



Consent Item 8

TO: East Bay Community Energy Board of Directors

FROM: Annie Henderson, VP Marketing and Account Services

SUBJECT: Amendment to Task Order 1 of Master Services Agreement with Sacramento Municipal Utility District and Amend Rate Setting Protocol

DATE: December 18, 2019

Recommendations

- A. Approve an amendment to Task Order 1 of the Master Services Agreement with Sacramento Municipal Utility District (SMUD),
- B. Authorize the Chief Executive Officer (CEO) to approve and sign amendments to Task Order 1 up to the total approved fiscal year budget for Data Manager, and
- C. Amend Rate Setting Protocol

Background

In November 2017, the EBCE Board of Directors adopted Resolution R-2017-14 which authorized the CEO “to enter into negotiations and execute a contract with SMUD for Data Management and Call Center for a term of two years...”. Subsequently, EBCE’s CEO signed a Master Services Agreement (MSA) with SMUD in February 2018. The MSA includes Task Order 1 “Data Management and Call Center Services”.

Since the time of contract execution, SMUD has been providing data management services, such as mass customer enrollment, customer billing, and data reporting, as well as call center services. EBCE has occasionally identified work critical to program operations that was not included in the original scope of Task Order 1.

On September 26, 2018, the EBCE board approved a Rate Setting Protocol which includes the following language:

When adjusting rates, EBCE staff recommend using the greatest [Power Charge Indifferent Adjustment] PCIA vintage by rate schedule, to ensure that the value

proposition (e.g. 1.5% savings for Bright Choice and price parity for Brilliant 100) is achieved for all customers, regardless of their PCIA vintage.

Discussion

Customer marketing indicates a 1.5% discount from PG&E rates for Bright Choice customers, parity with PG&E rates for Brilliant 100 customers, and a penny premium per kWh for Renewable 100 customer over the Brilliant 100/PG&E rate. These value propositions were directed and approved by the Board in 2018.

In order to set these rate values, EBCE's current policy is to use the highest possible PCIA and Franchise Fee, as approved in the Rate Setting Protocol, which is currently the 2019 vintage. However, nearly 90% of accounts are on a 2018 vintage and nearly 60% of our load is on 2017 vintage. Customers on the 2019 vintage account for about 0.8% of accounts and less than 0.6% of load, yet the associated PCIA fee is driving the EBCE generation rate.

The current Task Order 1 Amendment addresses this inconsistency in delivering on the approved value proposition by adjusting the configuration of the billing engine. The billing engine will use a single generation rate that is equivalent to the PG&E generation rate, then calculate the PCIA and Franchise Fee as a credit, and finally show the Bright Choice discount as a separate line item credit. Attached is a sample of how the new configuration will appear on a customer bill compared to the current configuration. The example is for an E-1 customer on a 2018 vintage PCIA.

The PCIA vintage is for a fiscal year July 1 through June 30. A departing PG&E customer received a 2018 vintage until July 1, 2019. EBCE reset our rates in July due to the change in the PCIA and changes in the PG&E generation rate. Therefore, an increased discount did not appear on a 2017 or 2018 vintage customer's bill until the statement date in August - ie. additional savings based on setting rates with the 2019 vintage PCIA have only been appearing for approximately three to four months. Updating our billing engine configuration will align customer savings with the stated discount to PG&E rates and associated value proposition.

Fiscal Impact

The cost of this Task Order 1 Amendment is \$75,000. The approved budget for "Data Manager" in fiscal year 2019/2020 is \$300,000. Therefore, this amendment falls within the approved budget.

CEQA

Not a project

Attachment

A. Sample Bill Presentation

- B. Resolution Approving an Amendment to the Task Order with Sacramento Municipal Utility District, authorizing the chief executive officer to execute amendments up to approved budget, and amending the rate setting protocol
- C. Task Order Amendment
- D. Amended Rate Setting Policy

Sample Bill Presentation

E1 Pre-2019 PCIA		12/26/2018 statement date		
Current Configuration				
PG&E Electric Delivery Charges	Usage	Cost	Total	
Tier 1 Usage	263.5	\$0.21536	\$56.75	
Tier 2 Usage	162.5	\$0.28478	\$46.28	
Generation Credit			-\$45.92	
Power Charge Indifference Adjustment			\$14.25	
Franchise Fee Surcharge			\$0.23	
EBCE Generation Charges	Usage	Cost	Total	
E1-Bright Choice Flat	426	\$0.07217	\$30.74	
Comparison				
EBCE Gen + PCIA + FF			\$45.22	
PG&E Gen Credit			-\$45.92	
Savings \$			-\$0.70	
Savings %			1.5%	

E1 Post-2019 PCIA		8/27/2019 statement date		
Current Configuration				
PG&E Electric Delivery Charges	Usage	Cost	Total	
Tier 1 Usage	217.6	\$0.22376	\$48.69	
Tier 2 Usage	8.4	\$0.28159	\$2.37	
Generation Credit			-\$26.57	
Power Charge Indifference Adjustment			\$6.12	
Franchise Fee Surcharge			\$0.15	
EBCE Generation Charges	Usage	Cost	Total	
E1-Bright Choice Flat	226	\$0.08537	\$19.29	
Comparison				
EBCE Gen + PCIA + FF			\$25.56	
PG&E Gen Credit			-\$26.57	
Savings \$			-\$1.01	
Savings %			3.8%	

E1 Post-2019 PCIA		based on 8/27/19 statement date		
Updated Configuration				
PG&E Electric Delivery Charges	Usage	Cost	Total	
Tier 1 Usage	217.6	\$0.22376	\$48.69	
Tier 2 Usage	8.4	\$0.28159	\$2.37	
Generation Credit			-\$26.57	
Power Charge Indifference Adjustment			\$6.12	
Franchise Fee Surcharge			\$0.15	
EBCE Generation Charges	Usage	Cost	Total	
E1-Bright Choice Flat	226	\$0.11757	\$26.57	
Power Charge Indifference Adjustment Credit			-\$6.12	
Franchise Fee Surcharge Credit			-\$0.15	
EBCE Bright Choice Discount			-\$0.40	
Comparison				
EBCE Gen (before reduction of fees)			\$26.17	
PG&E Gen Credit			-\$26.57	
Savings \$ (EBCE Bright Choice Discount line)			-\$0.40	
Savings %			1.5%	

*updated on 12/17/19 to correct comparison error

RESOLUTION NO.**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY APPROVING AN AMENDMENT TO THE TASK ORDER WITH SACRAMENTO MUNICIPAL UTILITY DISTRICT, AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AMENDMENTS UP TO APPROVED BUDGET, AND AMENDING THE RATE SETTING PROTOCOL**

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

WHEREAS, on September 24, 2002, the Governor of California signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the “Act”), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (“CCA”); and,

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency; and on December 1, 2016, the East Bay Community Energy Authority (“EBCE” or “the Agency”) was formed 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; and,

WHEREAS, on November 1, 2017, the Board approved Resolution R-2017-14 authorizing the Chief Executive Officer (CEO) to execute an agreement with the Sacramento Municipal Utility District (SMUD); and,

WHEREAS, on June 19, 2019, the Board approved by motion a budget for fiscal year 2020 which included \$300,000 for change orders to the data management systems; and,

WHEREAS, it is in the interest of East Bay Community Energy to be fiscally responsible and manage rates to support the approved value proposition as it currently stands for Bright Choice at a 1.5% discount to PG&E generation rates, Brilliant 100 at parity with PG&E generation rates, and Renewable 100 at a premium of one cent per kilowatt-hour over the Brilliant 100 rate; and,

WHEREAS, on September 26, 2018, the Board approved by motion a Rate Setting Protocol.

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

Section 1. The Board hereby approves the current scope of Task Order 1, now including the Task Order Amendment to update the configuration of the billing engine.

Section 2. The Board hereby authorizes the Chief Executive Officer to execute future Task Order Amendments with SMUD, totaling up to the approved fiscal budget.

Section 3. The Board hereby adopts the Amended and Restated Rate Setting Policy.

ADOPTED AND APPROVED this _____ day of _____, 2019.

Dan Kalb, Chair

ATTEST:

Stephanie Cabrera, Clerk of the Board

ATTACHMENT 3 - Task Order Amendment

AMENDMENT TO EXHIBIT A: Scope of Services

A.1 Task Order 1 – Data Management and Call Center Services

The Sacramento Municipal Utility District (SMUD) and East Bay Community Energy (EBCE) agree to the following services, terms, and conditions described in this Amendment 8 to Exhibit A, Task Order 1 (Amendment 8), the provisions of which are subject to the terms and conditions of the Master Services Agreement (MSA) between the Parties. If any specific provisions of this Amendment 8 conflict with any general provisions in the MSA, Task Order 1 or any preceding Amendments to Task Order 1, the provisions of this Amendment 8, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the MSA.

The Effective Date of this Amendment 8 is the date of last signature below.

Background

Current state: Current Vintage Year Methodology to calculate EBCE Generation Rates are determined by taking PG&E Unbundled Generation Rates, applying the program discount, and subtracting the highest Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge (FFS) combination for the three available vintage years. This applies to all customers in a specific rate class.

EBCE Change request: EBCE would like to use a Rate per vintage year, per product, based on the IOU assigned vintage year of the customer (Vintage Year Rate Configuration), as defined in the Scope of Work below.

1) Section 1, Scope of Work is amended as follows:**Add Section 1.11, Vintage Year Rate Configuration****A. To implement the Vintage Year Rate Configuration, SMUD Will:**

- a. Establish individual rate configurations for all rates (inclusive of billing determinants) supported by PG&E
- b. For each Rate configuration, EBCE Generation Rate will be calculated as follows:
 - i. Bright Choice: $(1.00 * \text{PG\&E Unbundled Generation Rate})$
 - ii. Brilliant 100: PG&E Unbundled Generation Rate
 - iii. Renewable 100: Brilliant 100 Rate + \$0.01 adder
 1. Renewable 100 is not part of rate table and instead appears as a separate line item adder on a customer's bill
- c. EBCE Discount will be calculated as follows, based on an example 1.5% discount:
 - i. Bright Choice: $0.015 * (-) \text{PG\&E Unbundled Generation Rate} * \text{kWh or kW}$
- by billing determinant
 - ii. Brilliant 100: No Discount calculated or displayed

- iii. Renewable 100: No discount calculated or displayed
 - 1. Renewable 100 appears as a separate line item adder on a customer's bill as kWh * \$0.01
- d. Support adding a rate configuration for each new vintage year in the future, starting with 2020 (Vintage Year Rates)
 - i. Includes rate configuration for FFS by vintage year
 - ii. Includes rate configuration for PCIA by vintage year
- e. For each vintage year fee, PCIA and FFS credits will be calculated as follows:
 - i. Total kWh * (-) Vintage Year PCIA
 - ii. Total kWh * (-) Vintage Year FFS
- f. For customers with no vintage year identified
 - i. If it is an existing service point with a previous customer that had a vintage year, that vintage year will be used
 - ii. If no such data point can be found, the default vintage year for that PG&E town or territory will be used
- g. For customers with vintage year before 2017, the most current 2017 Vintage Year Rates will be used
- h. For customers with vintage year later than the current year, the most current Vintage Year Rates of the current year will be used
 - i. Example: Current year is 2019, vintage year of 2020 found on customer, 2019 vintage year will be used in place of 2020
- i. Rate configuration will support different rate discount for each vintage year and Rate Product
 - i. Example, Bright Choice customers on 2021 vintage year may only receive a 1% discount, while all other vintage year rates will be calculated based on a 1.5% discount
- j. Allow for changes to rate discount
 - i. For example, Bright Choice is currently calculated with 1.5% Discount: (0.985 * PG&E Unbundled Generation Rate)
 - ii. Set up Rate Configuration to allow for changing from 1.5% to 1.6% which would effectively apply the Discount as follows (0.984 * PG&E Unbundled Generation Rate)
- k. Rebills
 - i. Rebills will utilize the updated configuration.
 - ii. The Vintage Year Rate used to Re-Bill a customer will be based on the effective Vintage Year Rates for the bill period affected
 - iii. The Rate Product Discount used to Re-Bill a customer will be based on the effective Rate Product Discount for the bill period affected
- l. Blue Bill display
 - i. Add new bill description for the PCIA and FFS fees. Examples:
 - 1. "PCIA Credit"
 - 2. "FFS Credit"
 - ii. PCIA and FFS credits will appear as a negative charge or credit on the EBCE blue bill charges
 - iii. Rate Product Discount for Bright Choice will appear as a negative charge or credit on the EBCE blue bill charges
 - iv. Rate Product for Brilliant 100 will not appear as a separate line item

- v. Rate Product Renewable 100 will appear as an adder on the EBCE blue bill charges

Sample Blue Bill Display

Rate Schedule: A1- Bright Choice			
Summer	335.00	kWh @ 0.13336	\$ 44.68
Winter	240.00	kWh @0.09322	\$ 22.37
PCIA Credit			-\$ 15.59
FFS Credit			-\$ 0.38
EBCE Bright Choice Discount			-\$ 1.01
Total EBCE Electric Generation Charges			\$50.07

B. Configuration Changes

- a. IOU Initiated Changes include, but not limited to:
 - i. Rate Price Changes
 - ii. FFS and PCIA Changes
 - iii. New IOU Rate Schedules
 - iv. Rate Schedule Structural Rate Changes
 1. Examples: Changes to Seasonal Time Periods; Changes to TOU Time Definitions
- b. EBCE Initiated Changes, but not limited to:
 - i. Rate Product Discount Changes
 1. Example: Bright Choice 1.5% change to 1.6%
 - ii. New Rate Products
 - iii. Vintage Year Based Rate Product Discounts
 1. Example: Bright Choice 1.5% for all customers changed to 1.5% for 2018 vintage year and 1.6% for all other customers
- c. Out of scope, not included in the IOU or EBCE Changes:
 - i. Messaging to customers related to an IOU Initiated or EBCE Initiated Changes.

C. PROPOSED SCHEDULE

The proposed schedule is a forecast based on current assumptions. Schedule is subject to change as mutually agreed in writing by the Parties.

Task Name	Start	Finish
Business Blueprinting	Fri 11/1/19	Mon 11/18/19
Technical Design	Mon 11/4/19	Fri 11/29/19
Development	Fri 11/15/19	Mon 1/27/20
Refactoring / System Hardening	Mon 1/27/20	Thu 2/20/20
Unit Testing	Fri 12/27/19	Mon 1/27/20
Regression Testing	Wed 1/8/20	Thu 2/6/20

User Acceptance / Functional Testing	Thu 1/23/20	Fri 2/14/20
Contingency	Fri 2/14/20	Wed 2/26/20

2) Section 5, COMPENSATION FOR SERVICES, subsection 5.3, *Optional Services*, is amended to include the following:

Description	Fixed Fee	Services
Rate Configuration per Vintage Year	\$75,000 One Time Cost upon completion of implementation which includes: <ul style="list-style-type: none"> Initial Fee \$125,000 One-time Service Credit per Letter Dated 11/1/2019 of \$ (50,000) 	EBCE Generation Rate calculated as per the defined scope above
IOU Initiated Configuration Changes	\$0 cost as per existing services	IOU Initiated Changes as defined above
EBCE Initiated Configuration Changes	Additional costs may be assessed	EBCE Initiated Configuration Changes as defined above

3) Amend SECTION 6, PAYMENT TERMS, to add the following:

The Development Start provided under Amendment 8 for \$10,000.00 will be billed on the November 2019 invoice. \$115,000.00 will be billed and SMUD's credit of \$50,000.00 will be applied upon Development Completion on the March 2020 invoice. EBCE will pay all undisputed portions of the invoice(s) within thirty (30) calendar days of the date of the invoice.

D. PAYMENT SCHEDULE

Task Name	Start	Payment	Invoice
Development Start	11/15/19	\$10,000.00	Nov. 2019
Development Complete	2/14/20	\$115,000.00	Mar. 2020
Go Live Credit	2/28/20	\$(50,000.00)	Mar. 2020

SIGNATURES

The Parties have executed this Amendment 8, and it is effective as of the date of last signature below.

East Bay Community Energy

By: _____

Name: _____

Title: _____

Date: _____

Approved as to Form: _____

Sacramento Municipal Utility District

By: _____

Name: Arlen Orchard

Title: Chief Executive Officer and General Manager

Date: _____

Approved as to Form: _____

Amended Rate Setting Protocol**AMENDED AND RESTATED RATE SETTING POLICY**

From original protocol approved by motion on 9/26/18

Policy Number

December 18, 2019

Item #

I. Purpose

This policy serves to provide direction to EBCE staff on actions related to electric rates.

II. Rate Actions**a. Rate Setting**

EBCE Staff must receive Board approval to revise the service level value propositions (e.g. offering a greater or lesser discount on Bright Choice).

b. Rate Setting Process

EBCE's Implementation Plan and Statement of Intent (August 2017) states that "EBCE will review its rates at a minimum once a year".

The rate review and setting process is as follows:

1. **Executive Committee meeting.** Staff will provide a staff report containing analysis of PG&E rates and preliminary recommendations for changes to EBCE's value proposition, if any.
2. **Community workshops.** Based on feedback received at the Executive Committee meeting, staff will revise analysis if needed, and solicit comments from the community. This will be achieved through three (3) community meetings in geographically diverse locations. Staff will consolidate feedback from these meetings into a supporting document that will be presented to the Board. Written comments will be accepted in lieu of, or in addition to, verbal comments made during these workshops. A specific email address will be provided to the public to submit comments, along with a clear deadline for submittal.

3. **Community Advisory Committee meeting.** The CAC will receive a presentation from staff and discuss the staff recommendation.
4. **Board meeting.** Staff will present analysis, findings, and recommendations derived from feedback from an Executive Committee meeting, Community Workshops, and a Community Advisory Committee meeting. The Board will have the opportunity to vote on staff recommendations. If Board requests further analysis, the process will return to the Executive Committee. The Executive Committee can then make a final recommendation that will be brought to the next Board meeting.

c. Rate Modification

EBCE Staff is authorized to adjust EBCE's rates to maintain the approved value proposition for each service level. If there are changes to PG&E generation rates or fees that result in a more beneficial value proposition for customers, EBCE Staff is authorized to not adjust the rates.