



Staff Report Item 5

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: Carbon-Free Allocation (Informational Item)
DATE: January 24, 2020

Recommendation

Discuss and provide policy direction on the potential pathways relative to the carbon-free allocation process, directing staff on the options to present for Board decision.

Background and Discussion

The purpose of this memorandum is to present potential policy pathways for the EBCE Board to consider, after receiving both an update on projected potential PCIA impacts and receiving responses to the list of Community Advisory Committee and Board questions regarding the PG&E Carbon-Free Allocation process.

EBCE faces a PCIA increase that, regardless of the specific outcome of the PCIA decision, will put a financial strain on the agency as we structure rates in effort to offer the promised discount relative to PG&E. The specific decision on the PCIA increase will determine the severity of the strain, but regardless, the increase puts EBCE in the position where cost-saving mechanisms are of the utmost importance if we are to maintain either our current carbon-free content in the power mix, our discount, or both simultaneously.

As such, there are three general pathways the Board must evaluate and prioritize. Considering unanimous feedback that EBCE will accept the hydro allocation, the pathways ultimately consider the decision on the nuclear allocation and its interplay with EBCE's discount and power content.

- **Pathway 1** - Take the nuclear allocation to maintain current discount and carbon intensity
- **Pathway 2** - Do not take the nuclear allocation, increasing carbon intensity of the portfolio, but maintaining the current discount
- **Pathway 3** - Do not take the nuclear allocation, reducing the current discount, but maintaining the carbon intensity of the portfolio

Financial Impacts

There is no financial impact associated with this update. The financial impact of potential Carbon-Free Allocation options will be provided as part of future board item(s).