



## **Executive Committee Meeting**

Friday, April 26, 2019

12:00 pm

County Administration Building

1221 Oak Street

2<sup>nd</sup> Floor Room 255

Oakland CA

*Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 736-4981 or [Scabrera@ebce.org](mailto:Scabrera@ebce.org).*

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

### **1. Welcome & Roll Call**

#### **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.*

### **2. Approval of the Minutes**

- January 25, 2019

### **3. PG & E Time - of - Use Rate Transition (Informational Item)**

Receive report on planned PG&E Time-of-Use (TOU) rate transition and provide feedback to staff on what is needed in order for the full board to make a decision on whether EBCE participates in default transition of residential customers.

### **4. California Renewables RFP Update (Informational Item)**

Receive an update and provide feedback on the California Renewables RFP.

### **5. Regulatory/Legislative Update**

Receive an update from staff on Regulatory and Legislative activities.

**6. Community Advisory Committee Vacancies (Informational Item)**

Receive update and provide feedback on application and appointment process.

**7. Committee Member and Staff Announcements**

**8. Adjournment - to Date: May 24, 2019**

**Location: TBD**



## Executive Committee Meeting

**\*Draft Minutes\***

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### 1. Welcome & Roll Call

**Present:** Directors Haggerty, Kalb, Mendall, and Chair Martinez

**Excused:** Vice-Chair Arreguin

### 2. Public Comment

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There were no speakers for Public Comment

### 3. Appoint labor negotiators:

**Chair Martinez motioned to appoint the following members as labor negotiators:**

- Haggerty
- Kalb
- Mendall

**Director Mendall seconded the motion which carried 4/0; Excused. Vice-chair Arreguin**

#### 4. Closed Session

- A. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION** under California Government Code Section 54957: Performance Evaluation of General Counsel
  
- B. **CONFERENCE WITH LABOR NEGOTIATORS** under California Government Code section 54957.6, EBCE Designated Representatives: Diane Martinez, Jesse Arreguin, Al Mendall, Scott Haggerty and Dan Kalb, Unrepresented Employee: General Counsel

#### 5. Report out of Closed Session:

No reportable actions.

#### 6. Approval of the Minutes

- October 12, 2018 - Continued from 12/21/18
- December 25, 2018

Director Mendall motioned to approve the October 12<sup>th</sup> and December 25<sup>th</sup> minutes. Director Haggerty seconded the motion which carried 4/0; Excused: Vice-chair Arreguin

#### 7. Marketing and Outreach Update

Receive an update from staff on marketing and outreach activities.

Presented

##### The Committee discussed:

- How is billing accuracy? Specifically for residential accounts
- Requested information improperly enrolled residential accounts
- Increase in public awareness
- Earth day - coordinate with member cities to share literature

#### 8. Power Procurement Update

Receive an update on current power procurement activities.

The Committee discussed

- Potential for joint procurement
- CA Renewables RFP procurement targets
- Types of projects (new or old construction)

**Ric Rollins** - Spoke regarding Senate bill 35, requested information on required renewable content in Alameda County and types of projects expected in the county.

## 9. Regulatory/Legislative Update

Receive an update from staff on marketing and outreach activities.

The Committee discussed

- Lobbying Dates
- Outreach to Senators and other Elected officials
- Promoting increased electrification
- Encouraging member agencies to support EBCE official positions
- CalCCA position

**Audrey Ichinose** - Requested that the Board make additional efforts to motivate fellow elected officials to oppose the PCIA decision and spoke regarding concerns with actions not taken by the Board and CalCCA to oppose the decision. Ms. Ichinose also spoke regarding the opportunity for CCAs to decentralize energy infrastructure.

**Barbara Stebbins** - Spoke regarding comments sent from the Local Clean Energy Alliance regarding the PCIA decision potential impacts on the LDBP and other decisions that are currently waiting at the CPUC that threaten CCAs.

**Al Weinrub** - Spoke regarding the PCIA decision and requested that the committee recommend the Board join the Clean Energy Alliance efforts to oppose the decision and spoke regarding the importance of fighting legislation that is not CCA friendly. Mr. Weinrub read excerpts of the Local Clean Energy Alliance call to action letter and requested that CalCCA join efforts to encourage the CPUC to repeal the PCIA decision.

**Beth Weinberger** - Spoke in support of previous speakers' comments, requested that the Board do everything within their power to fight back the PCIA Ruling and in support of continuing with plans for the LDBP early action projects despite PCIA ruling.

## 10. Proposed 2019 EBCE Meeting Schedule

Review and provide feedback on Proposed 2019 Board and Executive Committee meeting schedule.

Presented

## 11. 1212 Broadway, Oakland Lease Update

Receive update on seismic rehabilitation status of 1212 Broadway, Oakland

Staff provided the committee with an update on the seismic rehabilitation status of 1212 Broadway. The building does not meet seismic requirements and staff will provide the Board with an update once another office space is identified.

## 12. Committee Member and Staff Announcements

There were no announcements

**13. Adjourned**



## Staff Report Item 4

**TO:** East Bay Community Energy Executive Committee

**FROM:** Annie Henderson, VP Marketing and Account Services

**SUBJECT:** PG&E Time-Of-Use Rate Transition (Informational Item)

**DATE:** April 26, 2019

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### Recommendation

Receive report on planned PG&E Time-of-Use (TOU) rate transition and provide feedback to staff on what is needed in order for the full board to make a decision on whether EBCE participates in default transition of residential customers.

### Background and Discussion

#### **Regulatory Background**

In July 2015, California Public Utilities Commission (CPUC) decision ([D.15.07-001](#)) provided direction to the investor-owned utilities (IOUs) regarding specific steps that must be taken to reform the residential rate structure resulting in default time-of-use (TOU) rate for residential customers. Specific requirements of the decision include:

- Transition to TOU is optional (customer can decline default rate)
- There is to be a “mild differential” between on-peak and off-peak rates
- IOUs must offer one year of bill protection<sup>1</sup>
- There must be education and outreach to customers
- Certain customer groups will be excluded from the default transition, including but not limited to:
  - Customers on the medical baseline allowance program
  - Customers requiring third party notification and/or in-person visit prior to disconnection
  - Customers that do not have a Smart Meter or interval meter, or less than 12 months of interval data

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<sup>1</sup> The decision describes Bill Protection as “If, at the end of the year, a customer would have been better off on the previous rate plan, the customer will be credited the difference on their bill.”

- Customers enrolled in or eligible for CARE/FERA discount programs and located within hot climate zones (<100 customers in Alameda County)
- Customers already on an optional TOU rate (NEM2.0, E6, EVA/B not eligible)

Community choice energy programs, such as East Bay Community Energy (EBCE), are not required to default customers onto a TOU rate. However, all IOUs, including Pacific Gas & Electric (PG&E), are required to transition customers to a TOU rate. TOU transition applies to both residential and non-residential customers. Non-residential customers are scheduled for rate transition in November 2020 and are not offered bill protection. Residential customers are proposed to transition to TOU rates in May 2021 in Alameda County.

The information provided in this report focuses on the residential rate transition.

The current proposed structure of the residential TOU rate is for peak hours (highest cost) between 4 PM and 9 PM every day, including weekends. The [PG&E rate](#) is currently called “Time-of-Use (Peak Pricing 4-9 P.M. Everyday)”. Currently, there are approximately 1,000 residential customers that voluntarily switched to this TOU rate and are served by EBCE.

#### Initial Pilots and Default Roll-Out

PG&E conducted pilots in the last few years:

- Phase 1 - Voluntary Opt-In Pilot (2016/2017)
- Phase 2 - Default Pilot (began April 2018)
- Phase 3 - Default Roll-Out (begins October 2020)

Phase 2 wraps up in April 2019 and analysis of the impacts will not be available until later this summer. Phase 2 includes customers from three Community Choice Aggregators (CCA): MCE Clean Energy, Sonoma Clean Power (SCP), and Silicon Valley Clean Energy (SVCE). Below are the participation results of the Phase 2 default pilot enrollment.

	PG&E + CCAs		MCE		SCP		SVCE	
Initial Population	160,525	100%	9,921	100%	8,158	100%	8,509	100%
Ineligible	7,540	4.70%	460	4.6%	408	5.0%	366	4.3%
Declined	38,996	24.29%	1,913	19.3%	1,574	19.3%	1,702	20.0%
Transitioned	113,991	71.01%	7,548	76.1%	6,176	75.7%	6,441	75.7%

The goals of the Phase 2 pilot are to test customer messaging, customer notification timing and process, customer enrollment, impacts of bill protection, and overall impact on electricity load.



## **Marketing, Education, and Outreach**

The CPUC has aggregated funds from IOU customers to support an \$8.5M statewide marketing, education, and outreach campaign. The statewide campaign includes two chapters. The first chapter is referred to as the “vision” campaign and provides the context of why a customer should care about when they use electricity. The second chapter is a call to action that includes ideas and tips on how to shift energy usage. The statewide campaign includes multiple channels of paid advertising, public relations and outreach, and engagement with Community Based Organizations (CBOs).

Both the vision and call to action chapters of the campaign are underway now in San Diego Gas & Electric (SDG&E) territory. The vision chapter of the campaign began in March 2019 in PG&E territory with a [“Keep It Golden”](#) commercial. Though the vision chapter does not have a strong call to action, it does direct viewers to the Energy Upgrade California website. There is a [section](#) of the website dedicated to educating customers on when there is the greatest demand for power versus when there is the greatest output from renewable energy resources. The site identifies the period of 4 PM to 9 PM as peak usage hours with the lowest amount of renewable energy available, which is in alignment with the IOUs’ TOU rate structure with peak hours from 4 PM to 9 PM every day.

EBCE customers are already being exposed to the statewide vision campaign.

In addition to the statewide campaign, each IOU will have a marketing campaign in its territory. Customer communications will provide personalized bill impact information to all default eligible customers, rate choices, bill impact information, and tips and tools on ways to save. Customers will receive notifications 90, 60, and 30 days prior to transition, and a welcome packet following transition to the new TOU rate. PG&E’s campaign will begin in October 2020 and run through June 2021.

## **Fiscal Impact**

A default transition of residential customers onto a TOU rate structure has a fiscal impact on EBCE in two ways: 1) cost of bill protection, and 2) reduced revenue.

Customers that receive the bill protection benefit are those that received higher bills on the new TOU rate compared to the previous flat, E1 rate. Some of these customers, the “rate losers,” will select to return to the E1 rate after 12 months on the TOU rate, while others may shift the time of day that they use electricity. Those that do not need bill protection are paying the same, or less, on TOU than they were on the E1 rate. These customers are “rate benefiteres;” they do not need to make any changes to their usage patterns to benefit from the TOU rate. We assume the majority of these customers will remain with TOU and continue to, effectively, pay less for the same amount of electricity over 12 months.

Both PG&E and EBCE have analyzed the potential financial impact and came to very similar conclusions. Below are the assumptions and results:

## **Assumptions**

- ~355,000 eligible EBCE residential customers (as of February 2019)
- All eligible customers participate in transition
- Certain customers are excluded including medical baseline, customers without interval data, and customers already on a TOU rate
- PG&E and EBCE rates as of 1/1/19
- 2018 usage
- Full 12 months of bill protection for each customer
- Customers do not take any action to shift their energy use to other time periods

## **Results**

- Total generation revenue from customers on TOU 4-9 PM Everyday - \$107M
- Cost of Bill Protection - \$300,000
  - Number of customers that pay more on TOU (“rate losers”) - 25,000
- Reduction in Revenue - \$4.8M (4.3% reduction from tiered rate revenue)
  - Number of customers that pay less on TOU (“rate benefiter”) - 330,000

## **Additional Considerations**

### **Backend Support**

EBCE’s backend system already supports this rate structure. However, the system will need to be updated to switch several hundred thousand customers to a new rate in a single month, implement updates when customers decline the new TOU rate, track the duration of bill protection per customer, and calculate and report the amount of bill protection per customer. Additionally, our call center representatives will need to be trained on this transition and we should anticipate that call volume and duration will increase.

### **Constraints**

PG&E developed an online bill protection calculator and a rate comparison tool to inform customers about the potential financial impact of this rate transition. These tools are presented with the PG&E generation rate as a proxy for EBCE (and other CCA) rates. Due to our current modest discount, this is not a substantial constraint; however, it could further increase customer confusion. Additionally, EBCE will continue to rely on PG&E for rate information about each customer. This means that a customer must call PG&E to decline the rate transition, and PG&E must pass this information along to EBCE for the correct rate to be applied to the customer’s bill.

## Timelines

### Overall Timeline

Date	Event
January 2019	CPUC hearings
March-April 2019	Briefings filed in CPUC proceedings
March 2019	Default transition begins in SDG&E territory
March 2019	Statewide “vision” marketing campaign begins in PG&E territory
June 2019	CPUC proposed decision
July 2019	CPUC final decision
July 2019	Phase 2 outcomes report (anticipated)
August 2019	EBCE must approve versions of customer notification
October 2019	PG&E requests EBCE final decision
April 2020	PG&E sets TOU as default rate for new residential customers
October 2020	PG&E call to action marketing campaign begins
May 2021	Proposed EBCE TOU rate transition
October 2021	Last new residential customer eligible for bill protection
October 2022	Last payout of bill protection

### Proposed EBCE Decision Timeline

Date	Event
April 2019	Introduction to Executive Committee
May 2019	Community stakeholder feedback/workshops
June 2019	Present to Board (TBD: informational or vote)
July 2019	Present to Board for vote (if June is informational)
August 2019	No board meeting
September 2019	Last Board meeting before PG&E deadline for decision
October 2019	Must inform PG&E of decision

### **Staff Recommendation**

At this point, EBCE staff is likely to recommend that EBCE customers transition to the new TOU rate in May 2021 in concert with the PG&E transition. This recommendation is based on general agreement for the need to shift usage to times when more renewable energy is available, and the potential for significant customer confusion if EBCE rates do not align with the structure promoted by the statewide and local IOU marketing campaigns. EBCE continues to participate in bi-weekly meetings with PG&E regarding this transition, and monthly meetings with all IOUs and the CPUC on the associated marketing campaign. Given this on-going process, staff could change its recommendation if the overall plan proposed by PG&E is revised prior to a board decision.

Additionally, staff recommends that the EBCE Board of Directors make a decision sooner rather than later so that there can be early alignment with the statewide marketing campaign, better coordination and collaboration with PG&E in drafting joint notifications, and sufficient time to develop EBCE supporting assets such as web pages, collateral, and call center support.



# CA Renewable Energy RFP Summary Highlights

PRESENTED BY: Howard Chang

DATE: April 26, 2019



# East Bay Community Energy

## Goals & Objectives

- Secure a portfolio of contracts to provide EBCE customers with affordable renewable energy sources
- Meet a significant percent of SB350 long term contracting requirements
- Create new CA located renewable energy projects to deliver PCC1 RECs
- Drive CA and Alameda County job creation and community investment
- Contract low cost energy hedges to meet risk management goals

## Actions

- Issue a broad, open, competitive solicitation to ensure wide array of opportunities considered
- Evaluate exhaustive combinations of projects to achieve desired volume targets and project characteristics
- Encourage RFP participants to include battery storage
- Target a minimum of 20MW of capacity from projects located in Alameda County

# RFP Solicitation

## Request for Proposals

- Established standard offer and encouraged additional bid variations (e.g. size, term length, pricing structure, storage etc.)
- CA-located with a preference for new-build capacity
- Issued on June 4, 2018
- Received 568 unique offers associated with 75 projects, representing 19,770MW of nameplate capacity

## Proposal Analysis & Portfolio Design

- All responses evaluated against deterministic electricity forecasts and qualitative considerations to determine short list
- Short listed projects performance tested under different market scenarios and ranked based on individual financial profile
- Individual financial profiles then placed into different potential combinations. Resulting portfolios then ranked by key metrics
- Final portfolio of projects selected based on both qualitative considerations and key financial metrics (expected outcomes, volatility around the expected outcomes and extreme downside outcomes)

## Selection & Negotiation

- Final negotiations conducted to ensure selections determined based on most competitive offers
- Additional storage analysis conducted on shortlisted counterparties
- 20 projects shortlisted in the process
- 7 projects currently in active negotiations

# Workforce and Community Investment

- Projects are new construction within the state of California, which will employ significant labor throughout the state
- All development partners have committed to utilizing union workforce. Projects are at varying stages of development with some projects having signed PLAs and some in discussions/negotiations
- All development partners have committed to investing funds within Alameda County in the form of community investment grants/funds

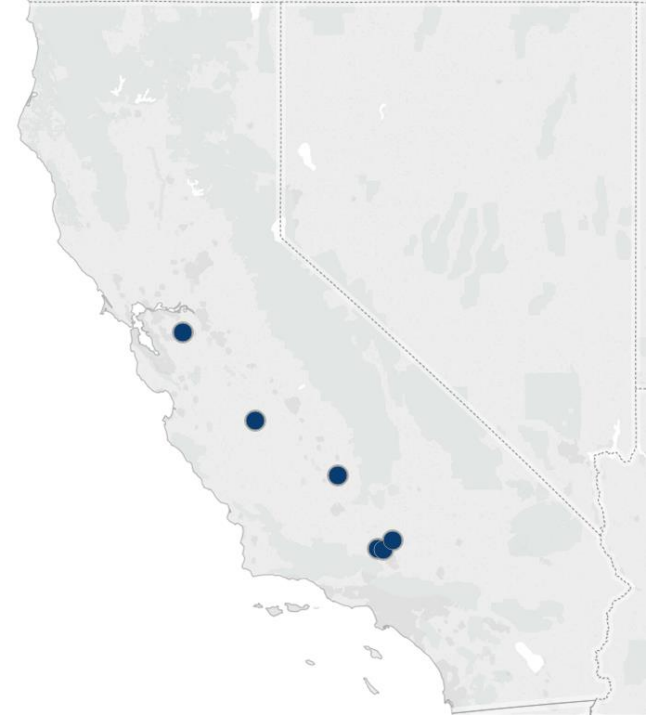


# Key Risks & Mitigating Actions

Risk	Description	Mitigation
Development & Counterparty Risk	Project encounters issues with development milestones, local opposition, equipment sourcing or financing	<ul style="list-style-type: none"> <li>-Projects selected based in part on qualitative due diligence related to development risk.</li> <li>-The anticipated project portfolio reflects a diverse mix of counterparties and project.</li> <li>-Selected projects are required to post development security to EBCE in event of default.</li> <li>-Regular reporting will track development progress.</li> </ul>
Project performance risk	Projects do not perform due to project related issues or poor weather conditions	<ul style="list-style-type: none"> <li>-Idiosyncratic project issues should be addressed through project/counterparty posted operation security and performance related requirements, such as guaranteed energy production.</li> <li>-Analysis of solar irradiation was completed looking at robust historical data and a wide forecast of potential future outcomes.</li> </ul>
Financial Risk	Actual financial profile of proposals deviates from expectations as a reflection of macro energy market characteristics	<ul style="list-style-type: none"> <li>-Projects evaluated against multiple benchmarks, including historical market data and forward scenarios from 3<sup>rd</sup> party consultant. Forward scenarios include wide range of market conditions and result in probabilistic financial profiles.</li> <li>-The anticipated project portfolio reflects a diverse mix of project locations and technology that includes storage and wind.</li> <li>-Total MWs procured under this RFP is forecasted to be approximately 30% of annual load.</li> </ul>
Congestion / Basis Risk	Transmission constraints degrade the value of power EBCE is purchasing during the term of the agreements	<ul style="list-style-type: none"> <li>-Quantifying forward congestion is notoriously challenging. EBCE interviewed multiple consulting firms to understand possible treatments. Project financial profiles include recent historical data to reflect current market dynamics.</li> <li>-The load EBCE serves provides partial offset to potential congestion.</li> </ul>
Load management Risk	EBCE load reduces based on customer departures, increase in distributed energy resources, DA, energy efficiency, population decline, etc.	<ul style="list-style-type: none"> <li>-Detailed management of load forecasts into the future and conservative renewables procurement that limited long-term contracts.</li> <li>-Total MWs procured under this RFP is forecasted to be approximately 30% of annual load.</li> </ul>

# Portfolio Characteristics

- The final portfolio is expected to include 6-8 projects totaling approximately 600-700MWs in project capacity and up to 2,000,000MWhs per year
- Projects range from 50 to 150MWs
- The portfolio is expected to include standalone solar PV, Solar PV + storage, and standalone wind
- Storage is included in 2 projects totaling between 60-90MWs of capacity with a 4hour duration
- Project maturities range from mid-stage to late-stage development status
- All projects are committed to utilizing union labor
- Projects include funds allocated towards community investment
- Projects include pnode and PG&E DLAP settled projects, 15-20year PPAs, as well as fixed and 2% escalating pricing structures



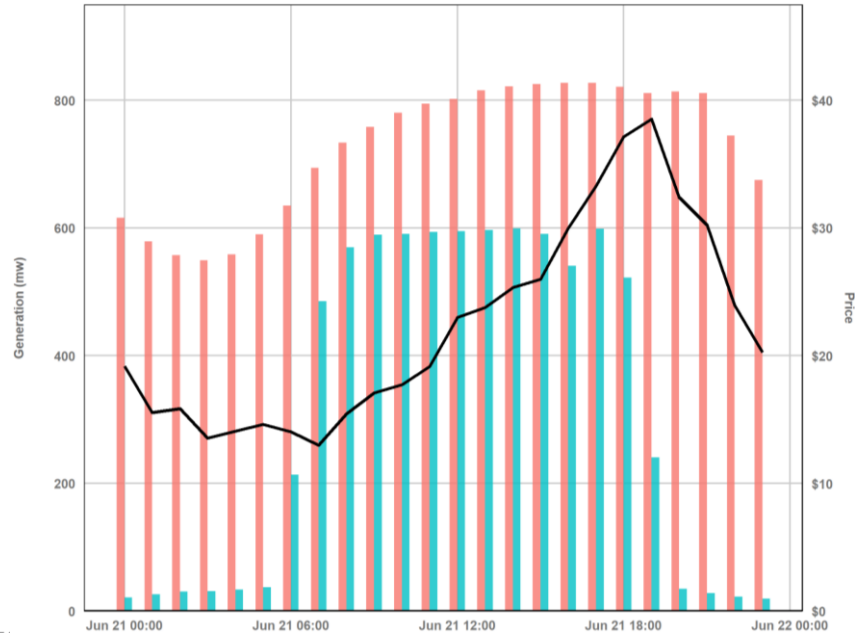
# Proposal Analysis Methodology

- The hourly wholesale value of the electricity generated (relative to the contract price) was evaluated under a range of market conditions (~2,000 scenarios of projects for the next 15+ years).
  - Considered various natural gas prices, grid fundamentals, solar penetration, and weather conditions
- Analysis of basis risk associated with pnodes was completed based on historical pricing with a forecast incorporating statistical risk assessment.
- The resulting hourly cash flows were then summed to illustrate the range of potential cash flows in every month and year of the contract.
- The financials were plotted together to illustrate how frequently various levels of gains and losses occurred. This process also incorporated various risk weightings to consider mitigating downside scenarios.
- Because each proposal provided a unique hourly value profile, the projects were grouped into approximately 18,000 different potential portfolios to represent all possible project/portfolio combinations to meet EBCE's target capacity.
- EBCE selected the portfolio of projects that provided the best economic value while mitigating downside risk and, achieving qualitative criteria related to location, workforce development, and community investment.

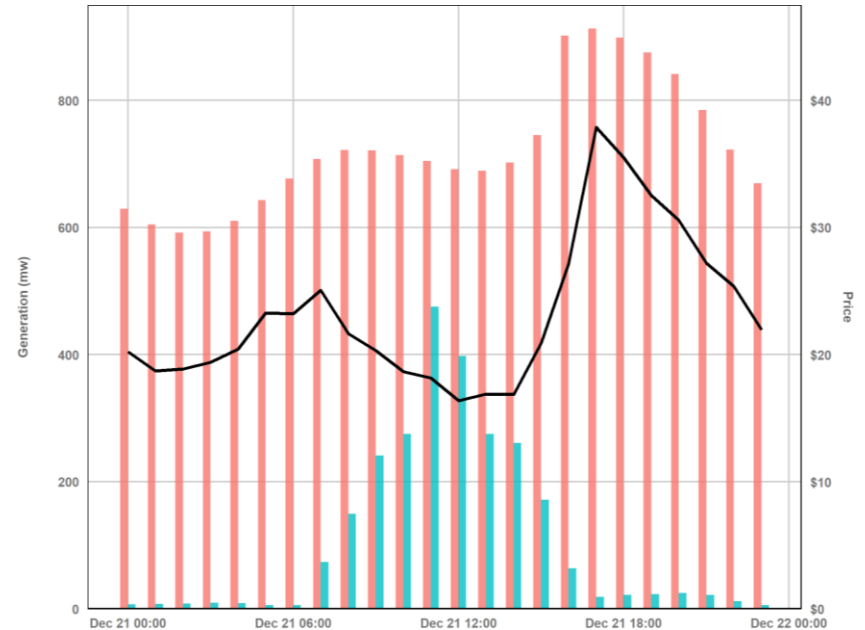
# Sample: Historical Hourly Volatility

Due to the intermittency of renewable energy, there will be hours in which EBCE relies heavily on the open market to purchase electricity for customers. There will also be hours in which the renewables account for a greater proportion of the supply mix. Managing this risk will be key for success. Note: This portfolio does not reflect the integration of storage.

### Example Summer Day

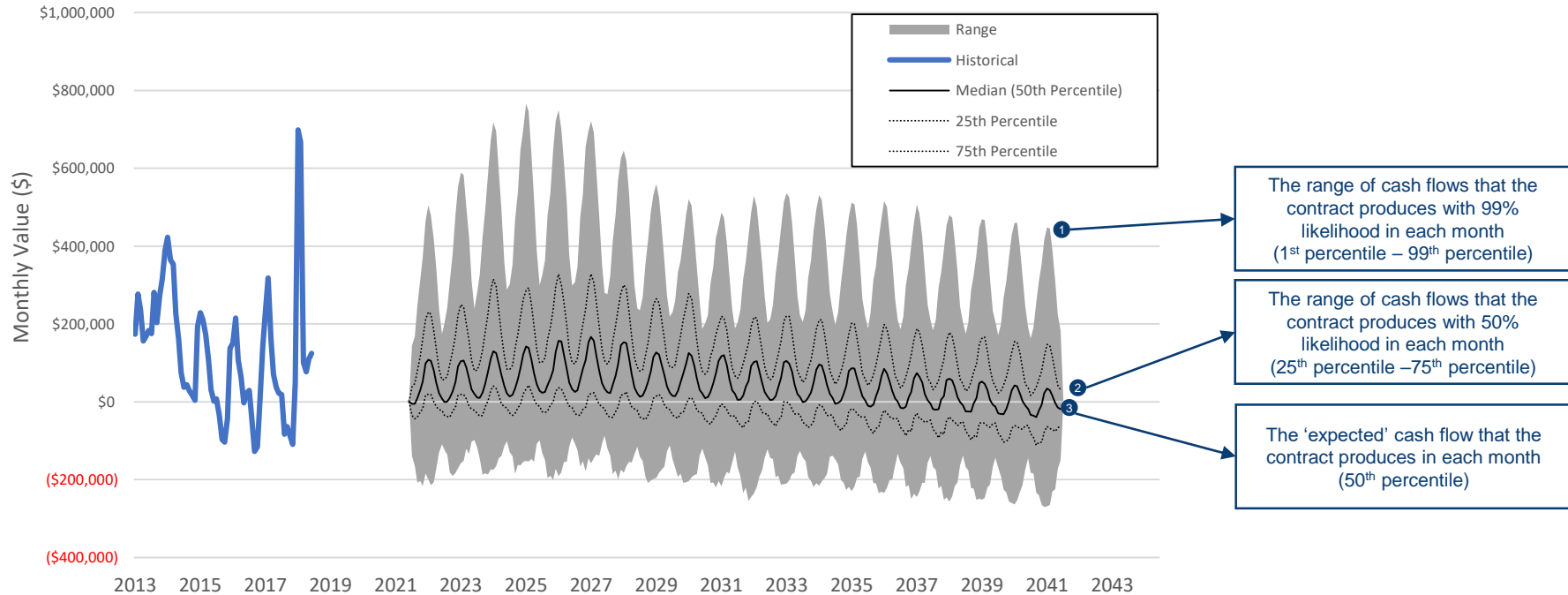


### Example Winter Day



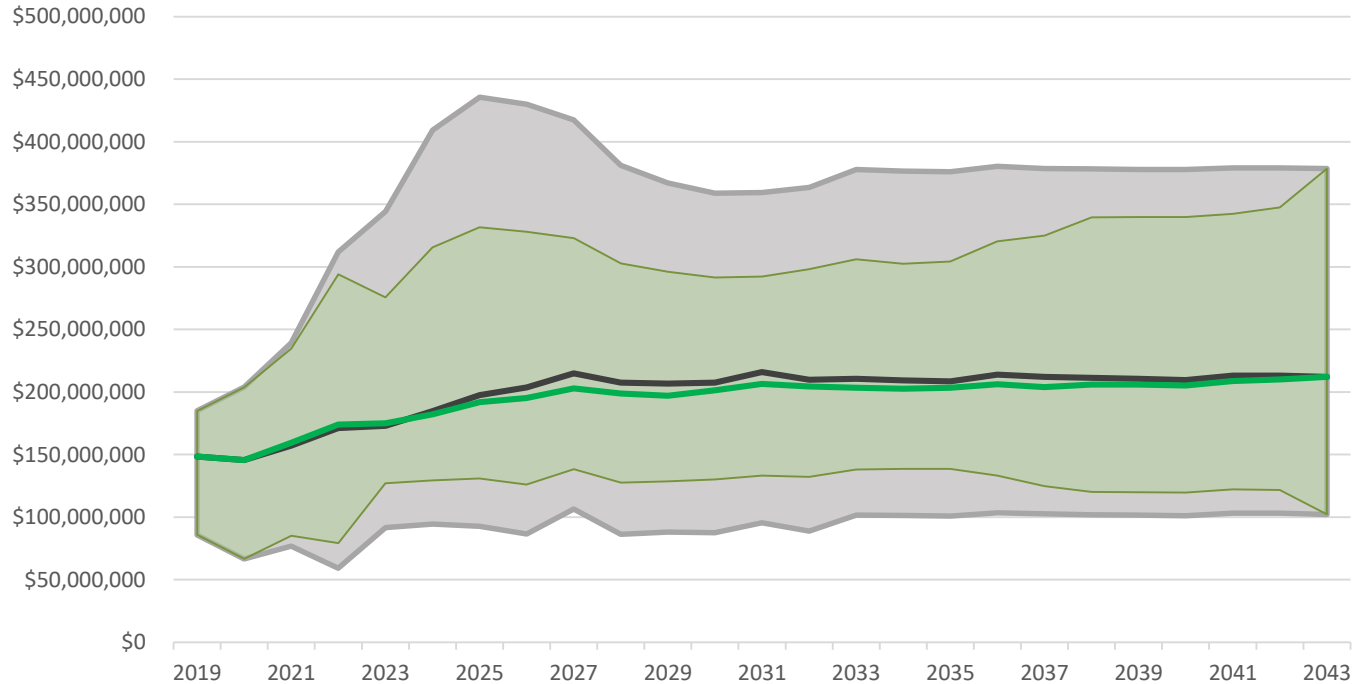
# Example – Cash Flow Analysis

## Monthly Economics: Historical vs Future



# Strategically Managing Risk for Customers

## The Impact of Renewables on Customer Cost Certainty



- Customers' bills are impacted by potential volatility in the price of electricity
- By incorporating the portfolio of fixed-price renewable energy, we can reduce the risk faced by our customers by ~40% (as measured by +/- 25% swings in cost; or the p25-p75 range)
- Based on the competitive price of renewables, this benefit can be achieved at a reduction in the median cost of ~3%

# Next Steps

- Complete PPA negotiations for projects and anticipate bringing forth projects for board approval in May and June board meetings
- Certain contract terms, such as price will be redacted
- June Board retreat will include discussions on broader renewables procurement topics
- IRP process to begin this summer to look at the 5-10 year time frame and renewables targets above SB350 requirements
- Additional RFP/RFI planning to take place after completion of the CA Renewable Energy RFP