



Staff Report Item 13

TO: East Bay Community Energy Board of Directors
FROM: Kelly Brezovec, Customer Care Manager
SUBJECT: 2019-2020 Value Proposition - Public Comment Review (Informational Item)
DATE: June 19, 2019

Recommendation

Accept an update from staff on the 2019-2020 Value Proposition public comment, staff actions taken, and comments received

Background

In the May 24, 2019 Executive Committee meeting, the Chief Executive Officer (CEO) presented East Bay Community Energy’s initial draft 2019-2020 budget for feedback and identified staff’s intention to hold a series of public meetings to present this budget along with a review of EBCE’s value proposition.

Prior to presenting the budget to the Executive Committee, at its May 15, 2019 meeting, the EBCE Board approved an EBCE Value Proposition Update/Rate Setting Process. Staff has completed the first half of the process as outlined.

Date	Item
May 15, 2019	Process Approval by Board of Directors
May 24, 2019	Discount Options presented to Executive Committee for initial feedback
May 28 - June 7, 2019	Up to three (3) public workshops held to review, discuss, and collect feedback on discount options
June 7, 2019	Written comments due from public on discount options
June 14, 2019	Staff proposal included in posted BOD packet

June 17, 2019	Staff presents proposal to CAC
June 19, 2019	BOD reviews and approves staff proposal on discount
July 1, 2019	Anticipated final PG&E Rates and PCIA
July 2, 2019	EBCE begins to update back-end systems per final PG&E Rates, PCIA, and approved discount
July 15, 2019 (estimated)	EBCE launches new rates with July 1 effective date
July 17, 2019	Staff provides update to board on status of new EBCE rates based on value proposition approved in June 2019 and presents rate sheets

Discussion - Public Comment Period

Staff held three public workshops, advertised via an email to EBCE’s “sign up for updates” list, Facebook promoted events, and content in the What’s New section on our main homepage. There was an evening webinar, a Saturday morning in-person meeting held within walking distance of the Union City BART station, and a lunchtime webinar.

The below email was sent, on Friday, May 24, 2019, to the 4,000 constituents that have signed up for EBCE’s email list. Nearly 1,000 people (24% of recipients) opened the email and 46 of them clicked on the available links.



East Bay Community Energy (EBCE) is committed to a robust and transparent rate setting process. We invite you to share your thoughts on EBCE’s 2019-2020 electric generation rates using one or more of the following methods:

In-person at our June 1 public forum:
 Saturday, June 1, 2019, 10:00 AM - 11:30 AM
 Union City’s Kennedy Youth Center - 1333 Decoto Rd, Union City, CA 94587
 Less than a ½ mile walk from Union City BART station

Online at a webinar:

- Wednesday, May 29 at 6 PM - [Click here to RSVP](#)
- Wednesday, June 5 at noon - [Click here to RSVP](#)

Written comments may be emailed to PublicComment@ebce.org, or mailed to:
 East Bay Community Energy Public Comment
 1111 Broadway, 3rd Floor
 Oakland, CA 94607

Written comments shall be no longer than five pages. All comments will be posted to ebce.org/rates for six months.

Please provide your insights and feedback no later than 5:00 PM on Friday, June 7, 2019. EBCE staff will review public comments and summarize as part of our recommendation to the Board of Directors regarding 2019-2020 rate setting. Thank you for your participation.

Background documents:

- [Rate Setting Policy Board Report, presented at the February 7, 2018 Board of Directors Meeting](#)
- [Renewable 100 Product Approval Board Report, presented at the April 18, 2018 Board of Directors Meeting](#)
- [EBCE Value Proposition Update/Rate Setting Process Board Report, presented at the May 15, 2019 Board of Directors Meeting](#)
- [2019-2020 Budget Report, presented at the May 24, 2019 Executive Committee Meeting](#)

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EBCE staff also created public events and advertised the dates on Facebook, reaching an additional 2,000 Alameda County adult residents.



Eleven individuals signed up for the webinars. Five individuals participated and did not provide a public comment. A recording of the webinar was posted to our website to allow interested parties to view outside of the scheduled presentations.

The in-person event was held within walking distance of the Union City BART station on Saturday, June 1 at 10:00 am. There were no participants.

Staff received two written comments via email.

Summary of Public Comments Received

Staff received comments from two Berkeley residents. The comments are attached as Exhibit A and Exhibit B.

Tom Kelly called on EBCE to increase the renewable content in Bright Choice and suggested that Bright Choice is eliminated and replaced with a 50% renewable, 100% carbon-free iteration of Brilliant 100 at a 2% discount to PG&E's generation price.

Richard Rollins requested additional information regarding financials for each EBCE product and a presentation of rate, budget, and power mix scenarios.

Staff have reviewed these comments and are taking these ideas into consideration for this and future rate setting opportunities that focus on the power mix.

Attachment(s):

- A. Public Comment from T. Kelly of Berkeley
- B. Public Comment from R. Rollins of Berkeley

Email received by publiccomment@ebce.org on Wednesday, June 5, 2019:

Thank you for providing the opportunity for interested stakeholders to comment on East Bay Community Energy's (EBCE) 2019-2020 Rate Setting process.

When the EBCE Board set the agency's first rate structure in February 2018, the Board spent a great deal of time discussing the program's energy mix for its default product and spent very little time on a discussion of rates. The Board directed that EBCE's default product (*Bright Choice*) be 85% carbon free* (38% renewable and 47% hydro) and be discounted 1.5% from PG&E's standard rates. The staff's original recommendation for *Bright Choice* was 70% carbon free (35% renewable and 35% hydro) at a 2% discount from PG&E. The Board increased the default's carbon free content in response to an [announcement by PG&E](#) that it had achieved a carbon free power mix of nearly 80% in 2017. EBCE's Implementation Plan (Plan) submitted to the California Public Utilities Commission (CPUC) in August 2017 stated that EBCE would offer "a default EBCE service option that at a minimum matches PG&E's renewable energy share and exceeds its share of GHG-free energy by 10%" (Community Choice Aggregation Implementation Plan and Statement of Intent, August 2017 at page 15).

The Board did not discuss the staff's recommendation for the power mix and pricing for the only other product available at the time (*Brilliant 100*). The staff recommendation for *Brilliant 100* was 40% renewable and 60% hydro-electric power at a price equal to PG&E's rates.

The issue of pricing is addressed in the agency's Joint Power Agreement which calls for a price that is "lower or competitive with PG&E for similar products" (East Bay Community Energy Authority, Joint Powers Agreement, Recitals, paragraph 6 (a)).

Since EBCE set its rates and power mix in February 2018, we have learned that PG&E's renewable content has increased and its carbon emissions have decreased significantly. This means that EBCE is obligated to review and adjust its power mix for its default product to be consistent with its commitments made in its Plan. Once the amount of renewable and carbon free content have been determined for its default product, rates can be set accordingly.

There is always uncertainty about the renewable and carbon free content of electricity sold in the previous year to retail customers. The California Energy Commission (CEC) audits the retail electric sales and publishes a Power Content Label (PCL) that generally reflects the power sources of each utility's or CCA's aggregated retail sales. The PCL, however, is not published until the Fall of the year following the year when the sales took place. For example, a PCL for electric sales in 2018 will not be available until October-November 2019. I have just learned, however, that the CEC does have some preliminary data on the 2018 retail electric sales that the Commission has shared with at least two other CCAs, namely Clean Power Alliance and CleanPowerSF. Attached is a comparison of CleanPowerSF's power content to PG&E's 2018 data. Please note that PG&E's renewable power (39%) is greater than EBCE's default product (38%).

We also know from documents filed with the CPUC by PG&E in its 2019 Energy Resource Recovery Account (ERRA) application that PG&E is forecasting that its aggregated carbon emissions for 2019 will be approximately 11 lbs. CO₂e/MWh compared to EBCE's estimated forecast of 142 lbs. CO₂e/MWh.

The solution to the fact that EBCE's default product has fallen behind PG&E on renewable content and greenhouse gas emissions is straight-forward. EBCE should eliminate *Bright Choice* entirely and make *Brilliant 100* the default. Ideally, the default could be 45%-50% renewable and 55%-50% hydro and offered at a discount of at least 2%. This would be a win for the elimination of carbon emissions, a price reduction for all customers, the elimination of the threat of *Bright Choice*'s carbon content coming back to haunt EBCE, and it would give the program time to evolve into providing a 100% renewable product for all customers. The effect on EBCE's surplus (profit, reserve) would be minimal. EBCE staff should provide the Board with several scenarios like the one I've described to allow the Board to make an informed decision, rather than unilaterally determining that the power mix will not be considered at this time. Note, too, that at least 3 other Bay Area/regional CCAs offer a carbon free default product along with a discount on the rate.

*The 47% carbon free hydro approved by the Board in February 2018 has been changed to 24% hydro and 23% "unspecified power" delivered by an Asset Controlling Supplier (ACS). Although the majority of the ACS power comes from hydro, a percentage of the power comes from natural gas sources. This adds an additional 12

lbs. CO₂e/MWh to the carbon emissions produced by *Bright Choice*. Per current CEC rules, the actual carbon free content of *Bright Choice* is 62%, not 85% as directed by the Board.

Sincerely,

Tom Kelly
KyotoUSA
Berkeley, CA

CleanPowerSF Rates and Renewable Content - Residential

	CleanPowerSF Green	CleanPowerSF SuperGreen	PG&E Default	PG&E Solar Choice
Renewable Energy Content	48%	100%	39%	100%
Electricity Generation	\$21.56	\$26.08	\$33.69	\$38.47
PG&E Electricity Delivery	\$35.79	\$35.79	\$35.79	\$35.79
Additional PG&E Fees*	\$10.25	\$10.25	N/A	\$10.07
AVERAGE TOTAL COST PER MONTH	\$67.59	\$72.11	\$69.48	\$84.33

COMPARISON OF TYPICAL MONTHLY BILL—RESIDENTIAL

*Additional PG&E Fees refer to the Power Charge Indifference Amount (PCIA) and the Franchise Fee Surcharge (FFS). For more details, view [Understanding Your Bill](#).

The bill above is based on average winter usage of 301 kWh. The E1 rate schedule was used for comparison, PG&E rates effective March 1, 2019 and current CleanPowerSF rates effective July 1, 2018.

Renewable energy content listed for each product identified above as reported in CleanPowerSF's Annual Report to the California Energy Commission Power Source Disclosure Program and PG&E's 10-k filing. Data is subject to an independent audit and verification that will not be completed until October 1, 2019.

June 3, 2019

Email received by publiccomment@ebce.org on Friday, June 7, 2019:

Dear East Bay Community Energy Directors:

Thank you for the opportunity to comment on proposed East Bay Community Energy (EBCE) rates and rate setting process for FY 2019-2020. I understand that setting rates is an integral part of the process to establish the 2019-2020 budget that will be considered by Board at the June 19, 2019 Board Meeting.

My primary concern is that the Board is being asked to consider rates (and the 2019-2020 budget) without important contextual information or presentation of alternate scenarios from which to make decisions or more easily understand staff recommendations. Perhaps most important, the staff proposal to set rates for 2019-2020 without a simultaneous review of the EBCE product power mix is problematic for a number of reasons:

1. **Cost of Energy.**

The proposed cost of energy (\$ 386,609,000) is the single largest expenditure in the proposed 2019-2020 budget. The proposed budget was presented to the Executive Committee on May 24, 2019 (see Staff Report Item 4 and the presentation slides). Slide 5 of the presentation indicated five components of the Cost of Energy budget as follows: Block and Shaped Energy, Renewable Energy, Carbon Free Energy, Resource Adequacy, and CAISO fees. Details of the cost or percentage contribution of each of these components was not presented to the Executive Committee or discussed, nor was the cost or percentage contribution of prior year expenditures for these components.

Staff should present to the Directors and the public a comparison of past year expenditures with proposed 2019-2020 budget. Without a review of past expenditures for the components of energy cost, comparison to proposed budget for each component, and an explanation of why the proposed budget differs from past expenditures it is difficult to imagine that Directors can make an informed decision regarding rates. If actual dollar comparisons reveal information that could adversely impact ongoing negotiations, then percentage deviations between past year expenditures and proposed budgets could be used to illustrate the relative amount of change for each component of cost.

Review of the component costs of energy as a part of the budgeting process is essential because the cost of energy, in part or whole, is inextricably linked to its greenhouse gas (GHG) emissions intensity and its eligibility as a California-RPS energy source. **I strongly recommend that the EBCE Board request such energy component cost information from staff and consider it an essential part of the 2019-2020 rate setting and budgeting process for EBCE.**

The importance of more detailed and transparent information regarding the components of energy cost can best be understood by seeking answers to questions such as:

- What percentage of past year energy cost was for qualified California-RPS energy? What was the cost? What was the EBCE sales revenue for this energy? What was the margin?
- What percentage of past year energy cost was for carbon free energy (not RPS qualified)? What was the cost? What was the EBCE sales revenue for this energy? What was the margin?
- What was the past year margin for the EBCE Bright Choice product? How does the proposed margin for 2019-2020 change, and why?
- What was the past year margin for the EBCE Brilliant 100 product? How does the proposed margin for 2019-2020 change, and why?
- What was the past year margin for the Renewable 100 product? How does the proposed margin for 2019-2020 change, and why?
- etc.

2. Rates, Emissions, and Value Proposition

The value proposition and EBCE rates are referenced to and based on PG&E rates. The value position was presented to the Executive Committee on May 24, 2019 (see Staff Report Item 4 and the presentation slides 15 to 18). Contrary to the EBCE Board discussions and deliberation that occurred in 2018, when PG&E rates and emissions intensity served as a basis for EBCE rate setting and power mix decisions, the proposed rates and the presentation to the Executive Committee did not reference the latest PG&E power mix (or estimated emissions intensity). Instead, the currently proposed 2019-2020 rates are, by default, based on parity with PG&E emissions intensity of 2017.

The approved CPUC forecast of PG&E emissions intensity for 2019 (refer to Appendix A of the linked document: <https://pgera.azurewebsites.net/Regulation/ValidateDocAccess?docID=543405>) is 0.005 MT CO₂e/MWh (11 lbs CO₂e/MWh); the stated target for EBCE emissions intensity is 142 lbs CO₂e/MWh. Such a dramatic disparity between EBCE and PG&E emissions intensity must be considered during the rate setting process. **If PG&E emissions intensity is no longer relevant to EBCE power mix decisions and rate setting, the Board must establish a new benchmark along with a schedule for reductions of GHG emissions resulting from EBCE energy procurement decisions.**

3. Scenario analysis

A significant shortcoming of the proposed rates, emissions intensity, and resulting energy cost budget is the lack of staff presentations of possible scenarios. **The EBCE Board of Directors should request that staff prepare and present several different scenarios so that the Board has more information regarding the impacts of various possible decisions that affect rates, emissions, and budget.**

Possible scenarios include:

- Change the Bright Choice power mix to match the PG&E estimate of 11 lbs CO₂e/MWh.
- Increase the renewable percentages of both Bright Choice and Brilliant 100 to at least 50% while decreasing the emissions intensity of Bright Choice.
- Eliminate Bright Choice and make Brilliant 100 the default product that replaces Bright Choice. What is the revenue neutral discount (relative to PG&E) that can be given to Brilliant 100?
- Eliminate Bright Choice, increase the renewable percentage of Brilliant 100 to at least 50%, and make Brilliant 100 the default product that replaces Bright Choice.
- Others??

Without such scenario development and analysis it is impossible to understand how the Board can make informed decisions about emissions intensity, rates, and budget.

Thank you for the opportunity to provide these comments.

Sincerely,
Richard Rollins
1372 Rose Street
Berkeley, CA
925-250-5957