



Staff Report Item 20

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: FY 2020 Budget and Value Proposition (Action Item)
DATE: June 19, 2019

Recommendation

- A. Approve East Bay Community Energy's Fiscal Year 2020 Budget
- B. Approve Staff proposal to make no change to East Bay Community Energy's customer value proposition of a 1.5% discount on Bright Choice, price parity with PG&E for Brilliant 100 and a \$0.01/kWh premium for Renewable 100

Background

East Bay Community Energy Staff first presenting a draft FY 2020 budget to the East Bay Community Energy Executive Committee on May 24, 2019. The Executive Committee provided feedback on a number of items, including:

- A comparison of EBCE's projected staffing levels with other CCAs
- A comparison of EBCE's power content and value proposition with other CCAs
- A current organizational chart

On May 29, June 1 and June 25, EBCE held two webinars and a meeting in Union City to present the staff proposal to maintain EBCE's current value proposition. No comments were submitted during any of these meetings.

On June 3, the EBCE Community Advisory Committee met to discuss both the proposed budget and the proposed value proposition.

On June 7, written comments were submitted to EBCE in response of the staff proposal to maintain EBCE's current value proposition.

EBCE Budget

In response to feedback from the Executive Committee, internal staff resource discussions, public comment and two rate updates from PG&E (the first being the final 2019 PCIA EBCE numbers and the second being PG&Es initial 2020 ERRRA filing), EBCE staff is proposing the following fiscal year 2020 budget:

1) Forecast Revenues

REVENUE AND OTHER SOURCES

Electricity Sales	487,015,000
Uncollectables	(2,448,000)
Investment Income	579,000
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Total Revenue and Other Sources	485,146,000

This forecast of revenue reflects East Bay Community Energy’s current forecast of PG&E rates and the PCIA for EBCE’s FY 2020. These values will change over the course of the year based on actual customer consumption patterns, opt-outs, and changes to PG&Es 2020 rate and PCIA forecasts.

2) Forecast Energy and Energy Operations Costs

ENERGY OPERATIONS

Cost of Energy	386,904,000
Scheduling	653,000
Data Management/Billing'Customer Service	6,758,000
PG&E Service Fees	2,253,000
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Total Energy Operating Costs	396,568,000

This forecast of energy operating costs reflects East Bay Community Energy’s current procurements and forecasts of energy prices through the end of FY 2020. These values will change over the course of the year based on actual customer consumption patterns, opt-outs, and changes to actual energy product pricing.

3) Overhead Operations

OVERHEAD OPERATIONS

Personnel	6,703,000
Marketing, Outreach, Communications	2,263,000
Legal, Policy, & Regulatory Affairs	1,586,000
Local Development	4,840,000
Other Professional Services	1,214,000
General & Administrative	2,290,000
Depreciation	61,000
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Total Overhead Operating Costs	18,957,000

EBCE's Overhead Operating Costs reflect EBCE's proposed budgets for Personnel, Marketing/Outreach/Communications, Legal, Policy and Regulatory Affairs, Local Development, Other Professional Services and General and Administrative costs.

3a) Personnel

EBCE's budget accounts for staff headcount to grow from 23 in FY 2019 to 37 by the end of FY 2020. This includes three hires (Assistant Clerk, Local Development Program Manager, Decarbonization Analyst) that have been added in response to feedback from the Executive Committee and discussions during the Board Retreat. A full overview of EBCE's staffing plan, salary scales and organizational chart are included in the attached presentation.

3b) Marketing, Outreach and Communications

EBCE's Marketing, Outreach and Communications budget includes a wide variety of activities from direct marketing, customer outreach and engagement, events, sponsorships and customer communications that are mandated by the CPUC. A full overview of EBCE's Marketing, Outreach and Communications budget is included in the attached presentation.

3c) Legal, Policy and Regulatory Affairs

EBCE's Legal, Policy and Regulatory Affairs budget includes all EBCE's legal services costs, as well as all legislative and regulatory engagement. A full overview of EBCE's Legal, Policy and Regulatory Affairs budget is included in the attached presentation.

3d) Local Development

EBCE’s Local Development budget includes all EBCE’s planned direct expenditures on Local Development activities. In response to comments from the Community Advisory Committee, EBCE staff have created a new budget line item within Local Development that captures EBCE’s investments in Alameda County clean energy infrastructure projects that have been procured through initiatives like the Oakland Clean Energy Initiative and the CA Renewables RFP. A full overview of EBCE’s Local Development budget is included in the attached presentation.

3e) Other Professional Services

EBCE’s Other Professional Services budget primarily includes EBCE’s technical energy analytical services, including integrated resource planning and risk management support. A full overview of EBCE’s Other Professional Services budget is included in the attached presentation.

3f) General & Administrative

EBCE’s G&A budget includes the cost of EBCE’s office rental, office equipment, staff travel and expenses, and equipment. A full overview of EBCE’s G&A budget is included in the attached presentation.

4) Interest Payments

INTEREST PAYMENTS

Borrowing Interest	1,230,000
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Total Interest Payments	1,230,000

EBCE’s Interest Payments cover the cost of EBCE’s credit facility with Barclay’s. This value includes both drawn and undrawn costs. A full overview of EBCE’s Interest Payments is included in the attached presentation.

5) Forecast Net Position

Net Increase (Decrease) in Position	68,391,000
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EBCE’s forecast net position reflects EBCE Staff’s current view on forecast revenues, forecast energy costs and operating budget. Currently, EBCE is forecasting a positive net position of over \$68 million dollars.

EBCE Value Proposition

EBCE staff evaluated EBCE's current customer value proposition in the context of two major factors: 1) Direct Access Load Loss, 2) PG&Es Forecast 2020 Rates and PCIA

Based on current data available to EBCE, the re-opening of Direct Access could result in up to 188 GWh of load departure in 2021, which would decrease net revenue by \$2.8 million or more.

The most recent PG&E 2020 Rate and PCIA forecasts available to EBCE (one being a consultant driven rate forecast and the other being PG&E's actual 2020 ERRA Forecast) suggest the PG&Es generation rates will decrease in 2020, while the PCIA will increase by almost 30% compared to 2019. EBCE Staff forecast is that 2020 revenue impacts from the changes to PG&E's Rates and PCIA could reduce revenue by over \$60m compared to 2019.

Two sets of public comments were received in response to EBCE's review of its value proposition. Both sets of comments focused on EBCE's power content and its relationship to EBCE's finances.

In light of the continued potential that PG&E's rates and PCIA may significantly reduce 2020 revenues, EBCE staff recommend making no change to EBCE's value proposition at this time.

A more detailed assessment of EBCE's value proposition is included in the attached presentation.

Attachment

- A. FY 2020 Budget Presentation



FY 20 Proposed Budget

PRESENTED BY: Nick Chaset

DATE: May 24, 2019



East Bay Community Energy: FY 20 Budget Proposal

EBCE staff is pleased to present this draft 2019-2020 Budget.
Items covered through this presentation:

1. Overview of Revenues: Electricity Sales

2. Overview of Expenditures

- Cost of Energy

- Personnel

- Legal, Policy, & Regulatory Affairs

- Marketing Services

- General and Administration

- Other Professional Services

- Local Development

- Interest Payments

3. Overview of EBCE Expected Net Position at the end of the fiscal year and EBCE Reserve Policy

4. Review of EBCE Value Proposition and Discount

East Bay Community Energy: FY 20 Budget Proposal

Caveats on EBCE's FY20 Budget Proposal:

1. EBCE's 2019-20 Budget reflects staff's current projections for both electricity sales and energy costs. Both of these variables are subject to change over the course of the year due to a wide variety of factors ranging from the weather, to commodity prices and interest rates.
2. The 2018-19 Budget presented is the January revise, which updated many assumptions from the June budget to match with reality seen by launch.
3. For 2019-20:
 1. Legal, Policy, & Regulatory Affairs has been broken out from Other Professional Services.
 2. Anticipated future Local Development Program financing is being planned with a capital program

	FY 2018-19 Jan BUDGET	FY 2019-20 BUDGE
REVENUE AND OTHER SOURCES		
Electricity Sales	379,611,000	487,015,000
Uncollectables	-	(2,448,000)
Investment Income	-	579,000
Total Revenue and Other Sources	379,611,000	485,146,000
EXPENDITURES AND OTHER USES		
ENERGY OPERATIONS		
Cost of Energy	296,641,000	386,904,000
Scheduling	660,000	653,000
Data Management/Billing/Customer Service	4,937,000	6,758,000
PG&E Service Fees	1,476,000	2,253,000
Total Energy Operating Costs	303,714,000	396,568,000
OVERHEAD OPERATIONS		
Personnel	3,957,000	6,703,000
Marketing, Outreach, Communications	1,671,000	2,263,000
Legal, Policy, & Regulatory Affairs	-	1,586,000
Local Development	2,000,000	4,840,000
Other Professional Services	2,381,000	1,214,000
General & Administrative	1,146,000	2,290,000
Depreciation	-	61,000
Total Overhead Operating Costs	11,155,000	18,957,000
TOTAL ENERGY & OPERATING EXPENSES	314,869,000	415,525,000
Earnings Before Interest & Capital	64,742,000	69,621,000
INTEREST PAYMENTS		
Borrowing Interest	945,000	1,230,000
Total Interest Payments	945,000	1,230,000
TOTAL OPERATIONS & INTEREST DUE	315,814,000	416,755,000
NET INCREASE (DECREASE) IN POSITION	63,797,000	68,391,000

1. Overview of Revenues: Electricity Sales

REVENUE AND OTHER SOURCES	
Electricity Sales	487,015,000
Uncollectables	(2,448,000)
Investment Income	579,000
Total Revenue and Other Sources	485,146,000

Electricity Sales Assumptions and Statistics

- Opt-Out Rate: 5% (EBCE opt-out is currently approximately 3.4%)
- Uncollectables: 0.5% (based on observed monthly average)
- 89% of customers Bright Choice (1.5% discount)
- 10% of customers Brilliant 100 Opt Up (no discount)
- 1% of customers 100% Renewable Opt Up (\$0.01/kWh premium)
- Total Customers Served: 544,772 (as of 6/6/2019)
- 2019 Rates based on final PG&E ERRR compliance approved on June 10, 2019
- 2020 Rates are based on consultant forecast and PG&E 2020 ERRR Forecast

2. Overview of Expenses: Energy Operations

ENERGY OPERATIONS	
Cost of Energy	386,904,000
Scheduling	653,000
Data Management/Billing'Customer Service	6,758,000
PG&E Service Fees	2,253,000
Total Energy Operating Costs	396,568,000

Energy Costs are made up of four primary energy products and CAISO costs

- Block or Shaped Energy, Renewable Energy, Carbon Free Energy, Resource Adequacy and CAISO fees
- Current forecasts are based on actual and forecast energy costs as of June 12, 2019

Scheduling, Data Management and Service Fees

- Scheduling costs are fees paid to NCPA to manage EBCE's energy purchases and market activity
- Data Management, Billing and Customer Service/Call Center are the fees paid to SMUD at \$1.05/customer meter/month
- PG&E Service Fees are the monthly costs paid to PG&E to use their billing and metering systems at \$0.35/customer/month

Note: EBCE's specific costs of energy are derived from a mix of EBCE's actual contracted costs of the four energy products and forecast costs for these four energy products. EBCE is currently in the process of soliciting and procuring for both its 2019 and 2020 power needs.

2. Overview of Expenses: Personnel

Personnel

6,703,000

EBCE currently employs twenty two full time staff and one temporary employee.

In EBCE's FY 19 Budget, hiring for up to thirty positions was approved and EBCE expects to have hired twenty-three by the end of the fiscal year.

EBCE is seeking to hire an additional fourteen full time employees during the fiscal 2019/2020 year to reach a total of thirty seven employees, including:

- Exec: an assistant board clerk/admin coordinator
- Local Development: Program Manager, Analyst
- Marketing: Communications Analyst, Customer Care coordinator, Key Accounts manager
- Power: Risk manager, Analyst
- Data: Engineer, DER Data Scientist, Decarbonization Analyst
- Policy: Regulatory analyst, compliance analyst
- Legal: General Counsel - who will be hired based on explicit direction from the Board

Date of Hire		Position		Salary Classification
8/2/2017	Exec	Chief Executive Officer	Nick	CEO
10/5/2017	Exec	Council Clerk/Adminstrative Analyst	Steph	Analyst
10/23/2017	Exec	Chief Operating Officer	Howard	COO
10/15/2018	Exec	Finance Manager	Jason	Manager
11/13/2018	Exec	Executive Assistant	Meagan	Executive Assistant
8/1/2019	Exec	Assistant Clerk/Administrative Coordinator	Vacant	Coordinator
11/15/2017	Mar	VP of Marketing and Account Services	Annie	VP
1/2/2018	Mar	Marketing Director	Dan	Director
8/24/2018	Mar	Coordinator	Danny	Coordinator
10/1/2018	Mar	Coordinator	Febby	Coordinator
11/13/2018	Mar	Customer Care Manager	Kelly	Manager
6/10/2019	Mar	Public Engagement Manager	Alex	Manager
7/1/2019	Mar	Manager of Account Services (Key Accounts)	Vacant	Manager
7/1/2019	Mar	Intern	Vacant	Intern
9/1/2019	Mar	Customer Care Coordinator	Vacant	Coordinator
11/1/2019	Mar	Senior Communications Analyst	Vacant	Sr Analyst
1/7/2019	LD	Sr Director of Local Development	J.P.	Sr Director
4/8/2019	LD	Local Program Manager	Jesse	Manager
7/1/2019	LD	Local Program Manager	Vacant	Manager
7/1/2019	LD	Local Program Analyst	Vacant	Analyst
6/26/2018	Pow	Director of Power Procurement	Bill	Director
2/15/2019	Pow	Power Resources Associate	Jim	Associate
6/6/2019	Pow	Power Resources Manager	Mike	Manager
7/1/2019	Pow	Power Resources Manager	Vacant	Manager
9/1/2019	Pow	Power Resources Analyst	Vacant	Analyst
1/2/2018	Tec	VP of Technology & Analytics	Taj	VP
8/6/2018	Tec	Data Scientist	Kevin	Manager
9/1/2019	Tec	Systems Engineer	Vacant	Senior Analyst
8/1/2019	Tec	Integrated Decarbonization Strategist (Sr Analyst/Principle Analyst)	Vacant	Senior Analyst
10/1/2019	Tec	Strategic Manager	Vacant	Manager
11/28/2017	Pol	Sr. Directory of Reg Affairs/Deputy GC	Melissa	Sr Director
2/1/2018	Pol	Director of Community and Government Affairs	Deidre	Director
8/20/2018	Pol	Director of Regulatory Affairs	Todd	Director
9/5/2018	Pol	Principal Regulatory Analyst	Samantha	Principle Analyst
7/1/2019	Pol	Regulatory Analyst	Vacant	Analyst
7/1/2019	Pol	Paralegal/Compliance Analyst	Vacant	Analyst
TBD	Leg	General Counsel - hiring of this position contingent on Board Direction to do so	Vacant	GC

2. Overview of Expenses: CCA Headcount Comparison

	Exec/ Finance/ Admin	Legal	Marketing	Reg/Leg	Power	Programs	Customer Care	Technology	Total
PCE	3	3	4	3	3	3	2		21
SVCE	4		4	2	3	3	3		19
SJCE	6		4		4	1	3		18
MCE	13	3		6	7	10	19		58
SCP	4	2	3	1	3	4	4		21
EBCE	6	1	4	6	5	4	6	4	37
Average	6	2	4	4	4	4	6	4	

EBCE proposed headcount for FY'20 compared to five Bay Area CCAs

- EBCE staffing levels are generally at the average of the five comparable Bay Area CCAs
- The three areas where EBCE staffing levels are higher than the average are:
 - Technology and Analytics
 - Reg/Leg
 - Power
- EBCE higher levels of staffing in these three areas generally reflect EBCE's focus on developing capabilities, EBCE's size and EBCE's organizational priorities

2. Overview of Expenses: Personnel Continued

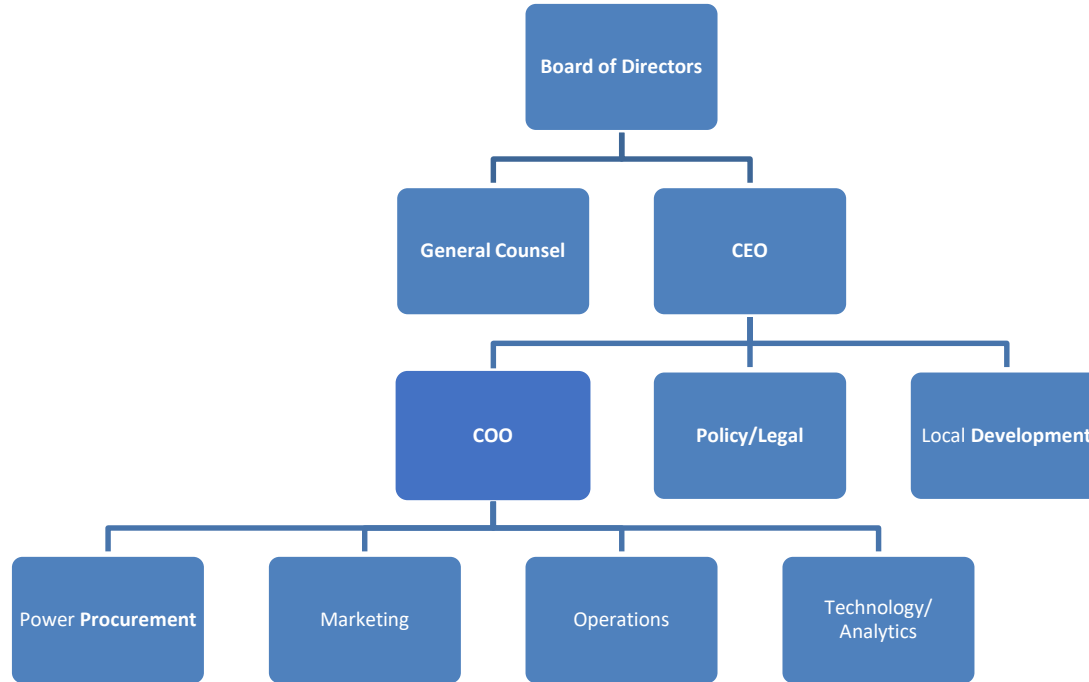
	2018/2019 low	2018/2019 high	2019/2020 Low	2019/2020 High
Fellow	\$55,000	\$60,000	\$56,100	\$63,000
Executive Assistant	\$80,000	\$110,000	\$81,600	\$115,500
Coordinator/Specialist			\$63,000	\$81,600
Analyst	\$80,000	\$105,000	\$81,600	\$110,250
Associate	\$105,000	\$125,000	\$107,100	\$131,250
Senior Analyst/Senior Associate			\$131,250	\$137,813
Manager/Principle Analyst	\$130,000	\$145,000	\$137,813	\$152,250
Senior Manager/Senior Principle Analyst	\$155,000	\$165,000	\$152,250	\$173,250
Director	\$170,000	\$190,000	\$173,400	\$199,500
Senior Director	\$195,000	\$215,000	\$199,500	\$225,750
Vice President	\$220,000	\$250,000	\$225,750	\$262,500
Senior Vice President	\$255,000	\$275,000	\$262,500	\$288,750
Executive VP/C-level	\$280,000	\$295,000	\$288,750	\$309,750
General Counsel	\$255,000	\$275,000	\$260,100	\$288,750

EBCE's 2018/2019 were developed through a review of Bay Area CCA salary survey that was included in the budget. For the 2019/2020 Fiscal Year, EBCE proposes adjusting the approved salary scales in two ways.

- First is to add a Cost of Living Adjustment of 2% and a performance based adjustment of up to 3%. These adjustments mean that EBCE staff are eligible for an increase in pay of between 2% and 5% in 2019/2020.
- The second change is the addition of two new employee classifications:
 - 1) Coordination/Specialist
 - 2) Senior Analyst/Senior Associate

Based on these two proposed adjustments, EBCE is proposing to adjust its salary scales by increasing the 2018/2019 low by 2%, the 2018/2019 high by 5% and align salaries between positions to arrive at EBCE's 2019/2020 salary scale

Overview of Expenses: EBCE Organizational Chart



2. Overview of Expenses: Marketing, Outreach, and Customer Service

Marketing, Outreach, Communications	2,263,000
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Required Mailings	908,000
Advertising	579,000
Communications	273,000
Other	63,000
Grants	140,000
Data Manager	300,000

Mailings: Joint Rate Mailer/Power Content Label
Advertising/Sponsorship/Events: Alameda County Fair, Hyper Local Campaign
Communications: public relations and media, newsletters
Other: travel costs, equipment, dues and membership
Grants: community grants
Data Management: change orders to data management systems

2. Overview of Expenses: Legal, Policy, and Regulatory Affairs

Legal, Policy, & Regulatory Affairs	1,586,000
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	Legal	Policy
Legal	846,000	230,000
Legislative	-	132,000
Technical consultants	-	214,000
Other Consultants	69,000	95,000

Examples of Legal, Policy, & Regulatory Affairs Activities

Legal: Outside General Counsel for regulatory engagement

Legislative: Retainer for Weideman group legislative advocacy

Technical consultants: economic analysis in regulatory and legislative cases

Other: communications, memberships in regional and statewide organizations

2. Overview of Expenses: Local Development and Programs

Local Development	4,840,000
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- EBCE’s Local Development Budget is made up of three distinct categories
 - Programs and Events
 - Local Development Capital Set-Aside for Local Clean Energy Infrastructure
 - Local Development Operating Costs
- Local Developments Programs and Events costs accrue to EBCE’s Local Development Budget and are described over the next few slides
- Local Develop Capital Set-Aside for Local Clean Energy Infrastructure accrues to EBCE’s Local Development Budget and is described over the next few slides
- Local Development Operating Costs accrue to EBCE’s Personnel and G&A Budget and are described in those sections of EBCE’s budget

EBCE’s Total FY 20 Local Development Budget is \$5,823,000

Programmatic Costs	
Programs	4,475,000
Capital Set-Aside*	1,200,000
Sponsorships & Events	65,000
Total Programs & Events	5,740,000
Non Operational Revenue	
BAAQMD	150,000
Grants & LCFS Credits	750,000
Total Revenue	900,000
Net Programmatic Budget	4,840,000
Additional Operating Costs	
Personnel	728,000
G&A Overhead	255,000
Total Additional Costs**	983,000
Net Local Development Budget	5,823,000
<i>* For future planned project financing</i>	
<i>** Included in other operational costs</i>	

2. FY '20 Proposed Local Development Programs and Events Budget Allocation

LDBP Area	2020 Proposed (\$000)	% of Budget
Vehicle Electrification	\$ (2,000)	44.7%
Building Electrification	\$ (675)	15.1%
Collaborative Procurement	\$ (600)	13.4%
Community Investment Fund	\$ (600)	13.4%
Enhanced NEM	\$ (350)	7.8%
Demand Response	\$ (150)	3.4%
Energy Efficiency	\$ (100)	2.2%
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Programs and Events	(\$65)	
	Total Proposed	
	\$ (4,540)	
Other Available Revenue		
BAAQMD	\$ 150	
Grants and LCFS Credits	\$ 750	Primarily for vehicle electrification
LDBP Operating Funds	\$ (3,640)	

2. LDBP Program Budgeting Process

- Process
 - LDBP Document is the blueprint for program planning and therefore, budgeting
 - Staff will come to CAC and Board for feedback on budgets and as programs are planned and implemented
- Budgets to date
 - LDBP was originally approved in July 2018 with \$2M in early action funding recommendations
 - FY '19 (2018-2019) Budget of \$775k was accepted at Feb/2019 BOD meeting
 - FY '20 (2019-2020) Proposed budget is \$4.6M
 - Note that fiscal years (FY) are from July 1 to June 30

2. Overarching Principles of the LDBP

- Develop a high-level roadmap and framework for accelerating local DER deployment and maximizing community benefits
- Offering innovative program designs can overcome market failures & incentivize meaningful community & organizational benefits
- Development of local, clean, dispatchable, and distributed energy resources supports EBCE's core values and goals
- EBCE can support a vibrant local economy and workforce, and protect its most vulnerable customers through targeted local energy programming and investments
- A diversified portfolio of local programs coupled with retail rate savings can deliver greater benefit than rate savings alone

2. FY 2020 PROGRAMS (I)

- Building Electrification (\$600k)
 - Heat Pump Hot Water heater incentives (\$300k)
 - Reach Code Program stage II (\$150k)
 - Workforce and building inspector training, permit standardization (\$100k)
 - New electrification rate pilot (\$50k)
 - Electric living showcase (\$50k)

2. FY 2020 PROGRAMS (II)

- Demand Response (\$150k)
 - Commercial, Residential, EV and Battery
- Energy Efficiency (\$100k)
 - Continue and expand data sharing to increase efficacy of EE program
 - Build out city/county library lending program for EE and water saving devices (\$30k)
 - Find, fill, fund EE gaps for hard to reach customers (\$70k)
- Community Investment Grants (\$600k)
 - Community Innovation Grants (\$250k)
 - Government Innovation Grants (\$150k)
 - Energy Innovation Grants (\$200k)

2. FY 2020 PROGRAMS (III)

- Collaborative Procurement (\$600k)
 - Feed-in-Tariff (\$150k)
 - Community Solar (\$100k)
 - Community Net Metering (\$100)
 - Standard offer for stand alone storage (\$50k)
 - Solar + Storage for critical facilities (\$150k)
 - Direct Renewable contracting pilot (\$50k)
- Enhanced NEM (\$350k)
 - Additional adder for low income/municipal NEM (\$250k)
 - Pilot Solar to reduce disconnections (\$50k)
 - Loan buydown for low income solar loans (\$50k)

2. ELECTRIC VEHICLE BUDGET

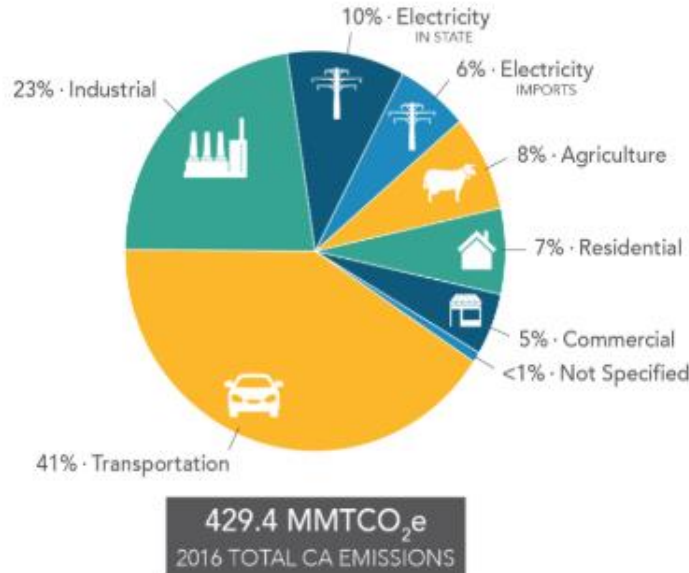
- Electric Vehicles (\$2M)
 - L2 Municipal Sites (\$550k)
 - L2 Workplace/Public charging (\$500k)
 - DCFC (\$500k)
 - Administration/staffing (\$450k)
- \$750k of budget is contingent on grants/LCFS credits

Results

- Funding will deploy 250-275 L2 chargers and 5-10 DC Fast chargers
- Focus on medium and heavy duty vehicles and school buses
- Pilot vehicle to grid testing for RA and resiliency
- Setup to pursue CALeVIP incentive funds in 2021

2. WHY \$2M FOR ELECTRIC VEHICLES?

Transport is largest GHG emitter



EV Charging infrastructure requirements to meet 2025 EV goal

Goal: 80,622 PEVs by 2025

Today: 30,000 PEVs

EV Service Equipment Required

Workplace L2: 3,853

Public L2: 3,100-3,500

Public DC Fast Chargers: 1,200-1,750

Multi-Family L2: 7,200

2. LOCAL CAPITAL SET-ASIDE

- OCEI and local Wind project will deliver significant job and economic value to Alameda County as they come on-line
- The Local Development Capital Set-Aside is designed to allow EBCE to annually budget for expected above market energy costs associated with Local Clean Energy projects like OCEI and Summit Wind
- Above market costs are calculated based on our current view of market prices for renewable energy or resource adequacy relative to the costs local project

Projects	Size/Cost
Summit Wind, Vistra Storage, other OCEI	75 MW to 90 MW
Local Market Premium over Contract Term	\$12-\$15M
Annual Capital Set-Aside*	\$1.2M/year
Contract Value	~\$250M
Capital Investment	>\$300M

2. Overview of Expenses: Other Professional Services

Other Professional Services	1,214,000
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Accounting/Audit	205,000
IT Consulting	36,000
Other Consultants	73,000
Technical consultants	900,000

Examples of Other Professional Services

Accounting and auditing for financial compliance

Technical consultants help with power procurement and planning

Other consultants will help with various essential tasks, like videography, translation services, and the like.

2. Overview of Expenses: General & Administrative

General & Administrative	2,290,000
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Conferences & Prof Development	137,000
Rent & Utilities	470,000
Operational Expenses	491,000
Dues & Memberships	556,000
Small Equipment & Software	636,000

Examples of General & Administrative Expenditures

- Small Equipment & Software includes complete development and furnishing of new office space
- Dues & Memberships includes \$375,000 for CalCCA and other essential cooperative organizations
- Operational Expenses include Director fees, service fees, supplies, and miscellaneous expenses
- Rent & Utilities covers all planned costs for one month at current space and 11 months at new space
- Conferences & Professional Development includes travel and lodging

2. Overview of Expenses: Interest Due

Barclay's Interest	1,230,000
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EBCE has only a single source of outstanding debt: Barclays Bank which loaned EBCE funds for energy purchases during Phase I launching in 2018.

The Barclays Credit Facility is sized at \$50,000,000. EBCE currently has \$13,108,000 in outstanding debt and is not anticipating any additional borrowings in the current fiscal year. EBCE pays 1% on undrawn facility balance, and 1-month LIBOR + 5.25% on its drawn facility balance. EBCE is paying down its loan to Barclays over a 24-month amortization period which started in May 2019 with full maturity in May 2021. EBCE anticipates accelerating repayment of the Barclays loan facility in the fiscal year 2019/2020.

EBCE paid its loan to Alameda County in full in February of 2019

3. Review of Net Position and Reserve Policy

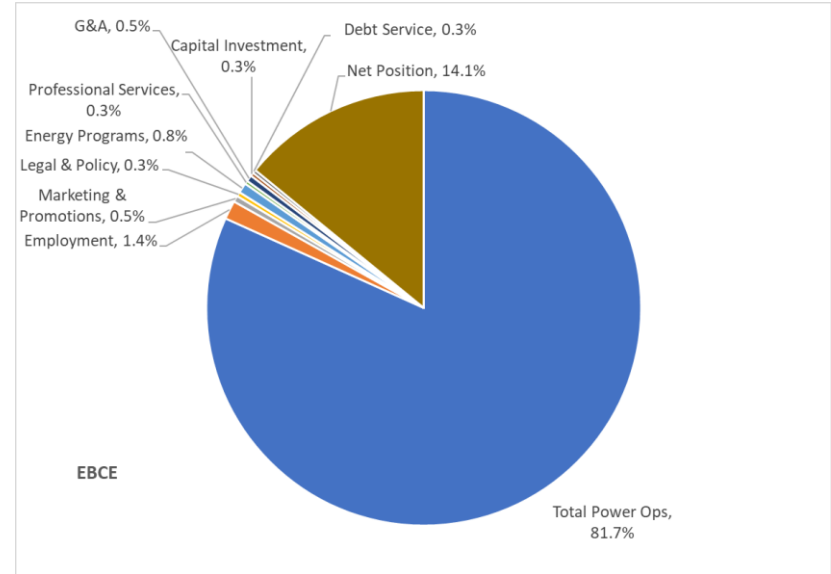
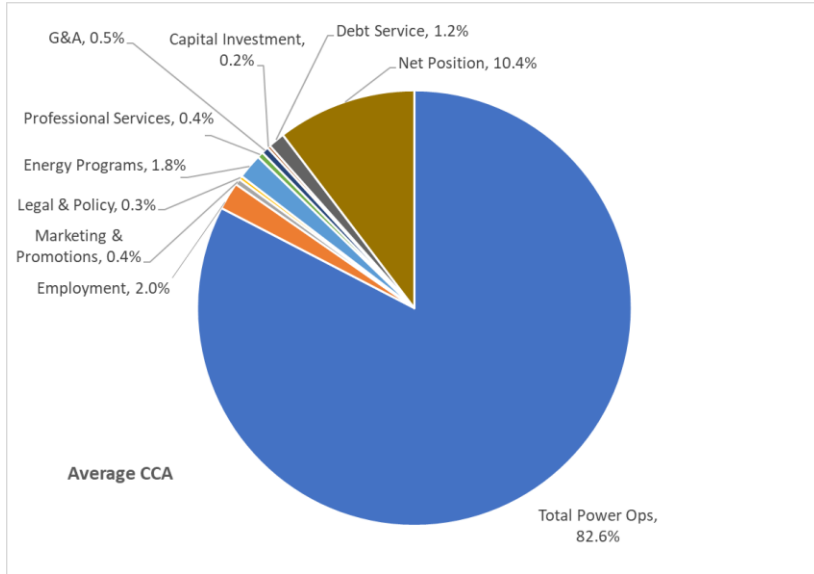
EBCE Net Position FY19-20 68,391,000

Reserve Funds	2018-19	2019-20	Total	Target	Remaining
Operating Credit	38,537,100	48,514,600	87,051,700	207,747,000	120,695,300
Rate Stabilization	5,780,600	1,496,590	7,277,190	7,277,190	-
Collateral	7,707,400	13,528,350	21,235,750	39,656,800	18,421,050
Local Development	9,634,300	4,851,460	14,485,760	48,514,600	34,028,840
Total Reserves	61,659,400	68,391,000	130,050,400	303,195,590	173,145,190

EBCE anticipates Rate Stabilization fund will be fully funded by end of 2019-20.

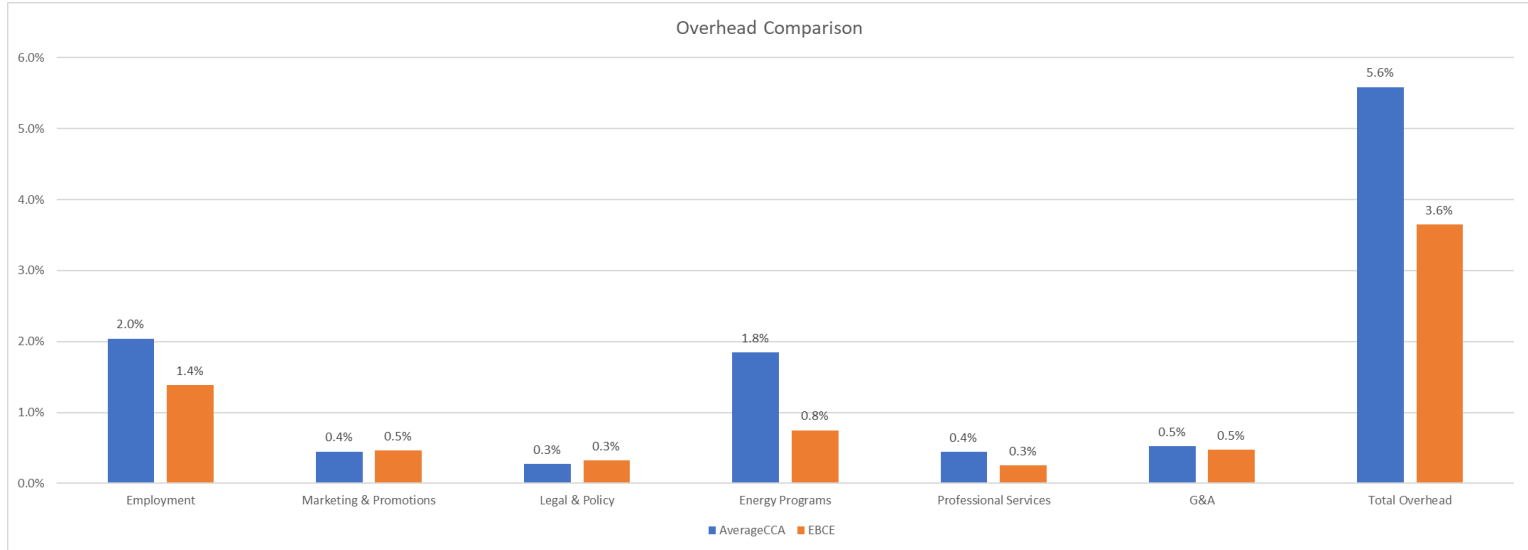
The allocations for both fiscal years are pending formal audits, but these are the expected allocations based on reserve fund policy.

3. Comparison of EBCE Budget to CCA Space



As percentage of revenues

3. Comparison of EBCE Budget to CCA Space



As percentage of revenues

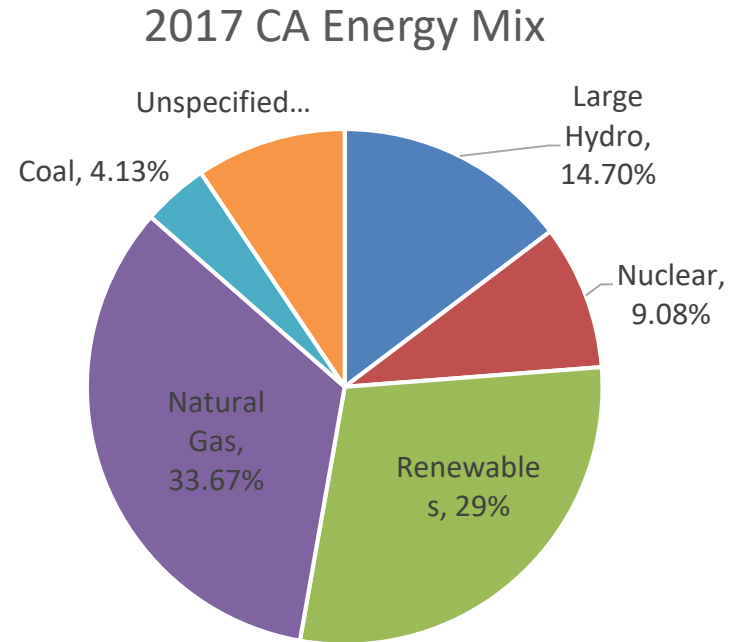
4. Comparison of CCA Products & Value

CCA	Basic Product	Power Mix		Upgrade 1	Power Mix		Upgrade 2	Power Mix	
		% Renewable/Carbon Free	Premium to PG&E		% Renewable/Carbon Free	Additional to Basic		% Renewable/Carbon Free	Rate
EBCE	Bright Choice	38% + 47%	1.50%	Brilliant 100	40% + 60%	Par to PG&E	Renewable 100	100% Renew	+0.01/kWh above PG&E
SVCE	Green Start	50% Renew/CF	1%	None	N/A	N/A	Green Prime	100% Renew	+0.01/kwh
MCE*	Light Green	61% Renew	0.30%	None	N/A	N/A	Deep Green	100% Renew	Par to PG&E
SCP	Clean Start	45% + 42%	2%	None	N/A	N/A	Evergreen	100% Renew	+0.025/kwh
SJCE	Green Source	45% + 35%	1%	None	N/A	N/A	Total Green	100% Renew	+0.01/kwh
MBCPA	MB Choice	30% Renew	Par + 3% Rebate	None	N/A	N/A	MB Prime	100% Renew	+0.01/kwh
PCE	Eco Plus	50% + 40%	5%	None	N/A	N/A	Eco 100	100% Renew	+0.01/kwh
*	Local Solar	100/100	\$0.142/kWh						

1. Carbon Free percentages are in addition above Renewable percentages
2. SVCE Green Start is at 6% premium now, but will transition to 1% through the year
3. MCE offers 100% solar option as a fixed rate product

4. California's Power Content : What's Available?

- California's energy supply mix currently includes a diverse mix of renewables, large hydro, nuclear and natural gas.
- As of 2017, clean sources made up 52% - 53% of all available electricity generation in California
- Access to incremental clean energy – renewables or carbon-free – can be achieved by either building new sources, importing sources from outside of California or buying clean energy that is wholly outside of California.
- As more CCA's seek to supply customers with significantly higher levels of clean energy than is currently available in California, supply of the clean sources becomes increasingly scarce and at a certain point no more clean energy sources are available until more construction occurs

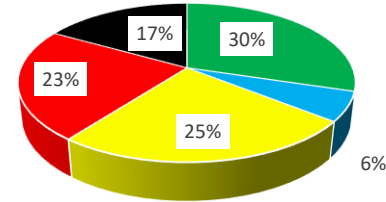


California Energy Commission Total System Electric Generation - June 21, 2018

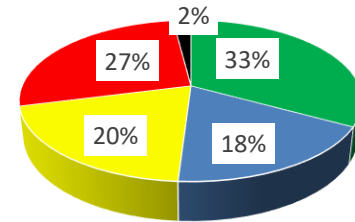
4. PG&E Energy Content Explained

- From 2015 to 2017 PG&Es power content shifted from 59% clean (with 23% nuclear) to 78% clean (with 27% nuclear)
- From 2015 to 2019 PG&E has lost almost 50% of its load - predominantly through CCA formation
- In 2019, PG&E has stated that it will not sell carbon-free energy and has not signed any new renewable contracts since 2012
- As PG&E has lost load over the last few years, the primary driver of reductions in carbon intensity have been load migration to CCAs and the growing proportion of nuclear energy in their mix
- This means that if a customer were to return to PG&E service, PG&E carbon intensity would incrementally worsen as more load is served by the same amount of carbon-free energy

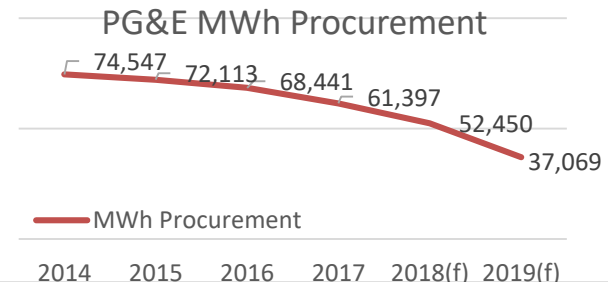
2015 PG&E Power Content



2017 PG&E Power Content

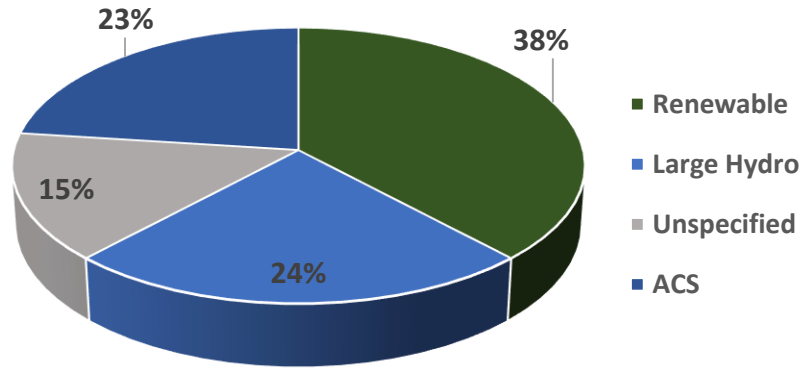


- Renewable
- Large Hydro
- Natural Gas
- Nuclear
- Unspecified



4. Bright Choice Energy Content Explained

2019 EBCE Procurement Content %



- EBCE Board has approved an emissions cap of 142lbs/MWh for Bright Choice as per [9/26/18 EBCE Board Memo on Carbon Accounting](#) which includes any emissions associated from unspecified energy or ACS
- EBCE Board approved a requirement that Bright Choice and Brilliant 100 increase their renewable content annually to always be 5% higher than CA RPS
- EBCE procurement strategy, and mix of products, will align such that total emissions for **Bright Choice** does not exceed 142 lb/MWh cap
- Further details about relative costs of energy products or associated margins are confidential and sharing them could be detrimental to EBCE's competitive position in the energy market

4. EBCE's Power Content

- California has limited supply of clean energy sources, with new renewables- which have 3-4 year lead times - representing the primary opportunity for adding to this mix
- PG&E's current power content does not reflect incremental carbon reductions, but instead illustrates the effect of customers departing to join CCAs. As part of the PCIA proceeding, PG&E will be required to start selling its excess renewables and carbon-free energy in 2020
- EBCE's current power content exceeds current CA RPS and the current CA average generation mix
- The underlying supply/demand of clean energy will create procurement challenges as more CCAs seek to procure clean energy beyond California's current available supply
- EBCE is focused on contracting for new, California renewables to support our Community and California's efforts to de-carbonize
- EBCE Staff recommends focusing on building a portfolio of new, clean energy resources while emphasizing the transition to electrified transportation and buildings to ensure the biggest impact in addressing the climate crisis

4. Review of EBCE Value Proposition

- EBCE currently offers three products:
 - Bright Choice which is 1.5% below PG&E rates
 - Brilliant 100 which is a parity with PG&E rates
 - Renewable 100 which is \$0.01/kWh more expensive than PG&E rates
- For 2019/2020, EBCE expects to deliver over \$7m in bill savings to customers
- As EBCE considers its value proposition for the next fiscal year, there are two major considerations to evaluate:
 - Expected Load Loss from Direct Access in 2021
 - Calendar year 2020 Expected PG&E Rates and PCIA

4. Review of EBCE Value Proposition: Impact of Direct Access Loss of Load

- EBCE is forecasting that the current re-opening of Direct Access will result up to 188 GWh of load departure starting Jan 1, 2021 which will reduce net revenue
- Based on analysis conducted to assess the impact of DA load departure in 2020, EBCE estimates that this could reduce margins by up to \$3m in 2021

	'19-'20 fiscal year	Calendar 2020
Reduced Revenue	\$4.7m	\$9.3m
Reduced Energy Costs	\$3.25m	\$6.5m
Impact on EBCE	-\$1.4m net revenue	-\$2.8m net revenue

4. Review of EBCE Value Proposition: 2020 PG&E Rates and PCIA

- PG&Es June 2019 ERRA forecast for 2020 includes very significant increases in the PCIA with very modest increases to PG&Es generation rate

2018 PCIA	2019 PCIA	2020 PCIA (ERRA Forecast)
Baseline	10% average increase	39% average increase

2018 PG&E Gen Rates		
Baseline	13% average increase	7% average decrease

	Rate Change	Revenue Impact
Combined impact of ERRA Forecast Gen rates and PCIA	17%-20% reduction in EBCE's Generation Rate compared to 2019	Over \$60 m reduction in revenue compared to Calendar year 2019

4. Review of EBCE Value Proposition: Staff Recommendation

- In light of continued uncertainty around 2020 PG&E rates and PCIA and risks associated with Direct Access load loss, EBCE staff recommend the following:
 - Maintain 1.5% rate discount for Bright Choice
 - Make no change to Brilliant 100 or Renewable 100
 - Consider development of additional rate options to retain customers who are eligible for Direct Access that would be brought to the Board for further review
 - Review EBCE Value Proposition in December 2019 when PG&E 2020 Rates and PCIA are more clear, to assess whether deeper discount can be provided