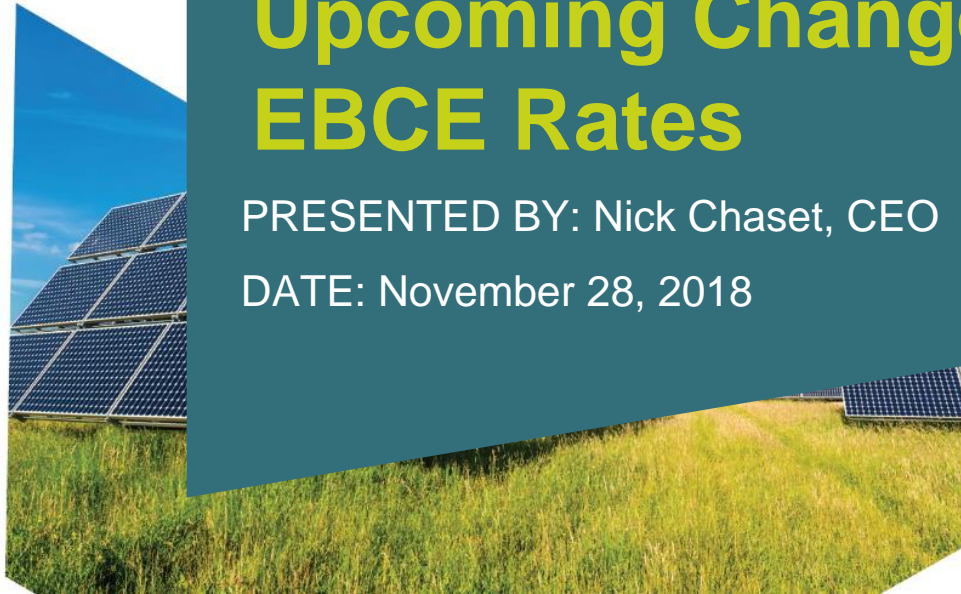
Attachment
2019 EBCE Rates and PCIA



Upcoming Changes to EBCE Rates

PRESENTED BY: Nick Chaset, CEO

DATE: November 28, 2018



Introduction

- Two major cross-currents are driving changes to PG&E and EBCE rates in 2019
 - Significant Increase in the PCIA as a result of CPUC Decision
 - PCIA increasing by an average of 29% for EBCE as a whole
 - Reduction in PG&Es overall cost of generation service
 - PG&E generation cost of service decreasing by 4% to 5%
- At EBCE's current rates – 1.5% below PG&E – an increased PCIA and decreasing PG&E rates creating a compounding effect resulting in a roughly 13% reduction in EBCE's projected 2019 revenue
- Difference between Customer Rates and EBCE Rates
 - Customer Rates are used to calculate customer bills and reflect EBCEs rates + the PCIA and franchise fees
 - EBCE Rates are the values used to calculate EBCEs revenue and are calculated based upon PG&Es rates, the PCIA and EBCEs discount rate

Uncertainty and Inputs

- One of the on-going challenges facing all CCAs is the fact that PG&E has yet to produce a consolidated forecast of its 2019 rates, including a final assessment of 2019 PCIA
- As a result, this analysis is largely based on forecasts developed for EBCE by outside consultants who have taken multiple PG&E data sources to produce a ‘best guess’ estimate of PG&Es 2019 rates

PCIA

Change in the PCIA			
PCIA Class	2018 PCIA	2019 PCIA	% Change in PCIA
A1	\$ 0.02466	\$ 0.03278	24.8%
A10	\$ 0.02502	\$ 0.03459	27.7%
AGR	\$ 0.02463	\$ 0.02953	16.6%
E19	\$ 0.02104	\$ 0.03133	32.8%
E20P	\$ 0.01888	\$ 0.02853	33.8%
E20S	\$ 0.02025	\$ 0.03012	32.8%
E20T	\$ 0.01735	\$ 0.02669	35.0%
RES	\$ 0.03346	\$ 0.03282	-2.0%
STR	\$ 0.00589	\$ 0.02667	77.9%

- The CPUC’s recent changes to the PCIA are expected to result in significant increases to EBCE customer PCIA in all classes except residential. Overall EBCE’s average PCIA is forecast to increase by just under 30%

PG&E Rates and Customer Bills

	Current Rates	2019 Projected Rates	% Change
Rate Class	Base PG&E Rates	Base PG&E Rates	
A1	\$ 0.110	\$ 0.104	-5.8%
A10	\$ 0.111	\$ 0.106	-4.7%
AGR	\$ 0.080	\$ 0.076	-5.3%
E19	\$ 0.099	\$ 0.094	-5.3%
E20P	\$ 0.091	\$ 0.088	-3.4%
E20S	\$ 0.093	\$ 0.090	-3.3%
E20T	\$ 0.088	\$ 0.085	-3.5%
RES	\$ 0.104	\$ 0.099	-5.1%
STR	\$ 0.089	\$ 0.085	-4.7%

- Our analysis of PG&Es current generation rate forecasts for 2019 suggest that PG&Es rates are going to decrease between 3.5% to 6% depending on the customer class

EBCE Rates (PG&E Rates – PCIA) and Revenue Attachment Item 11

	Current Rates	2019 Projected Rates	% Change
Rate Class	EBCE Rates	EBCE Rates	
A1	\$ 0.0826	\$ 0.07121	-13.8%
A10	\$ 0.0840	\$ 0.07026	-16.4%
AGR	\$ 0.0540	\$ 0.04625	-14.3%
E19	\$ 0.0757	\$ 0.06070	-19.8%
E20P	\$ 0.0702	\$ 0.05733	-18.3%
E20S	\$ 0.0712	\$ 0.05788	-18.7%
E20T	\$ 0.0684	\$ 0.05627	-17.8%
RES	\$ 0.0682	\$ 0.06531	-4.2%
STR	\$ 0.0812	\$ 0.05727	-29.5%

- EBCE Rates are calculated as follows:
 - $PG\&E\ Rates * (1 - EBCE\ Discount) - PCIA / Franchise\ Fee$
- Increasing PCIA and declining PG&E rates has a compounding effect on EBCE's underlying rates, pushing them down from 4% up to almost 30%
- Across all rate classes, the average reduction in EBCE rates is forecast to be 12.6%
- This reduction in rates corresponds to a 12.6% in EBCE's forecast 2019 revenue

Isolating PCIA Increase Impact of Revenue

PCIA Class	2018 PCIA	2019 PCIA	% Change in PCIA	Change in revenue
A1	\$ 0.02466	\$ 0.0322	\$ (0.0076)	7.5% reduction in 2019 forecast revenue
A10	\$ 0.02502	\$ 0.0335	\$ (0.0085)	
AGR	\$ 0.02463	\$ 0.0290	\$ (0.0044)	
E19	\$ 0.02104	\$ 0.0316	\$ (0.0106)	
E20P	\$ 0.01888	\$ 0.0287	\$ (0.0098)	
E20S	\$ 0.02025	\$ 0.0303	\$ (0.0101)	
E20T	\$ 0.01735	\$ 0.0268	\$ (0.0094)	
RES	\$ 0.03346	\$ 0.0332	\$ 0.0003	
STR	\$ 0.00589	\$ 0.0267	\$ (0.0208)	

Increases to the PCIA are forecast to reduce EBCE's revenue by over 7.5% in 2019, which represents over 60% of EBCEs total forecast 2019 reduction in revenue

Options for Mitigating Impacts Attachment Item 11

- EBCE has a number of levers to mitigate the impacts of the increased PCIA and the associated PG&E rate reduction
 - Adjust EBCE Discount
 - Delay Certain Local Development Activities
 - Adjust 2019/2020 overhead expenses

Options for Mitigating Impacts – Attachment Item 11

Discount

Revenue Impact of Adjustments to Discount		
Discount	Increased Revenue	
1.50%		
1.25%	.38%	\$ 1,511,860
1%	.76%	\$ 3,023,720
0.75%	1.143%	\$ 4,535,580
0.5%	1.5%	\$ 6,047,440
0.25%	1.898%	\$ 7,559,300

- EBCE customer are forecast to benefit from a drop in their rates of 3.5% to 5% as a result of reductions in PG&Es rates.
- An adjust to EBCE’s discount will increase revenue while still offering customer bill reductions and savings relative to PG&E.
- Each incremental reduction of .25% discount increases revenue by roughly \$1.5m.
- Adjusting EBCE discount to .5% below PG&E rates would result in a revenue increase of \$6m.

Options for Mitigating Impacts

Local Development Activities

Local Development Early Actions Budget Impacts				
	Direct Annual Job per \$1m invested	2018/2019 Budget	On-Going Incremental Costs per MW	Expected MWs
EE	5.8	\$100,000	No expected on-going costs due to focus on leveraging existing sources of funding	Not yet able to quantify
Building Electrification	4.3	\$50,000		
DR	4	\$100,000		
CA/Alameda County RFP	2.9	\$0	\$43,000/MW	20 MWs
Enhanced NEM	2.8	\$104,596	\$33,357/MW	6 MWs
MuniFIT	3	\$223,368	\$76,593/MW	10-15 MWs
Community Shared Solar	3	\$150,000	\$127,655/MW	3 MWs
Community NEM + storage	2.8	\$225,000	\$90,000/MW	5 MWs
Oakland Clean Energy Initiative (energy storage)	1.2	\$0	Details still under review	TBD
Transportation Electrification	1.2	\$500,000	Details still under review	n/a
Community Investment	n/a	\$450,000	n/a	n/a
C&I RE Pilot	2.9	\$100,000	No expected incremental costs to EBCE	TBD
Total		\$2,002,964		

- EBCE's 2018-2019 Budget included \$2m for Local Development actions.
- Each Local Development action carries varying costs to EBCE and community impact
- LDBP Analysis of Job Creation per \$1m invested found that EE, DR and Building Electrification created the most jobs per dollar expended. Next was development of local renewables projects, followed by energy storage and transportation electrification
- EBCE staff analysis of the expected cost of each Local Development action found that EE, DR, Building Electrification, CA/Alameda County RFP and Enhanced NEM are the most cost effective Local Development actions
- Delay to certain local development actions could save \$1m to \$2m in 2019 and 2020

Options for Mitigating Impacts – Adjust Overhead Expenditures

Local Development Early Actions Budget Impacts			
	Forecast 2019 Overhead	Adjustable?	Adjustment Impact
IOU Fees (including Billing)	\$ 1,386,696	NO	
Consultants	\$ 4,391,333	YES	\$1m
Uncollected accounts	\$ 5,065,655	NO	
Staffing	\$ 5,926,049	YES	\$1m
General & Admin	\$ 1,784,669	YES	\$250k
Interest Payments	\$ 1,531,626	YES	\$1.5m
SMUDPayment (Data management)	\$ 6,864,244	NO	
		TOTAL	Up to \$3.75m

- EBCE Staff have identified between \$10m and \$13.25m in measures to increase revenue and deliver cost savings that are expected to have relatively small impacts on EBCE operations, customer experience and community impact

Options for Mitigating Impacts – Attachment Item 11

Cumulative Impact of Mitigation Measures

Local Development Early Actions Budget Impact Mitigation Opportunities	
Modifying Discount	\$6m - \$7.5m
Delayed Local Development	\$1m - \$2m
Adjusting Overhead	\$3.75m
Total Increased Revenue/Cost Savings	\$10m - \$13.25m

- EBCE Staff have identified between \$10m and \$13.25m in measures to increase revenue and deliver cost savings that are expected to have relatively small impacts on EBCE operations, customer experience and community impact



Staff Report Item 11

TO: East Bay Community Energy Board of Directors

FROM: Annie Henderson, VP Marketing and Account Services

SUBJECT: Amendments to Net Energy Metered (NEM) Policy for Solar Customers
(Action Item)

DATE: December 5, 2018

Recommendation

Approve amendments to the Net Energy Metering (NEM) policy that covers solar customers. Amendments include:

- Amend EBCE's Net Energy Metering (NEM) policy with program details and publish a NEM tariff.
- Amend policy to start enrollment of existing PG&E Net Energy Metered (NEM) customers in April 2019 with bi-monthly enrollment batches in April, June, August, October, and December of 2019 based on the date of a customer's PG&E True-Up date.

Background

At its February 21, 2018 meeting, the EBCE Board adopted an initial NEM policy, and also directed staff to amend that policy, as necessary, after finalization of Local Development Business Plan (LDBP). At that time, several policy details were identified as needing additional attention:

- Refine and expand based on final LDBP and stakeholder feedback
- Consider adders (cents/kWh) for
 - Additional income-qualified customers beyond CARE/FERA
 - Projects that support local labor
 - Technologies beyond solar photovoltaics
- Refine surplus valuation for new installations
- Address other program considerations such as
 - Data management
 - Marketing and outreach
 - Operational mechanics of cash-out payment
 - Billing system configuration and functionality
 - Surplus cash-out threshold and cap
 - REC ownership

With the LDBP now approved, EBCE staff have revisited the NEM policy and recommend making several immediate policy revisions in order to facilitate the transition of NEM customers to EBCE service in 2019 and support the annual true-up of NEM customers already on EBCE service in April 2019. Those are articulated below. The discussion of creating new adders and/or other incentives shall wait until EBCE has hired a Director of Local Development, Electrification and Innovation. Staff have also prepared a detailed NEM tariff that provides all program details that participating customers need.

Surplus cash-out threshold and cap

EBCE’s Board adopted a policy for the value of the monthly export credit that NEM customers receive in a given month, and for the annual surplus credit for the April true-up. EBCE did not establish a minimum threshold for the true-up, nor a cap on the total cash-out amount. Below is a comparison of policies at PG&E and various other community choice aggregators (CCAs).

	True-up Minimum Threshold	Cash-out Cap
PG&E	None	None
MCE	\$100	\$5,000
Sonoma Clean Power	\$100	\$5,000 per account
CleanPowerSF	None	None
Peninsula Clean Energy	\$100	None
Silicon Valley Clean Energy	\$100	\$5,000
Redwood Coast Energy Authority	\$100	None
Pioneer	\$25	\$5,000

In all cases, customers that do not meet the minimum threshold for a cash-out retain the value via a bill credit. The primary reason why most CCAs adopt a minimum threshold for cash-out is because of the administrative challenge. EBCE currently serves about 25,000 NEM accounts. Most of those accounts will not have a net surplus each April. However, it is likely that thousands will have a surplus, and it takes staff resources and financial resources to issue thousands of checks. Having a threshold decreases administrative costs and avoids a situation where EBCE is issuing a check for a de minimis amount that otherwise could be issued as a retail bill credit. Bill credits are retained at retail value, while the cash-out amount for most EBCE NEM accounts will be at a lower wholesale value. Therefore, it is in the interest of most NEM customers to retain the small amount of retail bill credit to offset future consumption, rather than receive a small wholesale cash-out payment. For those reasons, EBCE staff recommend implementing a \$100 minimum cash-out threshold.

Regarding the cash-out cap, that is used by some CCAs to limit financial liability. EBCE has made efforts to meet or improve upon PG&E’s NEM policies in terms of customer outcomes. For most of EBCE’s NEM accounts, the cash-out would be at wholesale rates, which limits EBCE’s financial liability, as EBCE makes a similar cash-out payment to a NEM account as it would cost EBCE to procure the same power in the market. For that reason, staff recommend not adopting a total cash-out cap.

Finally, when EBCE set its surplus credit policy, it set the amount for new NEM accounts as “The greater of retail capped at \$2,500 or the PG&E NSC”. In the wake of adopting that policy, EBCE staff realize that customers who would generate just over \$2,500 of retail credit

will be prevented from monetizing those marginal kilowatt-hours (kWhs) just above the \$2,500 threshold. For that reason, EBCE staff recommend replacing the policy with “Retail value up to \$2,500 plus the PG&E NSC rate for each additional unit above \$2,500.”

Operational mechanics of cash-out payment

Below is a table of how other CCAs manage the annual cash-out process:

	Mechanics of Payment
PG&E	Check (over \$1)
MCE	Check
Sonoma Clean Power	Check
CleanPowerSF	Check (if requested within 60 days of receiving April bill)
Peninsula Clean Energy	Check
Silicon Valley Clean Energy	Check
Redwood Coast Energy Authority	Check if requested
Pioneer	Check

EBCE recommends adopting a cash-out process as follows:

At the close of each March-April billing cycle of each year, all current EBCE NEM customers who are Net Generators with a Net Surplus credit balance totaling \$100 or more, will be issued a direct payment by check for this balance. Such checks shall be sent to each eligible customer’s billing address. Upon issuance of such payment, the customer’s associated credit balance will be set to zero. For customers with Net Surplus Generation totaling less than \$100, such balances will be carried forward and shall be applied to offset future EBCE charges. If accountholders do not cash their checks, those payments would be treated like other non-claimed funds.

Note that cash-outs will also be made when a customer moves out of their premise and/or terminates their account.

REC ownership

When EBCE purchases surplus generation from a net metered renewable energy facility, it is not known whether the customer has title to the underlying Renewable Energy Certificates (RECs). In many cases, the customer has a lease or Power Purchase Agreement (PPA) and does not own the generating asset. In the case of a lease or PPA, the lessor or equipment owner may contractually retain the RECs, and not convey them to EBCE’s customer. Therefore, EBCE cannot assume that the RECs convey along with the power when purchasing surplus generation. For that reason, EBCE should treat all surplus generation as not conveying the REC, unless or until EBCE decides to sign agreements with NEM customers to purchase their RECs and create a legal contract path. Until that time, EBCE will treat net surplus generation as unspecified power.

Marketing and Outreach

EBCE prepared a letter to send to each current NEM accountholder, with basic information about the enrollment schedule and policies. That letter will be sent once the enrollment schedule is finalized.

EBCE also created a NEM fact sheet, which is distributed at events to interested customers, and maintains a web page for solar customers. Information is also available on our website at <https://ebce.org/net-energy-metering-with-ebce/>. The fact sheet and website will be updated per the approval of these changes by the Board.

EBCE will work with solar developers to ensure that they understand EBCE’s NEM policies.

Enrollment

Over the last year, EBCE staff has been communicating the enrollment timeline for various customer classes: Municipal and Commercial customers in June 2018, Residential customers in November 2018, and Net Energy Metered (NEM) or solar customers throughout 2019. The initial NEM policy approved by the Board of Directors on February 21, 2018 indicated that enrollment of NEM customers “will be based on the PG&E True-Up Date for each customer. Enrollment will be bimonthly beginning January 2019.”

EBCE is currently serving some NEM customers who installed solar after becoming an EBCE customer. We will process their True-Up in April 2019 and issue surplus credit payment as necessary. This will be the first time we run the true-up process and it is more administratively advantageous to run this new process with a small group.

Proposed Amendments to NEM Policy

Surplus Payment

Staff proposes to:

- Implement a \$100 minimum cash-out threshold.
- Replace the surplus credit policy for new NEM accounts (not low income or municipal) as “Retail value up to \$2,500 plus the PG&E NSC rate for each additional unit above \$2,500.”
- Issue checks to NEM accountholders with \$100 or more in annual net surplus in April.

Enrollment

Staff proposes to:

- Delay enrollment of existing PG&E NEM customers until April 2019 and then enroll customers as follows:

PG&E True Up Date	Noticing Start Month	Enrollment Month	Approximate # Accounts
Jan/Feb/March/April	Feb-19	Apr-19	8,800
May/June	Apr-19	Jun-19	4,400
July/August	Jun-19	Aug-19	4,400
Sept/Oct	Aug-19	Oct-19	4,400
Nov/Dec	Oct-19	Dec-19	4,400

- Run the inaugural True-Up process for only current EBCE NEM customers in April 2019 (n ~ 630)
- Run the second True-Up process for all enrolled NEM customers in April 2020 (n ~ 27,000)
- Customers who install solar at any time during 2019 will be enrolled in EBCE service immediately upon interconnection with PG&E.

Fiscal Impact

Surplus Payment

N/A

Enrollment

There is minimal fiscal impact to delaying the enrollment of approximately 4,400 NEM customers. As a NEM customer, they do not represent a large revenue potential.

Attachments

- A. Resolution Amending NEM Policy
- B. Amended NEM Policy
- C. Letter to NEM accountholders
- D. NEM fact sheet
- E. Draft EBCE NEM Tariff

CEQA

Not a project.

RESOLUTION EBCE R-2018-__

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AMENDING
NET ENERGY METERING POLICY**

WHEREAS, the East Bay Community Energy Authority (“EBCE”) was formed pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Alameda County; and

WHEREAS, the EBCE desires to encourage customers to construct new on-site energy generation systems and to retain current Net Energy Metering (NEM) customers by minimizing any adverse financial impacts from becoming an EBCE customer; and

WHEREAS, and the Board of Directors approved an Initial NEM Policy on February 21, 2018; and,

WHEREAS, there are additional policy elements that should be included in the NEM Policy, including details regarding:

- Annual surplus cash-out threshold
- Annual surplus cash-out cap
- Operational mechanics of the cash-out payment
- Renewable Energy Certificate ownership
- Marketing and outreach
- Enrollment schedule.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Net Energy Metering Policy attached as Exhibit A is hereby amended and approved and shall be effective on December 5, 2018.

ADOPTED AND APPROVED this 5th day of December, 2018.

Scott Haggerty, Chair

ATTEST:

Stephanie Cabrera, Clerk of the Board

POLICY # _____

Net Energy Metering**Subject:** Net Energy Metering**Policies:**Export Credit

The following customer classes will receive the stated export credit. Prior to enrollment of NEM customers, additional export credit will be considered for projects that support livable wage and supply shifting.

Customer Class	Export Credit/kWh
Existing Customers at Enrollment	Retail based on selection of Bright Choice/Brilliant 100 ("Retail")
New Customers after Enrollment	Retail
Low Income Customers	Retail + \$0.01
Municipal Customers	Retail + \$0.01

Billing

- Monthly bill of generation charges
- Monthly application of credit
- Annual surplus payment in April

Surplus Credit

The following customer classes will receive the stated surplus credit at the time of payment in April of each year. Prior to enrollment of NEM customers, additional surplus credit will be considered for projects that support livable wage and supply shifting.

Customer Class	Export Credit/kWh
Existing Customers at Enrollment	PG&E Net Surplus Charge (NSC)
New Customers after Enrollment	Retail value up to \$2,500 plus the PG&E NSC rate for each additional unit above \$2,500
Low Income Customers	Retail + \$0.01
Municipal Customers	Retail + \$0.01

Surplus credit will be issued by check for customers with a balance at or above \$100. For customers with Net Surplus Generation totaling less than \$100, such balances will be carried forward and shall be applied to offset future EBCE charges.

Enrollment Schedule

Enrollment will be based on the PG&E True-Up Date for each customer. Enrollment will be bimonthly beginning April 2019.

Rate Schedule

This policy will apply to all NEM rate schedules.



Dear Solar Customer,

East Bay Community Energy, also known as EBCE, is the new local electricity supplier in Alameda County. EBCE will provide cleaner, greener energy at lower rates to our customers. EBCE will reinvest earnings back into the community to create local green energy jobs, local programs, and clean power projects. As a solar net energy metering (NEM) customer, you will not be enrolled in EBCE's service until 2019, but we wanted you to be aware of EBCE and our NEM policy.

Here are some of the benefits of being an EBCE NEM customer:

- You will receive generation credit at the retail rate. Any unused generation credits roll over from month to month.
- No more large annual electric generation bills! EBCE bills for electricity used monthly.
- EBCE offers three options for the electricity you consume beyond what your system generates: Bright Choice at a small discount to PG&E, Brilliant 100 that is 100% carbon-free for the same price as PG&E, and Renewable 100 to round out your electricity consumption with 100% renewable power for an extra penny per kWh.
- To ensure NEM customers get the full advantage of their generation credits over the winter months, annual cash-outs for surplus generation occur in April each year.

You will be automatically added to our NEM program when you are enrolled with EBCE. Here are the program details:

ENROLLMENT

Most residential customers will be enrolled in EBCE service in November 2018. As a net energy metering (NEM) customer, you will not be enrolled until 2019. Your enrollment will occur in the month of or following your annual PG&E NEM True-Up date. EBCE wants you to receive the maximum benefits from your system, so we don't want to disrupt any existing NEM generation credits on your account when you are transitioned to our service.

NOTIFICATION:

You will receive two enrollment notices in the two months prior to enrollment with EBCE, which will be in the month of or following your PG&E True-Up date. You will receive another two notices after you are enrolled with EBCE. You can opt up to EBCE's greener power mix or opt out of EBCE service starting when you receive your first notice.



CREDITS

You will receive an export credit equivalent to the retail generation rate, just like you did with PG&E.

- Every April will be EBCE's "true up" period when customers who produced more energy during the year than they used will receive a payout amount for each kWh. For customers with solar installed prior to June 1, 2018, you will receive a payout based on the Net Surplus Compensation amount, which is what PG&E pays. For new systems installed after June 1, 2018, EBCE will payout the greater of the retail value per kWh capped at \$2,500 or the Net Surplus Compensation amount.

BILLING

EBCE will track your export credits. If you consume more electricity in one month than you generate, we will bill you for that amount as a monthly charge. If you generate more than you consume in one month, you will receive a credit towards your next bill. PG&E will continue to track your charges for transmission and delivery and will bill you just once a year. Both EBCE and PG&E charges will appear on a single bill issued by PG&E.

Find out more about EBCE by visiting ebce.org or calling **1-833-699-EBCE (3223)**.

We look forward to having you as an EBCE customer!

Sincerely,

A handwritten signature in black ink, appearing to read "Annie Henderson", with a long, sweeping flourish extending to the right.

Annie Henderson
Vice President, Marketing and Account Services



NET ENERGY METERING AND ROOFTOP SOLAR

Rooftop solar can be installed on commercial and residential properties to serve on-site load and use the electric grid like a battery through a program called Net Energy Metering.

What is Net Energy Metering?

Net Energy Metering (NEM) is a program that allows you to receive compensation for the energy that you produce and put onto the grid. Most NEM customers have installed solar systems on their home or business, but NEM benefits also apply to customers who install small wind, biogas, and fuel cell systems. East Bay Community Energy (EBCE) customers that generate electricity at their home or business and are approved for interconnection by PG&E will be automatically enrolled in EBCE's NEM program.

How it Works

- Your meter tracks the amount of energy you use versus the amount of energy your system produces
- When your system produces more energy than you are using at that point in time, the energy is put onto the grid and you receive a bill credit for at least the retail generation value of each kWh
- Every April will be the "true up" period when customers who produced more energy during the year than they used will receive a payout amount for each kWh
- Additional monetary benefits may be added in the future for projects that deliver specific local benefits, such as livable wage jobs or energy storage
- Customers interested in adding rooftop solar or other NEM technology must first apply to PG&E for interconnection approval.

Enrollment Schedule

Enrollment for existing solar customers will be based on the PG&E True-Up Date for each customer. Enrollment will be bimonthly beginning January 2019. Customers with NEM service who wish to opt out of EBCE can do so when they receive their enrollment notices in 2019. Commercial accounts with a net metered system that is interconnected after June 1, 2018 are immediately placed into EBCE generation service. Residential accounts with a net metered system that is interconnected after November 1, 2018 will be immediately placed into EBCE generation service.

Questions?

For more information about Net Energy Metering with EBCE, call or email us or visit our website.

ONGOING BILL CREDIT

Customer Type	Bill Credit per kWh
Existing NEM Customer as of 6/1/18	Retail ¹
New NEM Customers after 6/1/18	Retail
New Low Income and Municipal Customers after 6/1/18	Retail + \$0.01

¹Equivalent to the generation rate you are charged for power received from EBCE

ANNUAL PAYOUT CREDIT

Customer Type	Annual Payout Credit per kWh
Existing NEM Customer as of 6/1/18	PG&E Net Surplus Compensation (NSC) (visit ebce.org/NEM to view PG&E NSC pricing)
New NEM Customers after 6/1/18	The greater of Retail capped at \$2,500 or PG&E NSC
New Low Income and Municipal Customers after 6/1/18	Retail + \$0.01

RATE SCHEDULE

This policy will apply to all NEM rate schedules, including NEM and NEM2.

ELECTRIC SCHEDULE NEM - NET ENERGY METERING SERVICE

APPLICABILITY: This net energy metering (NEM) schedule is applicable to a customer who uses an eligible Renewable Electrical Generation Facility, as defined in PG&E's Electric Schedule NEM (<http://www.pge.com/tariffs>), within the capacity limits described in PG&E's Electric Schedule NEM that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with PG&E's transmission and distribution systems, and is intended primarily to offset part or all of the customer's own electrical requirements (hereinafter "eligible customer generator" or customer").

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with a completed PG&E NEM Application and comply with all PG&E NEM requirements as described in PG&E Electric Schedule NEM. This includes customers served by NEMV (Virtual Net Energy Metering), NEMVMASH (Virtual Net Energy Metering for Multifamily Affordable Housing), NEMA (NEM Aggregation) and Multiple Tariff facilities as described by PG&E Electric Schedule NEM.

TERRITORY: The entire EBCE service area.

RATES: All rates charged under this schedule will be in accordance with the eligible customer generator's otherwise-applicable EBCE rate schedule (OAS), which includes their rate schedule and EBCE service level (i.e. Bright Choice, Brilliant 100, or Renewable 100). An eligible customer-generator served under this schedule is responsible for all charges from its OAS including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges, and all other charges owed to EBCE or PG&E. Charges for energy (kWh) supplied by EBCE, will be based on the net metered usage in accordance with this tariff.

BILLING: Customers with NEM service will be billed as follows:

a) For a customer with Non-Time of Use (TOU) Rates:

Any net consumption or production shall be valued monthly as follows:

If the eligible customer-generator is a "Net Consumer," having overall positive usage over a billing cycle, the eligible customer-generator will be billed in accordance with the eligible customer-generator's OAS.

If the eligible customer-generator is a "Net Generator," having overall negative usage over a billing cycle, any net energy production shall be valued at the OAS plus any additional incentive payment as applicable (e.g. for new installations at low income or municipal accounts). The calculated value of any net energy production shall be credited to EBCE customers as described in Section (c).

b) For a customer with TOU Rates:

If the eligible customer-generator is a Net Consumer (as defined above) during any discrete TOU period, the net kWh consumed during such period shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the eligible customer-generator's OAS.

If the eligible customer-generator is a Net Generator (as defined above) during any discrete TOU period, the net kWh produced during such period shall be valued in consideration of the applicable TOU period-specific rates/charges, as described in the eligible customer-generator's

OAS, plus any additional incentive payment as applicable (e.g. for new installations at low income or municipal accounts). The calculated value of any net energy production during a specific TOU period shall be credited to EBCE customers as described in Section (c).

c) Monthly Settlement of EBCE Charges/Credits:

NEM customers will receive a statement in their monthly PG&E bills indicating any accrued charges for their usage during the current billing cycle. Customers who have accrued credits during previous billing cycles will see these credits applied against current charges. Any remaining balance is due and must be paid during each monthly billing cycle.

When a customer's net energy production results in a net bill credit over a billing cycle, the value of any net energy production during the billing cycle shall be noted on the customer's bill and carried over as a bill credit for use in subsequent billing period(s).

Monthly settlements are valued as follows:

Customer Type	Bill Credit per kWh
Existing NEM Customer as of 6/1/18	Retail*
New NEM Customers after 6/1/18	Retail
New Low Income and Municipal Customers after 6/1/18	Retail + \$0.01

**Equivalent to the generation rate you are charged for power received from EBCE*

d) EBCE Annual Cash-Out:

During the April billing cycle of each year, all current EBCE NEM customers with a credit balance of more than \$100 will be offered a direct payment by check for this balance.

Any credit balance will be determined as of the final date of the customer's March-April billing Cycle (i.e. the first bill period ending on or after April 1). Customers who participate in the EBCE Cash-Out or transfer process will have an equivalent credit removed from their NEM account balance at the time of check issuance or transfer. In the event that customer's credit balance is less than \$100, such credits will continue to be tracked by EBCE and will remain on the customer's account for future use (i.e., reduction of future EBCE charges).

Customers who close their electric account through PG&E or move outside of the EBCE service area prior to the April billing cycle of each year are also eligible for the annual EBCE Cash-Out process.

Annual cash-out credits are valued as follows:

Customer Type	Annual Payout Credit per kWh
Existing NEM Customer as of 6/1/18	PG&E Net Surplus Compensation (NSC)
New NEM Customers after 6/1/18	Retail value up to \$2,500 plus the PG&E NSC rate for each additional unit above \$2,500.
New Low Income and Municipal Customers after 6/1/18	Retail + \$0.01

**Equivalent to the generation rate you are charged for power received from EBCE*

e) Return to PG&E Bundled Service:

EBCE customers with NEM service may opt out and return to PG&E bundled service at any time. Customers should be advised that PG&E will perform a true-up of their account at the time of

return to PG&E bundled service, and that PG&E's standard terms for transitional rates apply to customer returns with less than a six-month advance notice if they have been an EBCE customer for 60 days or more.

If an EBCE NEM customer opts out of the EBCE program and returns to bundled service, EBCE will cash-out any remaining generation credits on the account (using the approach detailed in section d above) and mail a check to the billing address.

f) PG&E NEM Services:

EBCE NEM customers are subject to the conditions and billing procedures of PG&E for their non-generation services, as described in PG&E's Electric Schedule NEM and related PG&E tariff options addressing NEM service. Customers should be advised that while EBCE settles out balances for generation on a monthly basis, PG&E will continue to assess charges for delivery, transmission and other services. Most NEM customers will receive an annual true-up from PG&E (on their NEM anniversary with PG&E) for these non-generation services.

Customers are encouraged to review PG&E's most up-to-date NEM tariffs, which are available from PG&E.

g) Aggregated NEM

Per the California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." Therefore, any excess accrued credits over the course of a year under an aggregated NEM account are ineligible for EBCE's annual Cash-Out as in section (d). All other NEM rules apply to aggregated NEM accounts.