Staff Report Item 17

TO: East Bay Community Energy Board of Supervisors

FROM: **Nick Chaset, CEO**

SUBJECT: **EBCE Budget Fiscal Year 2020-2021 (Action Item)**

DATE: June 17, 2020

Recommendation

A. Approve one of the presented budget scenarios for fiscal year 2020-2021
B. If Non-COVID scenario selected, modify the Bright Choice Value Proposition to a 1.0% discount as compared to PG&E Rates; otherwise modify the Bright Choice Value Proposition to a 0.5% discount as compared to PG&E rates. Either effective July 1, 2020.
C. Make no change to Brilliant 100 value proposition (i.e. maintain parity with PG&E) for balance of 2020
D. Close Brilliant 100 to new accounts and opt-ups, effective July 1, 2020
E. Present 2021 Brilliant 100 options to Board in September for Board action in Q4 2020
F. Set a renewables procurement floor at the current year RPS, while maintaining 100% carbon-free content for Brilliant 100 for fiscal year 2020-2021

Background and Discussion

EBCE's fiscal year is from July 1 through June 30. Staff is presenting value propositions and proposed budget scenarios for fiscal year 2020-2021. One scenario assumes no material impact on load from COVID-19, and the other assumes a moderate reduction in load. The value propositions align with the load scenarios to reach a balanced budget.

The presented value proposition and budget is based on feedback from the Finance, Administrative, and Procurement Committee as well as the May 20, 2020 Board meeting. These budget scenarios outline expected costs and revenues anticipated for the next 12 months under COVID influenced, and Non-COVID based, load and PCIA changes.

Fiscal Impact

This establishes the forecast of EBCE's fiscal position for the next 12 months.

Attachments

A. Summary of EBCE Budget FY 2020-2021
B. Summary of Public Comment of EBCE Value Proposition
C. Presentation of EBCE Budget, Value Proposition and B100 Power Content for FY 2020-2021

EBCE DRAFT BUDGET SCENARIOS
FOR JULY 1, 2020 – JUNE 30, 2021

	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
REVENUE AND OTHER SOURCES			
Electricity Sales	388,125,000	382,758,000	(5,367,000)
Investment Income	1,231,000	1,231,000	-
Other Income	275,000	275,000	-
Uncollectables	(9,703,000)	(9,568,000)	135,000
Total Revenue and Other Sources	**379,928,000**	**374,696,000**	**(5,232,000)**
EXPENSES AND OTHER USES			
ENERGY OPERATIONS			
Cost of Energy	347,594,000	342,796,000	(4,798,000)
Data Management/Customer Service	7,704,000	7,704,000	-
PG&E Service Fees (Billing/Metering)	2,396,000	2,396,000	-
Scheduling	660,000	660,000	-
Total Energy Operating Costs	**358,354,000**	**353,556,000**	**(4,798,000)**
OVERHEAD OPERATIONS			
Personnel	7,429,000	7,429,000	-
Marketing, Outreach, Communications	1,214,000	1,214,000	-
Legal, Policy, & Reglatory Affairs	1,297,000	1,297,000	-
Other Professional Services	1,345,000	1,345,000	-
General & Administrative	2,146,000	2,146,000	-
Local Development Funding	6,615,000	6,615,000	-
Depreciation	60,000	60,000	-
Total Overhead Operating Costs	**20,106,000**	**20,106,000**	**-**
INTEREST PAYMENTS			
Borrowing Interest	804,000	804,000	-
Total Interest Payments	**804,000**	**804,000**	**-**
TOTAL EXPENSES & INTEREST DUE	**379,264,000**	**374,466,000**	**(4,798,000)**
NET INCREASE (DECREASE) IN POSITION	**664,000**	**230,000**	**(434,000)**

NOTE: The above budget statement does not include financials related to new communities

CURRENT YEAR BUDGET AND DRAFT SCENARIOS

	FY 2019-20 BUDGET	FY 2020-21 Non-COVID	FY 2020-21 COVID
REVENUE AND OTHER SOURCES			
Electricity Sales	487,014,000	388,125,000	382,758,000
Investment Income	578,000	1,231,000	1,231,000
Other Income	-	275,000	275,000
Uncollectables	(2,447,000)	(9,703,000)	(9,568,000)
Total Revenue and Other Sources	**485,145,000**	**379,928,000**	**374,696,000**
EXPENSES AND OTHER USES			
ENERGY OPERATIONS			
Cost of Energy	386,905,000	347,594,000	342,796,000
Data Management/Customer Service	6,758,000	7,704,000	7,704,000
PG&E Service Fees (Billing/Metering)	2,253,000	2,396,000	2,396,000
Scheduling	653,000	660,000	660,000
Total Energy Operating Costs	**396,569,000**	**358,354,000**	**353,556,000**
OVERHEAD OPERATIONS			
Personnel	6,703,000	7,429,000	7,429,000
Marketing, Outreach, Communications	2,263,000	1,214,000	1,214,000
Legal, Policy, & Reglatory Affairs	1,586,000	1,297,000	1,297,000
Other Professional Services	1,214,000	1,345,000	1,345,000
General & Administrative	2,290,000	2,146,000	2,146,000
Local Development Funding	6,340,000	6,615,000	6,615,000
Depreciation	61,000	60,000	60,000
Total Overhead Operating Costs	**20,457,000**	**20,106,000**	**20,106,000**
INTEREST PAYMENTS			
Borrowing Interest	1,229,000	804,000	804,000
Total Interest Payments	**1,229,000**	**804,000**	**804,000**
TOTAL EXPENSES & INTEREST DUE	**418,255,000**	**379,264,000**	**374,466,000**
NET INCREASE (DECREASE) IN POSITION	**66,890,000**	**664,000**	**230,000**

UPDATES TO BASE CASE

- Non-COVID base case adjustments
  - Bright Choice at 1.0% discount to PG&E
  - No change to Brilliant 100 through December, 2020 then set to cost of service at 2.5% premium, with review and evaluation of options with the Board through the fall
  - 90% migration of current Brilliant 100 customers to Bright Choice in January 2021
  - Change power content to match RPS for Brilliant 100, but remain 100% carbon free
  - Migration causes $400k loss of revenue, and uptick in renewables by $251k
  - Difference from previous draft in energy costs is also due to beneficial changes in renewable contracts independent of budget process and capture of basis savings with highly hedged hours
  - Energy cost is further reduced by $1.5M with sale of carbon-free resources
  - Marketing is reduced by $300k

- COVID base case adjustments
  - Load was reduced to reflect a moderate COVID scenario. Volumetric load is estimated down 5-6% in the near-term months with a peak demand reduction of 10-15% with a gradual reversion to about 1-3% volumetric load reduction and 4-6% peak reduction through the 2020 calendar year, which is returned to base line starting in 2021.
  - Bright Choice at 0.5% discount to PG&E
  - Non-COVID Brilliant 100 conditions are applied to this scenario as well
  - Revenue is reduced by about $5.4M
  - Cost of energy is reduced by about $4.8M from reduced COVID load
  - Energy cost is further reduced by $1.5M with sale of carbon-free resources
  - All noted overhead conditions from Non-COVID scenario apply

Additional conditions for both scenarios with the Brilliant 100 product:

- Brilliant 100 is maintained at least through December to evaluate how to appropriately manage the product, but should be locked to new accounts and opt-ups until a decision can be made
- Some options to evaluate this fall for Brilliant 100 product:
  - Maintain product at a rate below cost of service for existing customers
  - Discontinue product at some specified time and allow migration to other products
  - Set product to cost of service, currently at 2.5% premium to PG&E
  - If market conditions become favorable, continue Brilliant 100 as is or with some appropriate minor adjustments

QUARTERLY DISTRIBUTION

FY 2020-21 BUDGET Non-COVID	Q1	Q2	Q3	Q4
REVENUE AND OTHER SOURCES	121,785,000	97,813,000	75,065,000	85,265,000
ENERGY OPERATIONS	101,302,000	93,475,000	89,755,000	73,822,000
OVERHEAD OPERATIONS	5,228,000	5,228,000	5,228,000	5,228,000
NET INCREASE (DECREASE) IN POSITION	15,255,000	(890,000)	(19,918,000)	6,215,000

FY 2020-21 BUDGET COVID	Q1	Q2	Q3	Q4
REVENUE AND OTHER SOURCES	115,277,000	97,148,000	76,262,000	86,011,000
ENERGY OPERATIONS	99,945,000	92,224,000	88,554,000	72,833,000
OVERHEAD OPERATIONS	5,228,000	5,228,000	5,228,000	5,228,000
NET INCREASE (DECREASE) IN POSITION	10,104,000	(304,000)	(17,520,000)	7,950,000

In both scenarios it can be seen:

- Q1 results are generally the strongest quarter due to summer rates. Q1 includes the largest COVID load reductions
- Q2 results are flat due to a transition to winter rates
- Q3 results are negative due to winter rates and an increase in PCIA to reflect hitting the PCIA undercollection trigger
- Q4 results are positive due to a transition to summer rates and low spring energy costs

NEW COMMUNITIES DISCUSSION

	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
REVENUE AND OTHER SOURCES			
Electricity Sales	13,280,000	13,369,000	89,000
Uncollectables	(199,000)	(201,000)	(2,000)
Total Revenue and Other Sources	**13,081,000**	**13,168,000**	**87,000**
EXPENSES AND OTHER USES			
ENERGY OPERATIONS			
Cost of Energy	9,470,000	9,470,000	-
Data Management/Customer Service	299,000	299,000	-
PG&E Service Fees (Billing/Metering)	87,000	87,000	-
Total Energy Operating Costs	**9,856,000**	**9,856,000**	**-**
OVERHEAD OPERATIONS			
Marketing, Outreach, Communications	330,000	330,000	-
Total Overhead Operating Costs	**330,000**	**330,000**	**-**
TOTAL ENERGY & OPERATING EXPENSES	**10,186,000**	**10,186,000**	**-**
NET INCREASE (DECREASE) IN POSITION	**2,895,000**	**2,982,000**	**87,000**

- COVID scenario expects slightly higher revenues because Bright Choice is at 0.5% discount to PG&E, whereas Non-COVID Bright Choice is at 1.0% discount to PG&E
- Because new communities are expected to join after the new year, there is very little difference between COVID and Non-COVID scenarios in terms of costs
- Inclusion of new communities is expected to have a positive lift on margins based on an April enrollment timeframe estimated at about $3MM in net margin based on current market conditions
- Positive margin is driven by a modest increase in operating overhead related to serving these customers and softer energy prices
- Revenues are based on:
  - 5% opt out rate
  - All new accounts are Bright Choice in both scenarios
- Additional analysis is underway to determine the optimal timing based on different customer rates and procurement risks/opportunities

REVENUE DISCUSSION

REVENUE AND OTHER SOURCES	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
Electricity Sales	388,125,000	382,758,000	(5,367,000)
Investment Income	1,231,000	1,231,000	-
Other Income	275,000	275,000	-
Uncollectables	(9,703,000)	(9,568,000)	135,000
Total Revenue and Other Sources	**379,928,000**	**374,696,000**	**(5,232,000)**

- The previous draft had Bright Choice at 1% discount to PG&E with Brilliant 100 at a 3% premium
- This draft assumes no changes to Brilliant 100 in both scenarios through the remainder of 2020, then adjusted to match the cost of service at 2.5% premium in January 2021
- Bright Choice at 1.0% discount to PG&E in the Non-COVID scenario, and at 0.5% discount in the COVID scenario
- Another key difference from the previous draft is a 90% migration of customers from Brilliant 100 to Bright Choice is assumed in January 2021 in both scenarios
    - This change incorporates the additional risk from migrating customers
- This draft includes anticipated changes in load based on a moderate COVID scenario expectation
    - Reduction of $5.4M in revenues due to load changes from COVID, primarily occurring in the summer months of 2020, and Bright Choice rate differences
    - The load reductions are assumed to be 1.7% in total through the fiscal year
    - Assumes a scenario of reduced load through the 2020 calendar year
    - The hardest hit months are in the first quarter at -5% with eventual tapering through December. Load reverts to a status quo/normal condition in Jan.
- Investment Income is based on projected bank account balances in interest bearing accounts (reserves and ICS) at a slightly lower interest rate of 1.5% than current rates (1.79%)
- Uncollectables is increased from 0.5% of sales to 2.5% in anticipation of COVID induced recessionary impacts in both scenarios
- Current budget does not reflect the inclusion of the new communities of Tracy, Newark, and Pleasanton. New Communities are separated in order to isolate the economic impacts, which will differ based on exact enrollment timing, and are previously discussed

ENERGY OPERATIONS DISCUSSION

	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
ENERGY OPERATIONS			
Cost of Energy	347,594,000	342,796,000	(4,798,000)
Data Management/Customer Service	7,704,000	7,704,000	-
PG&E Service Fees (Billing/Metering)	2,396,000	2,396,000	-
Scheduling	660,000	660,000	-
Total Energy Operating Costs	**358,354,000**	**353,556,000**	**(4,798,000)**

- Decrease in cost of energy from the previous draft and the Non-COVID scenario are from:
  - Reduction in renewable contract position costs of about $400k
  - Increase in renewable attributes due to migration in 2021 of about $251k
  - Capture of basis costs and market purchases in highly hedged hours of about $760k
  - $1.5M from sale of carbon-free assets
- Difference in energy costs between the two scenarios are due to the following impacts from the COVID reduced load:
  - $4.0M reduction in physical energy cost and basis costs
  - $640k reduction in renewable attributes due to load reduction
  - $140k reduction in CAISO costs
  - $1.5M from sale of carbon-free assets
- The two scenarios are not expected to have any impact on energy related service costs provided by SMUD for data management and customer service, PG&E for billing and metering, and NCPA for scheduling

OVERHEAD OPERATIONS DISCUSSION

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
OVERHEAD OPERATIONS			
Personnel	6,703,000	7,429,000	726,000
Marketing, Outreach, Communications	2,263,000	1,214,000	(1,049,000)
Legal, Policy, & Reglatory Affairs	1,586,000	1,297,000	(289,000)
Other Professional Services	1,214,000	1,345,000	131,000
General & Administrative	2,290,000	2,146,000	(144,000)
Local Development Funding	6,340,000	6,615,000	275,000
Depreciation	61,000	60,000	(1,000)
Total Overhead Operating Costs	**20,457,000**	**20,106,000**	**(351,000)**

Because there is no anticipated impact on overhead operations between COVID and Non-COVID scenarios, this discussion is related to the current year budget but some changes to the previous draft were made:

- Marketing was reduced from the previous draft budget by an additional $300k in the areas of community grants and noticing
- Local Development was reduced by $230k to be on parity with the current year, with $275k added for COVID Outreach from a grant provided by EDPR. This can be seen in more detail on the next page

- Personnel costs increase due to:
  - Staff salaries covering the full fiscal year (FY 2019-2020 budget assumed partial year hires). Headcount maintained at 37FTE, flat to the 2019-2020 approved headcount
  - Enact a policy to allow staff to monetize PTO
  - 2.5% merit-based adjustments ($118,000)
  - 3% discretionary promotions/retention-based compensation adjustments ($169,000)
- Marketing, Outreach, Communications costs are reduced due to:
  - Reduced mailing requirements and availability of lower cost notification processes
  - Reduced advertising and sponsorship based on cost cutting measures
  - New Community costs are not included in this estimate
  - Internal call center development is not included in the current budget, assuming a deferral of that investment to FY 2021-2022
- Legal, Policy, & Regulatory Affairs: Reduction in policy related costs based on cost cutting measures
- Other Professional Services: Increase in costs due to development of the CRM platform, which is primarily utilized for effective local program customer outreach
- General &Administrative: Reduced based on cost cutting measures
- Local Development Funding: Maintaining local development budget with current year's budget. Additional funds of about $1.7M from expected grants and remaining funds rolled over from the 2019-2020 fiscal year to yield approximately $8M in total spend.

LOCAL DEVELOPMENT DISCUSSION

LOCAL DEVELOPMENT FUND	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Program Funding			
Beginning Balance	-	1,398,000	1,398,000
Funding from General Fund Revenues	6,340,000	6,340,000	-
Grants/Credits	1,150,000	275,000	(875,000)
Mid-Year adjustment	500,000	-	(500,000)
Total Available Funding	**7,990,000**	**8,013,000**	**23,000**
Program Areas			
Demand Response	195,000	100,000	(95,000)
Energy Efficiency	100,000	740,000	640,000
Building Electrification	782,000	950,000	168,000
Vehicle Electrification	1,750,000	4,930,000	3,180,000
Collaboartive Procurement	810,000	958,000	148,000
Community Investment	250,000	-	(250,000)
Sponsorships/Events	65,000	-	(65,000)
Capital Set Aside	1,200,000	-	(1,200,000)
COVID-19 Relief Fund	1,440,000	335,000	(1,105,000)
Total Program Expenses	**6,592,000**	**8,013,000**	**1,421,000**
Ending Balance	**1,398,000**	**-**	

Similar to overhead, the Local Development Fund is not expected to be impacted by the two scenarios being evaluated. As such, this discussion focuses on the between year changes

- In addition to the Local Development Programs related spending shown above, there is approximately an additional $4.7MM budgeted for locally generated utility-scale wholesale energy from projects such as EBCE's Altamont wind project, which is expected to come online during the fiscal year.
- Figures above do not reflect any local spending based on General & Administrative expenses

INTEREST PAYMENT DISCUSSION

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
INTEREST PAYMENTS			
Borrowing Interest	1,229,000	804,000	(425,000)
Total Interest Payments	**1,229,000**	**804,000**	**(425,000)**

Similar to overhead and Local Development, interest payments are not expected to be impacted by the two scenarios being evaluated. As such, this discussion focuses on the between year changes

Borrowing Interest accounts for commitment fees on undrawn debt and issuance fees for letters of credit. Assumes no outstanding debt.

RISKS DISCUSSION

EBCE is exposed to a variety of risks in this coming fiscal year. Below is a representative list of key risks, though it is not comprehensive in reflecting all risks.

Load Risk:
COVID impacts on load, collections, and energy market prices are being closely monitored and to date the Shelter in Place policy has been in effect for approximately two months. While this has provided meaningful data it is very difficult to extrapolate the insights to accurately forecast impacts on the next fiscal year.

Staff projects four potential scenarios for fiscal year 2020-2021:

1) **Moderate COVID load decrease:** Volumetric load is down 5-6% in the near-term months with a peak reduction of 10-15% and there is a gradual reversion to about 1-3% volumetric load reduction and 4-6% peak reduction, which is returned to base line starting in 2021.
2) Status quo: Quick reversion to a pre-COVID load. We anticipate continued county/city-based policies that will adjust work and personal interactions to account for public health and safety in light of COVID. With that said there is a scenario where electricity usage based on businesses partial reopening and moderately increased residential use that results in load that closely reflects EBCE load pre-COVID. This is the basis for the current budget.
3) Moderate COVID load increase: With the partial reopening of small businesses and large commercial space, we could see commercial load revert close to normal levels and residential load remain high based on partial families working from home. This could result in a moderate increase in volumetric load of 2-4% and a peak load similar to normal levels
4) Significant and sustained macro recession where volumetric load continues to be depressed. Volumetric load is down 6-10% and peak load is down 10-15% for next 12-24 months

- The base case COVID budget scenario presented assumes a moderate COVID load decrease. We believe this to be reasonable but somewhat conservative as we see some of the county and state level restrictions being lifted. However, we feel this approach is prudent in light of the uncertain trajectory of the COVID impacts. If load reverts to the status quo scenario net margin could increase between $1-3MM.

- Changes in volumetric load due to ongoing COVID conditions are expected to reduce revenue and margin, though there is a decrease in energy costs that would help mitigate that impact. To date, EBCE has generally experienced a positive impact to load shape that has reduced the more expensive peak hours that help to mute this margin impact.

- Load changes can have material implications to EBCE as it relates to planning, procurement, and scheduling. Less certainty when it comes to load forecasting can increase risk. Generally speaking, an overall industry reduction in load directionally leads to softer energy prices. However, the uncertainty also leads to more significant day to day volatility, which can increase or decrease energy costs where EBCE is not hedged.

Energy Market Risk:

- EBCE currently has an estimated unhedged energy portfolio of between $60-$80 million (depending upon scenario) which is exposed to the market. Short term energy prices can see volatility of 10-20% on a regular basis based on typical supply/demand dynamics that are heavily influenced by weather and electricity infrastructure. The volatility may be exacerbated by COVID due to general uncertainty of load and the impacts from the macro oil industry on gas prices. We estimate that energy costs could increase reasonably as much as $16-20MM, though this could also result in a similar reduction in energy costs. EBCE could consider hedging more load to reduce this risk. However, in an environment of softer energy prices, there are follow-on repercussions of an increasing PCIA the following year.

Uncollectables/Write-offs:

- While EBCE has increased our expected exposure from 0.5% to 2.5% to uncollectable accounts, the current data is limited in measuring the extent of this impact. This forecast of 2.5% is at the higher end of the range compared to other CCAs based on our regional income demographics. In researching other load serving entity uncollectables through prior recessions, we have seen data ranging from non-material impacts up to 6% write-offs. Based on the recessionary impacts of COVID and suspension of disconnects, we do anticipate an increase in uncollectables that would lead to write-offs. There is a potential for the uncollectables to exceed our current forecast based on a more severe and extended recession. To mitigate this risk, we have launched an active campaign to increase CARE enrollments as a way to lower customers' bills and are continuing to create a plan to enroll customers onto longer term payment plans as necessary. While enrollment in payment plans should reduce write-offs, it would reduce near term cash inflows. EBCE has a strong cash and reserve position to support payments deferrals.

Opt-out risk:

- Customer opt-outs are generally an ongoing risk to EBCE. However, we do not anticipate an increased risk of opt-outs for the fiscal year, depending on adjustments to the value propositions. There is currently no active discussion of DA expansion that would take effect in 2021 beyond what has already been in process.

Regulatory Risk:

- The current budget assumes a deferral of approximately $16MM in costs, which is based on maintaining an undercollection (PUBA) of 7%. The most significant regulatory risk to revenues in the near term is the management of this PUBA cap. The CPUC could rule to fully collect on the undercollection, which would decrease fiscal year revenues or potentially elect for a larger undercollection, which could increase revenues.
- AB110 Power Content reporting is anticipated to be finalized in mid 2020. These regulations will include potential updates to the reporting treatment of PCC3 unbundled RECs and Asset Controlling Supply (ACS) procurement. Currently procurement of PCC3 RECs is limited and serves as a flexible tool to balance the portfolio. ACS is also currently procured largely as a source of clean large hydro energy, a cost-effective energy hedging tool, and a source of import RA from the pacific northwest. ACS sources are generally made up of 85-95% large hydro resources but may also include up to 10% source specified nuclear or natural gas. The new reporting regulation will likely require disclosure of all underlying energy as source specified, which could limit future procurements of this product depending on board direction.

- PCIA Working Group 3, which is focused on the disposition of PG&E's current long portfolio may benefit EBCE's energy procurement related costs. Though those benefits are not expected to be material for the fiscal year.

RISK MITIGATION

Considering the previous discussion, EBCE has the following options to further mitigate these economic risks.

- Additional changes to EBCE's value proposition:
  - Further reduction to Bright Choice discount to 0.0% = $3.2MM
  - Increase to Brilliant 100 premium is expected to have negligible effect with 90% migration to Bright Choice
- EBCE has the opportunity to accept and resell PG&E's nuclear allocation. This could generate up to $2 million based on market demand, which is somewhat unknown. This could present some risk to EBCE's power content label, but we can likely structure an arrangement to largely mitigate this risk.

Public Comments Summary Report

PRESENTED BY: MAS Team
DATE: JUNE 17, 2020

2020 PROCESS

Webinars:

Tuesday, June 2 at noon

Wednesday, June 3 at 6 PM

Audio Only:

Friday, June 5 at noon

Written Comments:

Opened on May 21

Closed at 11 pm on Sunday, June 7

Participation:

Webinar attendance: 15

Verbal comments: 6

Written comments: 7

Outreach:

Advertised via social media and the EBCE website starting on Friday, May 22

- Facebook 22,334 views
- Twitter over 34,000 impressions

Email notification on Tuesday, May 26

- sent to over 2,500 subscribers with a 60 % open rate

SUMMARY OF COMMENTS

The most commonly stated value proposition and budget recommendations:

- Need for EBCE to be mindful of the **economic recession** caused by the COVID-19 pandemic and make all attempts to keep rates as low as possible to reduce the energy burden on our community members;
- Do not reduce the Local Development Business Plan (**LDBP**) budget;
- The Board should consider using the **reserves** to ease the shortfall caused by the Power Charge Indifference Adjustment (PCIA), and other budgetary risks;
- Consider **cost-cutting measures regarding staff**, such as freezing salaries and hiring, and allow for voluntary staff salary reductions; and,
- EBCE and CalCCA should recommend to the California Public Utilities Commission (CPUC) that the **PCIA** be reduced or removed.

ADDITIONAL COMMENTS

- Maintain a product that is priced lower than PG&E's base rate;
- Consider the required timeline for City Councils to update their default product, should Brilliant 100 become more expensive than PG&E. Do not implement this change immediately;
- Set the Renewable 100 rate so that it is consistently lower than PG&E's Solar Choice product; and,
- Set the Renewable 100 rate to the market rate for renewable energy.

REQUEST FOR BILL EXAMPLES

Bright Choice		Total EBCE Charges						
		1.5% discount	1.0% discount	0.5% discount	Proposed (1.0%) Bright Choice versus Current Bright Choice		Alternate (0.5%) Bright Choice versus Current Bright Choice	
Customer Class	**Monthly Energy Use**	**Current Bright Choice**	**Proposed Bright Choice**	**Alternate Bright Choice**	**Monthly Difference**	**Yearly Difference**	**Monthly Difference**	**Yearly Difference**
Residential (E1)	380 kWh	$ 43.99	$ 44.21	$ 44.43	$ 0.22	$ 2.64	$ 0.44	$ 5.28
Small Commercial, Winter (A1X)	2,270 kWh	$254.55	$255.85	$257.14	$1.30	$15.60	$2.59	$31.08
Large Commercial, Summer (E19S)	1,014 kW / 294,710 kWh	$35,232.18	$35,411.02	$35,589.86	$178.84	$2,146.08	$357.68	$4,292.16

EAST BAY COMMUNITY ENERGY

REQUEST FOR BILL EXAMPLES

Brilliant 100

		Total EBCE Charges							
		Parity with PG&E	PG&E + 3%	PG&E + 2.5%	Proposed (3%) Brilliant 100 versus Current Brilliant 100		Alternate (2.5%) Brilliant 100 versus Current Brilliant 100		PG&E + $0.01
Customer Class	**Monthly Energy Use**	**Current Brilliant 100**	**Proposed Brilliant 100**	**Alternate Brilliant 100**	**Monthly Difference**	**Yearly Difference**	**Monthly Difference**	**Yearly Difference**	**Renewable 100**
Residential (E1)	380 kWh	$44.66	$46.00	$45.77	$1.34	$16.08	$1.11	$13.32	$48.46
Small Commercial, Winter (A1X)	2,270 kWh	$258.43	$266.18	$264.89	$7.75	$93.00	$6.46	$77.52	$281.13
Large Commercial, Summer (E19S)	1,014 kW / 294,710 kWh	$35,768.71	$36,841.77	$36,662.92	$1,073.06	$12,876.72	$894.21	$10,730.52	$38,715.81

EAST BAY COMMUNITY ENERGY

QUESTIONS FROM THE PUBLIC
Local Development Business Plan

- If staff and the Board eliminate $2.7 million from the LDBP, would that leave only the electric vehicle (EV) program?
  - Staff Response: A reduction in LDBP/Programs budget will be applied based on direction from the Board.

- Why is 70% of the LDBP budget allocated to the EV program? EVs are not available to everyone?
  - Staff Response: EBCE's Board of Directors unanimously approved participation in the CEC's 2021 California Electric Vehicle Incentive Program (CALeVIP) EViP) to leverage state incentive funding to enable Alameda County to meet it's share of the state target of 1.5M EVs on the road by 2025. Investment from CALeVIP is for EV charging infrastructure, not vehicles. Additionally, single family homeowners are not eligible for CALeVIP incentives for charging infrastructure.

- What percentage of the EV program will go towards fleet, municipal, and light/heavy duty trucks instead of personal vehicles?
  - Staff Response: The Local Development Budget allocations are stated in the May Board Packet. Municipal fleet electrification support, and our partnership with CALSTART are explicitly focused on light, medium and heavy-duty vehicle electrification and infrastructure deployment. Incentives through CALeVIP will support charging infrastructure for fleet managers. The exact proportion of CALeVIP incentive allocation is impossible to estimate as applications are submitted on a first come first serve basis per the requirements of the CEC.

QUESTIONS FROM THE PUBLIC

Power Procurement

- In the proposed budget for Fiscal Year (FY) 2020-21, the cost of electricity is shown as $55.28/MWh. How was that amount calculated? How does this compare to historic pricing?
  - Staff Response: The amount is calculated based on actual and projected costs divided by projected load. This includes all energy related costs. This is a reduction in costs compared to FY 2019-2020, which is projected at approximately $60/MWh.

- How much of EBCE's 2020-2021 power is already procured and how much remains open?
  - Staff Response: EBCE procures based on its Risk Management Policy as approved by the Board in January 2018. Hedge levels have been maintained in compliance to the established hedge matrix as detailed in the Energy Risk Management Regulations Appendix 9. Currently EBCE has hedged approximately 2/3 of the energy costs for the fiscal year.

- What does it mean that power costs are "soft?"
  - Staff Response: "Soft" power costs refers to low power costs in the market.

QUESTIONS FROM THE PUBLIC

Power Procurement (cont'd)

- What is the average price of each type of energy - fossil fuel, carbon-free, and renewable?
  - Staff Response: This table reflects the CPUC's estimates for the market price of energy (CAISO market prices), Resource Adequacy and the "RPS Adder" for 2020. The RPS Adder can be thought of as the REC value (Source: PCIA Market Price Benchmarks Forecast for 2020)
  - Additional pricing information can be found in the "[Q4 2019 Report on Market Issues and Performance]()" published by CAISO on February 28, 2020 and the "[2020 Padilla Report]()" published by the CPUC in May 2020

2020 Forecast Adders				
		PG&E	SDG&E	SCE
Energy Index[2] ($/MWh)	On Peak	$36.88	$37.61	$37.61
	Off Peak	$29.93	$29.56	$29.56
RA Adder ($/kW-month)	System RA	$4.59		
	Local RA	$4.11	$4.15	$4.30
	Flexible RA	$4.41		
RPS Adder ($/MWh)		$17.35		

EAST BAY COMMUNITY ENERGY

QUESTIONS FROM THE PUBLIC

Power Procurement (cont'd)

- What are the cost details for executed power contracts?
  - Staff Response: This is sensitive market information as defined by Public Utilities Code Section 454.5.

- What is the relationship between procurement costs and proposed rates for EBCE's products? Is there a direct relationship or are rates calculated using some other methodology?
  - Staff Response: There is a direct relationship between procurement costs and the value proposition. EBCE's rates are also based on PG&E's rate structure. The discount is proposed based on maximum savings while still competing with PG&E rates.

EAST BAY COMMUNITY ENERGY

QUESTIONS FROM THE PUBLIC

Budget/Operations

- Staff has provided a worst-case scenario for the 2020-2021 budget. What does the best-case scenario look like?
  - Staff Response: The budget presented is a base case or best assessment of where we expect revenues and costs to be over the next year. It does not reflect a worst case scenario as actual results may be better or worse than forecasted.

- Is the financial reserve on track to cover 50% of operating expenses for 182 days?
  - Staff Response: Under the current budget, we are not forecasting significant contributions to reserves for the 2020-2021 fiscal year.

- How would EBCE's total net reserves change if reserves were used to lessen the budget impact of risks, rather than the proposed changes to the value proposition?
  - Staff Response: Total net reserves could decrease depending on whether cash that is not held in reserve is utilized or funds placed in reserves.

QUESTIONS FROM THE PUBLIC

Value Proposition

- Why is the value proposition changing for Brilliant 100, but not for Renewable 100?
  - Staff Response: The cost of Brilliant 100 has been adjusted to reflect the cost of service. Renewable 100 already accurately reflected the cost of service.

- EBCE's value proposition appears to be weaker than other CCAs. How are other CCAs managing their 2020-2021 budgets?
  - Staff Response: This information is covered in the May 20, 2020 staff presentation to the Board on slides 22, 23, and 24.

EAST BAY COMMUNITY ENERGY

QUESTIONS FROM THE PUBLIC

Power Mix

- What are the projected greenhouse gas emissions and product mix for each product, particularly in light of the April 22, 2020 decision to anchor the Bright Choice product at a minimum of 5% higher renewable energy content than PG&E's projected renewable energy content?
  - Staff Response: For purchases made in 2019 EBCE will likely be reporting emissions through The Climate Registry which was used for calculating emissions from 2018 purchases. The emissions from 2019 will be calculated during this summer and made public near the end of the year. Bright Choice is currently estimated at 110 pounds per MWh, which is below the previously established (2018) emissions benchmark of 142 pounds per MWh. Emissions from 2020 purchases will likely be included in the Power Content Label that will be available to customers near the end of 2021. EBCE does not currently have forecasts of the emissions associated with the current year 2020 purchases, but it is anticipated that the emissions level will increase.

Public Comment Period: Friday, May 22, 2020 - Sunday, June 7, 2020

Staff hosted three public meetings the week of June 1, two webinars, and one audio-only workshop. These events were advertised via social media and the EBCE website starting on Friday, May 22 and by email on Tuesday, May 26. The sponsored posts on Facebook had 22,334 views by 10,816 users; on Twitter the advertisement had over 34,000 impressions. The email was sent to over 2,500 subscribers with a 60 percent open rate.

Six verbal comments were received at the webinars, which were attended by 15 community members.

Staff received multiple requests for an example of the bill amount under the new value proposition. Table 1 shows EBCE bills with the current, proposed, and alternate proposals to the Bright Choice. A 1% discount compared to today's value proposition is less than an additional $0.25 for a resident, a small commercial customer $1.30 and a large commercial customer would see a monthly increase around $180.

Table 1: Sample bill totals with the current, and proposed value proposition, for Bright Choice

		Total EBCE Charges						
		1.5% discount	1.0% discount	0.5% discount	Proposed (1.0%) Bright Choice versus Current Bright Choice		Alternate (0.5%) Bright Choice versus Current Bright Choice	
Customer Class	Monthly Energy Use	Current Bright Choice	Proposed Bright Choice	Alternate Bright Choice	Monthly Difference	Yearly Difference	Monthly Difference	Yearly Difference
Residential (E1)	380 kWh	$ 43.99	$ 44.21	$ 44.43	$ 0.22	$ 2.64	$ 0.44	$ 5.28
Small Commercial, Winter (A1X)	2,270 kWh	$254.55	$255.85	$257.14	$1.30	$15.60	$2.59	$31.08
Large Commercial, Summer (E19S)	1,014 kW / 294,710 kWh	$35,232.18	$35,411.02	$35,589.86	$178.84	$2,146.08	$357.68	$4,292.16

Table 2 shows bills for the same residential, small commercial, and large commercial customers on Brilliant 100 - today, with the proposed value proposition, and alternate proposal. The same customer would pay more on Renewable 100 than either proposed Brilliant 100 product.

Table 2: Sample bill totals with the current and proposed value proposition for Brilliant 100 compared to Renewable 100

		Total EBCE Charges							
		Parity with PG&E	PG&E + 3%	PG&E + 2.5%	Proposed (3%) Brilliant 100 versus Current Brilliant 100		Alternate (2.5%) Brilliant 100 versus Current Brilliant 100		PG&E + $0.01
Customer Class	Monthly Energy Use	Current Brilliant 100	Proposed Brilliant 100	Alternate Brilliant 100	Monthly Difference	Yearly Difference	Monthly Difference	Yearly Difference	Renewable 100
Residential (E1)	380 kWh	$44.66	$46.00	$45.77	$1.34	$16.08	$1.11	$13.32	$48.46
Small Commercial, Winter (A1X)	2,270 kWh	$258.43	$266.18	$264.89	$7.75	$93.00	$6.46	$77.52	$281.13
Large Commercial, Summer (E19S)	1,014 kW / 294,710 kWh	$35,768.71	$36,841.77	$36,662.92	$1,073.06	$12,876.72	$894.21	$10,730.52	$38,715.81

Comments

Customers and advocacy groups provided a variety of comments and questions for EBCE staff. Many individuals and groups highlighted the need for EBCE to be mindful of the economic recession caused by the COVID-19 pandemic and make all attempts to keep rates as low as possible to reduce the energy burden on our community members.

The most commonly stated value proposition and budget recommendations:

- Do not reduce the Local Development Business Plan (LDBP) budget;
- The Board should consider using the reserves to ease the shortfall caused by the Power Charge Indifference Adjustment (PCIA), and other budgetary risks;
- Consider cost-cutting measures regarding staff, such as freezing salaries and hiring, and allow for voluntary staff salary reductions; and,
- EBCE and CalCCA should recommend to the California Public Utilities Commission (CPUC) that the PCIA be reduced, or removed.

Additional comments included:

- Maintain a product that is priced lower than PG&E’s base rate;
- Consider the required timeline for City Councils to update their default product, should Brilliant 100 become more expensive than PG&E. Do not implement this change immediately;
- Set the Renewable 100 rate so that it is consistently lower than PG&E’s Solar Choice product; and,
- Set the Renewable 100 rate to the market rate for renewable energy.
- EBCE staff should look to supplement local development funding for efficiency measures, such as electrification for lower- and middle- income households.
- Equity metrics must be developed and utilized to measure the economic and social welfare impact of LDBP programs on low-income communities.

In addition to recommendations, staff received requests for additional information, or clarification.

Local Development Business Plan:

- If staff and the Board eliminate $2.7 million from the LDBP, would that leave only the electric vehicle (EV) program?
    - Staff Response: A reduction in LDBP/Programs budget will be applied based on the direction from the Board.
- Why is 70% of the LDBP budget allocated to the EV program? EVs are not available to everyone?
    - Staff Response: EBCE's Board of Directors unanimously approved participation in the CEC's 2021 California Electric Vehicle Incentive Program (CALeVIP) (EViP) to leverage state incentive funding to enable Alameda County to meet its share of the state target of 1.5M EVs on the road by 2025. Investment from CALeVIP is for EV charging infrastructure, not vehicles. Additionally, single family homeowners are not eligible for CALeVIP incentives for charging infrastructure.
- What percentage of the EV program will go towards fleet, municipal, and light/heavy duty trucks instead of personal vehicles?

    - Staff Response: The Local Development Budget allocations are stated in the May Board Packet. Municipal fleet electrification support, and our partnership with CALSTART are explicitly focused on light, medium and heavy-duty vehicle electrification and infrastructure deployment. Incentives through CALeVIP will support charging infrastructure for fleet managers. The exact proportion of CALeVIP incentive allocation is impossible to estimate as applications are submitted on a first come first serve basis per the requirements of the CEC.

Power Procurement:

- In the proposed budget for Fiscal Year (FY) 2020-21, the cost of electricity is shown as $55.28/MWh. How was that amount calculated? How does this compare to historic pricing?
    - Staff Response: The amount is calculated based on actual and projected costs divided by projected load.
- How much of EBCE's 2020-2021 power is already procured and how much remains open?
    - Staff Response: EBCE procures based on its [Risk Management Policy](#) as approved by the Board in January 2018. Hedge levels have been maintained in compliance to established hedge matrix as detailed in the Energy Risk Management Regulations Appendix 9.
- What does it mean that power costs are "soft?"
    - Staff Response: "Soft" power costs refers to low power costs in the market.
- What is the average price of each type of energy - fossil fuel, carbon-free, and renewable?
    - Staff Response: This table reflects the CPUC's estimates for the market price of energy (CAISO market prices), Resource Adequacy and the "RPS Adder" for 2020. The RPS Adder can be thought of as the REC value (Source: PCIA Market Price Benchmarks Forecast for 2020)

2020 Forecast Adders				
		PG&E	SDG&E	SCE
Energy Index[2] ($/MWh)	On Peak	$36.88	$37.61	$37.61
	Off Peak	$29.93	$29.56	$29.56
RA Adder ($/kW-month)	System RA	$4.59		
	Local RA	$4.11	$4.15	$4.30
	Flexible RA	$4.41		
RPS Adder ($/MWh)		$17.35		

    - Additional pricing information can be found in the "Q4 2019 Report on Market Issues and Performance" published by CAISO on February 28, 2020 (http://www.caiso.com/Documents/2019FourthQuarterReportonMarketIssuesand

Performance.pdf) and the “2020 Padilla Report” published by the CPUC in May 2020 (https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/About_Us/Organization/Divisions/Office_of_Governmental_Affairs/Legislation/2020/2020%20Padilla%20Report.pdf?__ac_lkid=2a14-b0f6-39ef-d2f417268072d07)

- What are the cost details for executed power contracts?
  - Staff Response: This is sensitive market information as defined by Public Utilities Code Section 454.5.
- What is the relationship between procurement costs and proposed rates for EBCE’s products? Is there a direct relationship or are rates calculated using some other methodology?
  - Staff Response: –There is a direct relationship between procurement costs and the value proposition. EBCE’s rates are also based on PG&E’s rate structure. The discount is proposed based on maximum savings while still competing with PG&E rates.

Budget/operations:

- Staff has provided a worst-case scenario for the 2020-2021 budget. What does the best-case scenario look like?
  - Staff Response: The budget presented is a base case or best assessment of where we expect revenues and costs to be over the next year. It does not reflect a worst case scenario as actual results may be better or worse than forecasted.
- Is the financial reserve on track to cover 50% of operating expenses for 182 days?
  - Staff Response: Under the current budget, we are not forecasting significant contribution to the reserves after the 2021 fiscal year.
- How would EBCE’s total net reserves change if reserves were used to lessen the budget impact of risks, rather than the proposed changes to the value proposition?
  - Staff Response: Total net reserves could decrease depending on whether cash that is not held in reserve is utilized or funds placed in reserves.

Value proposition:

- Why is the value proposition changing for Brilliant 100, but not for Renewable 100?
  - Staff Response: The cost of Brilliant 100 has been adjusted to reflect the cost of service. Renewable 100 already accurately reflected the cost of service.
- EBCE’s value proposition appears to be weaker than other CCAs. How are other CCAs managing their 2020-2021 budgets?
  - Staff Response: This information is covered in the May 20, 2020 staff presentation to the Board on slides 22, 23, and 24.

Power Mix:

- What is the projected greenhouse gas emissions and product mix for each product, particularly in light of the April 22, 2020 decision to anchor the Bright Choice product at a minimum of 5% higher renewable energy content than PG&E’s projected renewable energy content?
  - Staff Response: For purchases made in 2019 EBCE will likely be reporting emissions through The Climate Registry which was used for calculating emissions from 2018 purchases. The emissions from 2019 will be calculated

during this summer and made public near the end of the year. Bright Choice is currently estimated at 110 pounds per MWh, which is below the previously established (2018) emissions benchmark of 142 pounds per MWh. Emissions from 2020 purchases will likely be included in the Power Content Label that will be available to customers near the end of 2021. EBCE does not currently have forecasts of the emissions associated with the current year 2020 purchases, but it is anticipated that the emissions level will increase.

Comments and questions were received from the following individuals and/or organizations:

Verbal Comments	**Written Comments**
Tom Kelly, Kyoto USA	Tom Kelly, Kyoto USA
Richard Rollins, Berkeley	Richard Rollins, Berkeley
Aleta Dupree, Oakland	Michael Katz, Berkeley
Barbara Stebbins, Berkeley	Edward Dijeau, Union City
Igor Tregub, Berkeley, as a resident	Beth Weinberger, Kehilla Community Synagogue
Erik Pearson, Environmental Services Manager, City of Hayward	Jessica Tovar, East Bay Clean Power Alliance
	Igor Tregub and Minda Berbeco, Sierra Club Northern Alameda County Group and SF Bay Chapter (Late Submission)

Attachments

1. PDF of Presentation made during webinars
2. Links to Recorded Webinars
3. Written Comments

1

AGENDA

- Introduction to East Bay Community Energy (EBCE)
- Background
- 2020 – 2021 considerations
- 2020 – 2021 recommendation
- Public comment period

EAST BAY COMMUNITY ENERGY

2

2

PUBLIC MEETING REMINDERS

- Thank you for participating in our public meeting
- The video and audio from this meeting will be posted on our website
- We will provide a brief introduction to the proposed policy and then allow for your comments
  - Everyone will be on mute until the public comment period
- Please be prepared to provide:
  - Your name
  - Organization, if applicable
  - City of residence or business location
  - Your comment

EAST BAY COMMUNITY ENERGY

3

3

EAST BAY COMMUNITY ENERGY: OVERVIEW

EAST BAY COMMUNITY ENERGY

4

4

EAST BAY COMMUNITY ENERGY OVERVIEW

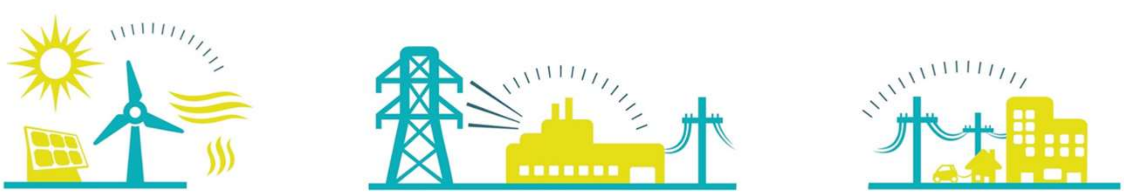
East Bay Community Energy (EBCE) is our local power supplier committed to providing Alameda County and the city of Tracy with clean electricity at low rates. EBCE reinvests earnings back into the community to create local green energy jobs, local energy programs, and clean power projects.

EAST BAY COMMUNITY ENERGY

5

5

HOW IT WORKS



Source
EBCE
buy and build cleaner energy

Delivery
PG&E
deliver energy, repair lines, handle billing

Customer
YOU
benefiting from cleaner energy, local control

EAST BAY COMMUNITY ENERGY

6

6

DEFINITIONS

7

7

PRODUCT OPTIONS

Bright Choice

Brilliant 100

Renewable 100

This is what we refer to as the "value proposition"

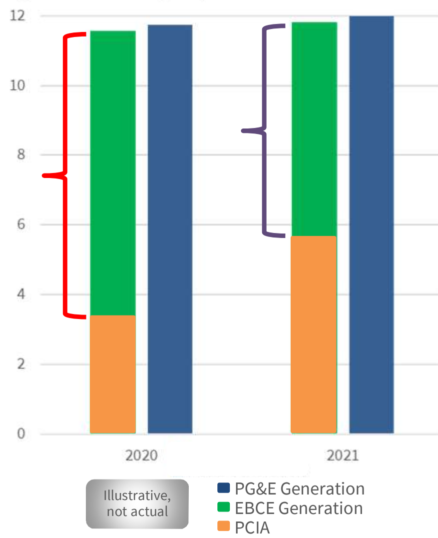
Bright Choice	Brilliant 100	Renewable 100
More renewable than PG&E	**100%** clean energy	**100%** renewable
1.5% less than PG&E	**same rate** as current PG&E price	**$0.01/kWh** more than Brilliant 100

8

8

DEFINITIONS

- **Rates** – what EBCE charges customers for electricity, currently updated when PG&E changes their generation rates or PCIA
- (Rate) **Value proposition** – the financial savings customers may realize as an EBCE customer
  – EBCE brings additional value to our community. This is only about the direct financial value to our customers.
- **Power Charge Indifference Adjustment (PCIA)** - a per kilowatt-hour fee that PG&E assesses to a customer that does not receive electric generation service from PG&E.
  – EBCE's value proposition must include the PCIA, since a customer who receives both delivery and generation from PG&E does not pay this fee.



EAST BAY COMMUNITY ENERGY

9

9

RATE SETTING PROTOCOL

EAST BAY COMMUNITY ENERGY

10

10

RATE SETTING PROTOCOL

Initially approved on 9/26/18 and updated on 12/18/19
(available at https://ebce.org/wp-content/uploads/Consent-Item-8-SMUD-Task-Order-Amendment-1.pdf)

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.

EAST BAY COMMUNITY ENERGY

11

2020 – 2021 CONSIDERATIONS

EAST BAY COMMUNITY ENERGY

12

12

NEW VALUE PROPOSITION PRESENTATION

- New value proposition proposed as part of the pending Fiscal Year 2020 - 2021 Budget
- Presented to Finance Subcommittee on Friday, May 15, 2020
- Presented to Community Advisory Committee on Monday, May 18, 2020
- Presented to Board of Directors on Wednesday, May 20, 2020
- Presented to Executive Committee on Friday, May 22, 2020
- Copy of presentation available at https://ebce.org/meetings/board-of-directors-5-20-20/

EAST BAY COMMUNITY ENERGY

13

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

To date, EBCE has delivered over **$13.75 million** in bill savings to Bright Choice customers

EAST BAY COMMUNITY ENERGY

14

14

RISKS

The value proposition is closely tied to the budget.

EBCE is exposed to a variety of risks in this coming fiscal year. The following is a representative list of key risks, though it is not comprehensive in reflecting all risks.

- COVID/Load Risk
- Energy Market Risk
- Uncollectables/Write-off Risk
- Opt-out Risk
- Regulatory Risks

EAST BAY COMMUNITY ENERGY

15

15

2020 – 2021 RECOMMENDATIONS

EAST BAY COMMUNITY ENERGY

16

16

CONSIDERED SCENARIOS

1. Alternative 1: Reduce Local Development budget by $2.7MM, maintain the Bright Choice discount of 1.5%
2. Alternative 2: Increase Local Development budget by $2.7MM, further decrease Bright Choice discount to 0.5%
3. Alternative 3: Reduce Bright Choice discount further to 0.5% and increase net margin by $2.7MM to mitigate risks related to energy markets, COVID, and undercollection and build increased reserves

Note – proposed Local Development budget is currently $6.75MM

EAST BAY COMMUNITY ENERGY

17

17

STAFF RECOMMENDATION

EBCE currently offers three products:

- Bright Choice: 1.5% below PG&E rates
- Brilliant 100: Parity with PG&E rates
- Renewable 100: $0.01/kWh more than PG&E rates
- For 2019 - 2020, EBCE expects to deliver over $7MM in bill savings to customers

Staff is recommending an adjustment to the value proposition for 2020 - 2021

- Bright Choice: 1% below PG&E rates
- Brilliant 100: 3% premium to PG&E rates to reflect the projected procurement costs to Brilliant 100
- Renewable 100: unchanged at $0.01/kWh more than PG&E rates

➡ For 2020 - 2021 EBCE expects to deliver approximately $5.4MM in bill savings to customers

- Every 0.5% discount for Bright Choice equals $2.7MM in incremental revenue
- Every 1% in Brilliant 100 premium equals $1MM (assuming no change to enrolled load)

EAST BAY COMMUNITY ENERGY

18

18

PUBLIC COMMENT PERIOD

EAST BAY COMMUNITY ENERGY

19

19

HOW-TO

- Click on the chat bubble [Chat]
- Enter your <u>name, city, and organization</u> into the chat box
    - Note that everyone on the call will see what you type into the chat box
- We will call on each speaker in the order we received the chat, we'll then disable the mute feature for each speaker
- Please be conscientious of the time. Every speaker will be allowed four minutes.
- Note that this webinar is being recorded and will be posted to our website

EAST BAY COMMUNITY ENERGY

20

20

THANK YOU FOR PARTICIPATING

- EBCE staff's next steps:
  - Post this webinar, including the audio recording of your comments, on our website at ebce.org/rates
  - Summarize all public comments in the staff report to Board
  - Present summary and value proposition recommendation at Board of Directors meeting on June 17 (teleconference)
- Additional comment opportunities:
  - **Online**, webinars on Tuesday, June 2 at noon and Wednesday, June 3 at 6pm
  - **Phone/audio-only** on Friday, June 5 at noon
  - **Written** comments may be emailed to PublicComment@ebce.org
    - Due to Shelter in Place orders, staff remains working from home and we are not able to receive physical mail delivered to our office. Therefore, written comments are only accepted via email.
- All comments are due by Sunday, June 7, 2020 at 11pm

EAST BAY COMMUNITY ENERGY

21

21

CONTACT INFORMATION:

PUBLICCOMMENT@EBCE.ORG

EAST BAY COMMUNITY ENERGY

22

22

Public comments were gathered at two webinars. Links to the staff presentation and the comments can be found on our website at ebce.org/rates and here:

Tuesday, June 2 at noon
Wednesday, June 3 at 6pm

There were no attendees to the phone/audio-only presentation on Friday, June 5 at noon.

Public Comment to EBCE FY 2020-2021 Rate Setting
Submitted June 4, 2020
Audrey Ichinose
East Bay Clean Power Alliance
California Alliance for Community Energy

Rate-setting for FY 2020-2021 needs to be done in a broad context. It's commendable that EBCE, as CEO Chaset stated, simply aims to "balance the books." EBCE is not a for-profit entity. Nor can it afford to operate in the red. Yet in today's context of the pandemic and Black Lives Matter, EBCE needs to take a wider view. It needs look beyond its laudable budget-balancing focus to uphold other important goals, i.e. its commitment to social equity and local development.

In light of the current crises, I would like to suggest the following for the FY 2020-2021 budget, EBCE's third:

- Dipping into the reserves to ease the shortfall caused by the PCIA while keeping rates largely unchanged
- Freezing salaries and allowing for 10% voluntary salary cuts for Staff out of solidarity with EBCE's hard pressed communities
- Supplementing local development funding, made possible in part by budget savings

Dipping into Reserves. The Reserves policy was established by the FY 2018-2019 budget, EBCE's first. It established three Reserves. ("Overview of Expenditures: Reserve Contributions and Proposed Reserve Policy," Attachment Item 15B, EBCE Board Meeting, June 20, 2018.) By far the largest, the Financial Operating Reserve was created to "move swiftly" to build necessary reserves in its first 3-5 years of operation in order to apply for a credit rating in its 4th or 5th year. Staff consulted with Barclay's Bank about the necessary reserve level to achieve an "A" rating or better. That target level was set at an operating reserve of 50% of operating expenses, enough to cover 182 days.

Now, as EBCE enters only its third year of operation and is faced with colliding crises, where does EBCE stand with this important goal? Is its Financial Reserve well on track to cover 50% of operating expenses for 182 days?

If it is well on track to apply for a credit rating in 2022 or 2023, EBCE should dip into its Financial Reserve or reduce its FY2020-21 reserve allocation in order to support the critical goals of the moment, social equity and local development funding. The two other initial reserves, **Rate Stabilization** and **Collateral,** should also be reexamined. Circumstances may warrant dipping into them, too.

Supplementing Local Development Funding. The decision to fund eVIP for Alameda County's eV charging infrastructure blows a big hole in local development funding. Although many are alarmed by certain problems—the continued support of personal vehicles over the use of public transit, a reliance on incentives that may never bear fruit, vaguely defined, "passive" benefits for low-income communities, etc.—the program promises GHG emissions reductions in the transport sector and helps Alameda County overcome its lag in eV charging infrastructure with the help of state funds.

Nevertheless, the decision to fund eVIP handcuffs local development actions for the next four years and possibly longer. Once millions are invested, more money will undoubtedly be sucked in to realize the promise of this complicated program.

A criticism of eVIP is that it only vaguely outlines benefits for low-income, impacted communities of color. One would want to see more concrete benefits. Everybody benefits from improved air quality, not just the people forced to live near the Port of Oakland and along major transport routes. Impacted communities, including its churches, need to receive tangible "ownership" benefits from local development funds. The following, for example, are benefits listed for a recent BayREN Home+ program that offers rebates for middle-class homeowners for

- Efficient air conditioning and/or furnaces
- Efficient water heaters
- Attic and wall insulation
- Duct sealing and/or replacement
- Weatherization
- + Electrification Options (heat pump hot water heaters, space heating/cooling, and clothes dryer, and induction cooktop or range)…"

If eVIP cannot be modified or attenuated in some way to counter what may be a deep multi-year recession, EBCE needs to commit to supplementing the local development budget for the next few years. In addition to using reserves, the savings from freezing salaries this year could contribute toward such funding.

Personnel compensation. EBCE staff is extremely hard-working, conscientious, and technically expert in many areas. The following proposal is in no way a criticism of Staff or of the sound principle of retaining and promoting one's best employees. In light of the loss of jobs and hardships visited on local businesses, however, EBCE should undertake a freeze on salaries (bonuses, merit increases and the like) and make possible the voluntary 10% pay cuts from higher salaried employees.

The value of this action would go far beyond its limited budgetary impact. Such an action would show EBCE standing in solidarity with its community, many parts of which are suffering. It would also serve as an excellent public reminder that EBCE is a community agency serving its many diverse constituencies. Governor Newsom (salary $210,000) and his staff, state legislators ($115,000 plus $200/day per diem), and the nine-campus UC system have all set the example. EBCE should do the same. These budget savings could also help to supplement local development funds.

Rethinking the rates for Renewable 100 and Brilliant 100. The demand “elasticity” of these two customer groups would strongly suggest that a better balance is needed between the rates for these products. Those who choose Renewable 100 are likely to be more firmly committed to fighting climate change and better able to absorb the added costs. They could be asked to contribute more without EBCE running too great a risk of opt-outs. These customers could, of course, always opt down. The Brilliant 100 group, on the other hand, is roughly 10 times larger and exhibit more elastic demand. Their number will undoubtedly sink under a 3% increase. They, too, can opt down—or out, depending on their shock or disgust at the new rate. A 1½ to 2% increase—in tandem with a rate hike for Renewable 100—could probably yield just as much in the long run without an increase in opt-outs.

Finally, could Staff consider finding some way of tying the Renewable 100 rate to the market price for renewable energy? It would add an attractive marketing dimension to the product, even though a fluctuating Renewable 100 rate would hardly be a gamble in the long-term, given the steady sinking of renewable energy prices.

EBCE needs to take into account the exceptional, tragic circumstances it faces this year. It cannot carry on as though the picture has not changed. This is true for conditions not just in Alameda County, the Bay Area and California, but nationally as well.

Gmail

Thank you for participating in our public comment process 2020-21 Budget

1 message

Beth Weinberger <bethw0104@mindspring.com>
To: "PublicComment@ebce.org" <PublicComment@ebce.org>
Wed, Jun 3, 2020 at 9:26 AM

I am writing on behalf of Kehilla Community Synagogue, an Alameda County congregation of 500 households.

We are especially concerned about and oppose any cuts to the Local Development Business Plan (LDBP) which is the heart and soul of our

County's community choice energy program. Preserving it and funding it well are much more important than small increases in rates. The LDBP's capacity to create local clean energy jobs and promote and support local businesses is even more important in the current economic crisis caused by the pandemic.

We strongly oppose investing a proposed 70% of the LDBP budget exclusively in an electric vehicle program as individual electric vehicles are a luxury item unaffordable to low-income communities. Unless this investment in EVs is aimed primarily at public transit vehicles, trucking fleets and the like, this proposed earmark would be discriminatory against low-income and communities of color.

Given that budget shortfalls in this budget year are largely due to the global pandemic, why isn't a portion of the estimated $73 million in emergency reserves being used to make up these shortfalls? And, given that the other main reason for EBCE's decreases in revenue is the increase in and unwarranted longevity in the PCIA, why aren't you fighting more to eliminate or reduce this charge?

Finally, transparency in ratesetting by a public agency is fundamental and required. An important part of your process must be to fully disclose the costs involved in acquiring each form and source of energy as the basis for ratesetting.

Beth Weinberger

Oakland resident and representative of Kehilla's Greening Committee

Sent from Mail for Windows 10

East Bay Clean Power Alliance
Jessica Tovar
339 15th Street #208 Oakland, CA 94612
jessica@localcleanenergy.org 415-766-7766

Subject: Budget + Rate Setting 2020-2021

June 7, 2020

Dear EBCE Board and Staff,

East Bay Clean Power Alliance appreciates the daunting task that the agency faces in presenting a balanced budget for 2020-2021, especially at a time when a global pandemic has left our communities devastated, and Black Lives Matter uprisings have highlighted the neglect of equity and the urgency of addressing the destructive impact of racial disparity. Our comments on the proposed budget and rates fall under two broad topics, the long term health of our communities and the agency, and the need for greater transparency by staff so that both the board and the public can make informed decisions.

Long Term Health of Community and Agency

East Bay Community Energy was established with goals of prioritizing the local development of clean energy resources in order to equitably benefit our communities. As demonstrated by EBCE's Local Development Business Plan, adopted by the Board in 2018, local development can provide clean, affordable energy and increase economic, social and racial equity by addressing the needs of low income communities and people of color. EBCE has so far not delivered on this promise, contracting for utility-scale energy from remote sources that has little impact on local economies and local needs.

Prioritizing local development has become even more urgent in the shadow of utility power shut offs and a global pandemic. The first emphasizes the need for local energy resilience, and the second emphasizes the need for local job creation to address the 25% pandemic unemployment rate, a number which undoubtedly undercounts those without jobs in areas of Alameda County chronically plagued by high unemployment.

Furthermore, EBCE's emphasis on cheaper remote energy has not protected the agency from the financial challenge of the ever increasing PCIA fee our customers pay to PG&E. The long-term viability and financial health of EBCE requires a successful strategy for beating back this attack on local energy autonomy.

- The Alliance rejects any cuts to the Local Development Business Plan (LDBP), especially now because with 70% of that budget going to electric vehicle charging, only 30% remains that could significantly benefit low income communities.
- We reject any budget proposal that would substitute an average $1/ year savings to Bright Choice customers for the remaining LDBP budget ($2.7 million) not earmarked for electric vehicle charging.
- If $2.7 million is required for mitigating risk or to make-up budget shortfall, we recommend that amount be taken out of the $73 million in EBCE reserve accounts, established for times of crisis such as the one we are in.
- Equity metrics must be developed and utilized to measure the economic and social welfare impact of Local Development Business Plan programs on low income communities.
- EBCE should join with other Community Choice programs in the state to fight the PCIA, in the courts, the CPUC, and the Legislature. It is outrageous that for-profit utilities be able to charge customers on an ongoing basis when they choose public agencies for better energy services.

Increased Transparency

In order to make an informed decision about budget and rates, the EBCE Board and the public must have more complete information than they have been given by staff. As we understand it, the current projections of expenses and revenues are a worst-case scenario. What does the best case look like?

- This year, the information presented to the Community Advisory Committee, Board and the public has not been sufficient for anyone to judge the impact of staff proposals on the budget and rates.

- Staff should provide the average costs to EBCE of renewable, non-renewable carbon-free and fossil fuel based energy, the three different types of energy that serve customers, as well as the differential between the cost and the rate charged for each class of energy user. Reporting average costs would not violate individual contract confidentiality and is critical information for decisions on rates and power content.
- Staff's current proposal for rates, particularly the 3% increase in Brilliant 100, comes without any accounting to justify that increase. Staff needs to provide that information.
- Staff should always provide the impact of rate changes on the average customer's bill, residential, municipal and commercial. Using figures presented by EBCE staff in the past, we estimated the proposed ½% decrease in Bright Choice discount would result in only a $1/ year increase on the average residential bill.
- The incomplete information that is presented tends to predispose certain decisions, without consideration of other possibilities. For instance, there are only three alternative budget scenarios presented by staff. There is no information about other ways to make up the anticipated budget shortfall. For example, there is no mention of the reserves or how the proposed 3% increase in the Brilliant 100 rate might affect revenues.
- Two of the alternate budget scenarios involve contradictory actions, pitting Bright Choice rates against a $2.7 million increase or decrease in the LDBP budget. Given that the LDBP budget makes up only 1.7% of EBCE's total expenses this seems almost a targeted proposal to get rid of what remains in the LDBP outside of the electric vehicle charging proposal.
- None of the alternate budge scenarios will come close to mitigating the over $60 million budget shortfall predicted for 2020-2021.
- We would like to understand what happened to the $21 million that was supposed to go into reserves according to staff in the June 19, 2019 budget presentation, including $9.6 million budgeted for the LDBP reserves. The actual 2019 contributions shown in the 2020 Budget presentation are $40.5 million total and only $3.8 million for the LDBP (see below)

From Slide 25**, Budget Presentation, June 19, 2019**

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**

From Slide 21, **Budget Presentation, May 20, 2020**

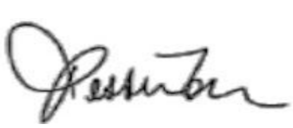
EBCE Estimated Net Position 2019-2020 $ 63,690,000

Reserve Fund	2018-19	2019-20*	Total	2019-20 Target	Remaining
Operating/Credit	32,768,648	23,393,450	56,162,098	200,646,000	144,483,902
Rate Stabilization	1,936,260	2,339,345	4,275,605	7,018,035	2,742,430
Collateral	1,936,260	2,339,345	4,275,605	37,742,400	33,466,795
Local Development	3,872,519	4,678,690	8,551,209	46,786,900	38,235,691
Total	**40,513,687**	**32,750,830**	**73,264,517**	**292,193,335**	**218,928,818**

* Expected contributions set to minimum amount

EBCPA urges the Board to reject any cuts to the Local Development Business Plan and ask for more information and alternative solutions before making any decisions on the 2020-2021 budget.

Thank you,



Jessica Tovar, Coordinator of the East Bay Clean Power Alliance

Gmail

Thank you for participating in our public comment process Setting Rates without giveaways or donations that keeps rates higher than they should be. You are a public trust.
1 message

EDWARD DIJEAU <Dijeau@msn.com>
To: "PublicComment@ebce.org" <PublicComment@ebce.org>
Fri, May 29, 2020 at 3:07 PM

Dear Sirs.

When setting rates, they should be just the cost of electricity, from renewable providers, and the office overhead and should not contain "rip offs" of rate payers to pay for a "special class" of rate payer or to give away money to charitable organizations. Special rates for the low income, seniors, the disabled or non-profits should only be given by PG&E and taken from the proceeds "they get" from distribution of electricity since their rates are 70% of "all rate payers bills" with the exception of solar customers who seem to be getting a "Free Ride" on every one else by not paying their fair share of the infrastructure portion of the costs including the "giveaways" with the Net Metering (NEM) they get.
We have some of the highest electric rates in the country and part of that is because of California mandates for clean energy and there are a lot of programs that force rate payers to pay part of the bill for low income classes of people. As the Energy provider for Alameda and Contra Costa Counties, East Bay Energy should stay out of politics and making it's cost of energy by NOT taking on programs that shift the rate burden onto the hard working middle class from the rich "solar owning NEM customers" or poor "low income" rate payers. Let PG&E handle the CARE program through it's own energy program and suppliers and not force East Bay Energy to shift the burden onto it's clean, renewable energy programs, making them more costly. If you want to be believed that you are getting us consumers true renewable energy at the lowest possible cost, we can not keep reading that you are giving our moneys away. You are a public trust.

Thank you for your consideration on this matter.

Edward F Dijeau

50 year member IBEW Local 595

Gmail

Thank you for participating in our public comment process 2020-2021 rate setting: Please lower "Renewable 100" to a competitive rate

1 message

Michael Katz <mqkatz@gmail.com> Tue, May 26, 2020 at 6:42 PM
To: East Bay Community Energy public comments <PublicComment@ebce.org>

Dear EBCE Staff,
As you set 2020-2021 pricing, I strongly urge you to reset the "Renewable 100" tier to a rate no higher than – and ideally, lower than – PG&E's "Solar Choice" alternative.

EBCE is a sizable aggregator, negotiating with a financially hobbled utility. Something is seriously wrong if EBCE lacks the bargaining power, the purchasing skill, or the purchasing options to price an all-renewable tier competitively with the rate that PG&E charges individual ratepayers.

For my purposes, I don't care if the "Renewable 100" power mix remains 50% wind, or remains tied to locally produced wind power, or includes wind power at all. I just want an all-clean-power option that won't make ratepayers like me feel fools.

By choosing an aggregator, we should not be paying a premium over the utility's comparable retail rate. We should be seeing a discount, as ratepayers on the "Bright Choice" tier do.

Again, for my own purposes: If "Renewable 100" does not get priced competitively with PG&E's "Solar Choice," I will reluctantly opt out as soon as next year's rates are announced, and return to PG&E.

In principle, I strongly support (truly) public power. I grew up in Canada, where most provincial governments proudly run an efficient, end-to-end electrical grid for their regions – as well as selling surplus hydro power to U.S. customers. (Which of course include BC Hydro customers PG&E and EBCE.)

But on principle, I won't support a feel-good version of an aggregator – one that gives local politicians a symbolic achievement to crow about, but fails to deliver reasonable, achievable pricing discounts for its ratepayers on all tiers.

Thank you for considering this plea to set "Renewable 100" rates no higher than PG&E's "Solar Choice" tier. Two years in, this should certainly be doable.

Respectfully yours,
Michael Katz
Berkeley, CA

Date: **June 5, 2020**

To: **East Bay Community Energy**
Chair Kalb, EBCE Directors, and Community Advisory Committee

From: **Richard Rollins, P.E., LEED AP**
Berkeley, CA

Subject: **EBCE's Proposed 2020-2021 Budget and Rates**

Dear Chair Kalb and EBCE Directors,

Respectfully, I am writing to offer comments and recommendations regarding EBCE's proposed 2020-2021 Budget and Rates.

One of the benefits of CCAs is the opportunity for ratepayers and their elected representatives on the Board to participate when critical decisions are made. Thank you for this opportunity to comment.

Transparency in Budgeting and Rate Setting

Transparency in budgeting and rate setting requires more detailed information than has been provided thus far. Even though the "floor" metric for Bright Choice content was revised on April 22, 2020 (from 85% GHG-free to 39.5% Renewable) the Public is still concerned and the Board should be informed about the estimated GHG and RPS content of EBCE's three products. The implication of slide 24 of the May 20, 2020 Budget Presentation to the Board is that Bright Choice GHG-free content could be as low as 54.5%. Since this EBCE product serves most of the EBCE load, this is a significant change from the initial goals that were outlined in EBCE's formation process and are specifically called out in the JPA Agreement.

To be fully transparent, EBCE Directors should require EBCE staff to provide the Board and the Public with answers to the questions listed in Attachment A before decisions on rates and budget are made.

This is not the time for Rate Increases or Cuts to Community Programs!

The estimated unemployment rate in CA is 25%, up from about 5% in early March. The proposed rate increases will impact both ratepayers and taxpayers within EBCE member jurisdictions. EBCE's proposed rate increase will disproportionately impact the following:

- unemployed and low-income rate payers in all EBCE jurisdictions, particularly in communities that are being disproportionately impacted by decades-long injustices and now the pandemic.
- customers in the cities of Albany and Hayward who were automatically enrolled in Brilliant 100

With so many people affected by the COVID-19 pandemic, EBCE's priorities for the 2020-2021 budget should be to find ways to cut costs so that programs and low carbon content can be maintained without increasing rates. The combined impacts of lost jobs, shuttered businesses, and reduced revenue to member jurisdictions cannot be ignored. EBCE must recognize that low-income ratepayers are most severely affected. EBCE must maintain its commitment to the LDBP, which can be a job creator for many disadvantaged community members.

Any rate increase at this time will be seen as regressive and insensitive to those ratepayers impacted by the COVID-19 pandemic, unemployment, and the pending economic recession.

EBCE's Reputation and Trust with the Public is at Risk
If approved, EBCE's proposed rate increases (combined with eroded goals for GHG-free content) will reduce the products' value proposition and undermine the trust that the public has extended to EBCE.

Recommendations
I strongly suggest that EBCE staff provide additional information as noted above followed by a robust public process that allows the public to weigh in before the budget and rates are finalized for 2020-2021.

Sincerely,
Richard Rollins, P.E., LEED AP
Berkeley, CA

ATTACHMENT A: Comments and Questions regarding Transparency and Scenario Analysis

Transparency

- What is the projected Renewable content of Bright Choice and Brilliant 100? How is this different than previous year actual performance?
- What is the projected cost of renewables, GHG-free power, low carbon power (ACS) and "system" power? How does this compare with previous year costs and product power content?
- What is the projected GHG free content of Bright Choice? (slide 6 of the May 20, 2020 Board presentation indicates projected energy cost reduction due to revised power content targets) How do the new targets compare with PG&E on CO2 intensity and/or GHG-free content; with previous EBCE procurement targets and actual CO2 intensity and/or GHG-free content?
- With the proposed 3% increase to Brilliant 100 rates, what is the resultant difference between Brilliant 100 and Renewable 100?
- What are the actual costs for the "soft" energy (slides 4 and 6 of the May 20, 2020 Board Presentation on budget) and what are the sources?
- What is relationship between procurement cost and proposed rates for EBCE's three offerings? Is there a direct relationship or are rates subjective and arbitrary?

More scenario analysis is warranted

- The only scenario presented is a LDBP vs Rate analysis
- A reduction to the LDBP budget was essentially the only alternative scenario presented by EBCE staff. The Board should request that staff prepare other scenario options and share with the Board and Public prior to rate and budget decisions. Options should include:
    - reduce the reserve allocation
    - use the rate stabilization reserve
    - freeze EBCE hiring and salaries
- Slide 33 of the May 20, 2020 Board presentation indicates a possibility of selling "excess large hydro related carbon free attributes". This suggested possibility needs more explanation regarding its impact on rates, budget, and GHG-free content as well as details about the decision-making process that determines "excess".
- What is the impact of the proposed rate increases on member jurisdiction budgets? Since EBCE knows the load for each member jurisdiction, taxpayers and member jurisdiction Board members deserve an estimate of financial impact on their jurisdiction's budget for 2020-2021.
    - How can this impact be reduced?
    - What short-term financial solutions have been considered?
- Are other CCAs increasing rates and reducing carbon free content? If not, how are they managing the combined impacts of the increased PCIA and the COVID-19 pandemic?

###

SIERRA CLUB
SAN FRANCISCO BAY
Serving Alameda, Contra Costa, Marin and San Francisco counties

June 7, 2020

EBCE Board of Directors
1999 Harrison Street,
Suite 800 Oakland, CA 94612

SUBMITTED VIA E-MAIL

Dear EBCE Board of Directors,

We hope this letter finds you well. Thank you for all your work, especially in these trying times.

One of the benefits of CCAs is the opportunity for ratepayers and their elected representatives on the Board to participate when critical decisions are made. Thank you for this opportunity to comment on the 2020-2021 Budget and EBCE Rates.

Transparency in Budgeting and Rate Setting

Transparency in budgeting and rate setting requires more detailed information than has been provided thus far. Even though the "floor" metric for Bright Choice content was revised on April 22, 2020 (from 85% GHG-free to 39.5% Renewable) the Public is still concerned and the Board should be informed about the estimated GHG and RPS content of EBCE's three products. The implication of slide 24 of the May 20, 2020 Budget Presentation to the Board is that Bright Choice GHG-free content could be as low as 54.5%. Since this EBCE product serves most of the EBCE load, this is a significant change from the initial goals that were outlined in EBCE's formation process and are specifically called out in the JPA Agreement.

To be fully transparent, EBCE Directors should require that EBCE staff provide the Board and the Public with answers to the questions listed in Attachment A before decisions on rates and budget are made.

This is not the time for Rate Increases or Cuts to Community Programs!

The estimated unemployment rate in CA is 25%, up from about 5% in early March. The proposed rate increases will impact both ratepayers and taxpayers within EBCE member jurisdictions. EBCE's proposed rate increase will disproportionately impact

- unemployed and low-income rate payers in all EBCE jurisdictions, particularly in communities that are being disproportionately impacted by decades-long injustices and now the pandemic.
- customers in the cities of Albany and Hayward who were automatically enrolled in Brilliant 100

With so many people affected by the COVID-19 pandemic, EBCE's priorities for the 2020-2021 budget should be to find ways to cut costs so that programs and low carbon content can be maintained without increasing rates. The combined impacts of lost jobs, shuttered businesses, and reduced revenue to member jurisdictions cannot be ignored. EBCE must recognize that low-income ratepayers are most severely affected. EBCE must maintain its commitment to the Local Development Business Plan (LDBP), which is a job creator for many disadvantaged community members. More scenario analysis is warranted and options should include: reducing the reserve allocation, using the rate stabilization reserve, and/or freezing EBCE hiring and salaries

Any rate increase at this time will be seen as regressive and insensitive to those ratepayers impacted by the COVID-19 pandemic and the pending economic recession.

EBCE's Reputation and Trust with the Public is at Risk

If approved, EBCE's proposed rate increases (combined with reduced goals for GHG-free content) will reduce the products' value proposition and undermine the trust that the public has extended to EBCE.

Recommendations

We strongly suggest that EBCE staff provide additional information as noted above followed by a robust public process that allows the public to weigh in before the budget and rates are finalized for 2020-2021.

Respectfully,

Igor Tregub,
Chair, Northern Alameda County Group

Minda Berbeco,
SF Bay Chapter, Chapter Director

ATTACHMENT A: Questions regarding Transparency and Scenario Analysis

Transparency

- What is the projected Renewable content of Bright Choice and Brilliant 100? How is this different than previous year actual performance?
- What is the projected cost of renewables, GHG-free power, low carbon power (ACS) and "system" power? How does this compare with previous year costs and product power content?
- What is the projected GHG free content of Bright Choice? (slide 6 of the May 20, 2020 Board presentation indicates projected energy cost reduction due to revised power content targets) How do the new targets compare with PG&E on CO2 intensity and/or GHG-free content; with previous EBCE procurement targets and actual CO2 intensity and/or GHG-free content?
- With the proposed 3% increase to Brilliant 100 rates, what is the resultant difference between Brilliant 100 and Renewable 100?
- What are the actual costs for the "soft" energy (slides 4 and 6 of the May 20, 2020 Board Presentation on budget) and what are the sources?
- What is relationship between procurement cost and proposed rates for EBCE's three offerings? Is there a direct relationship or are rates subjective and arbitrary?

More scenario analysis is warranted

- The only scenario presented is a LDBP vs Rate analysis
- A reduction to the LDBP budget was essentially the only alternative scenario presented by EBCE staff. The Board should request that other scenario options be prepared and shared with the Board and Public prior to rate and budget decisions. Options should include:
    - reduce the reserve allocation
    - use the rate stabilization reserve
    - freeze EBCE hiring and salaries
- Slide 33 of the May 20, 2020 Board presentation indicates a possibility of selling "excess large hydro related carbon free attributes". This suggested possibility needs more explanation regarding its impact on rates, budget, and GHG-free content as well as the decision-making process that determines "excess".
- What is the impact of the proposed rate increases on member jurisdiction budgets? Since EBCE knows the load for each member jurisdiction, taxpayers and member jurisdiction Board members deserve an estimate of financial impact on their jurisdiction's budget for 2020-2021.
    - How can this impact be reduced?
    - What short-term financial solutions have been considered?
- Are other CCAs increasing rates and reducing carbon free content? If not, how are they managing the combined impacts of the increased PCIA and the COVID-19 pandemic?

Gmail

Thank you for participating in our public comment process comments on EBCE rate changes
1 message

Tom Kelly <tkelly@kyotousa.org> Sun, Jun 7, 2020 at 7:53 PM
To: PublicComment@ebce.org
Cc: Berkeley Mayor's Office <mayor@cityofberkeley.info>, Kate Harrison <kharrison@cityofberkeley.info>, Richard Rollins <rrollins@rollinscs.com>, Chris Gilbert <chris@gilbertbiz.com>

Thank you for the opportunity to comment on the proposed EBCE rate changes.

As others have undoubtedly mentioned, the timing on the proposed changes – raising the rates on all but the Renewable 100 customers – does feel insensitive to the economic hardships facing EBCE ratepayers. It seems especially so since other CCAs are addressing the reduction in electricity sales and the increase in the PCIA by absorbing those costs – rather than passing the increases on to their ratepayers. I am attaching an updated (and corrected) spreadsheet based on slide 24 (Comparison of CCA Products and Value) that EBCE staff provided to the Board on May 24, 2020 (FY2020-2021 Draft Budget). Note that changes and corrections are highlighted in red. This slide is based upon information provided on the CCA websites that in most cases reflect rates as of May 1, 2020. Please note that most CCAs provide a much cleaner basic product at higher discounts than EBCE offers.

1) Please provide the Board and public with an analysis of how other CCAs are handling this situation including a comparison of rates, power content, and impact on reserves. When showing the impact on reserves, please do so for EBCE's total net reserves and not just the impact on net reserves for FY 2020-2021.

Staff has recently reported that power costs are "soft".

2) What does it mean that power costs are "soft"?

3) Please provide cost details for executed power contracts. Staff have mentioned that some contract details need to be kept confidential, but in a review of the California Public Records Act, I am unable to identify an exemption to the disclosure of all contract details.

4) The draft budget that staff provided to the Board indicated that the cost of electricity per MWh in 2019-20 was $60.42. In the proposed budget for FY 2020-21, the cost of electricity is shown as $55.28/MWh. Please describe how the figure of $55.28/MWh was calculated. Please provide a chart or some other visual that describes the history of power procurement prices (renewable, hydro, Asset Controlling Supplier, system power, etc.) for the current fiscal year and estimated power costs for the next fiscal year.

Here is a link to the slide deck from the May 28, 2020 Peninsula Clean Energy Board meeting and discussion on the PG&E hydro/nuclear allocation issue. CEO Jan Pepper points out that due to the COVID-19 crisis, load estimates and procurement needs have fallen. She also points out that estimated power costs for GHG free power have fallen dramatically from about $8.00/MWh in January to $3.25/MWh in May.

5) How much of EBCE's 2020-2021 power is already procured and how much remains open? Please provide a similar analysis to the one provided the PCE Board of Directors.

In October 2018, the EBCE Board abandoned the 85% carbon free standard that had been set earlier that year, and set a benchmark that the GHGs associated with EBCE's Bright Choice total retail sales would not exceed 142 lbs CO_2/MWh. Once the CEC had completed the Power Content Label for 2018, EBCE reported that they had exceeded the benchmark by producing only 101 lbs CO_2/MWh.

6) What do you estimate the 2020 carbon free power mix to be and what are the estimated carbon emissions in lbs/MWh for Bright Choice based on the Board's decision to compete with PG&E on renewables only (PG&E plus 5%)?

I would also like to state that I think cutting the budget for the LDBP is short-sighted. Those funds provide economic opportunities to residents and businesses in the region that is more important than ever. I would suggest looking at other cost cutting measures. I know that others have suggested a freeze on hiring and a delay in raises, but I would also suggest – as a demonstration of solidarity with those who have lost their jobs and have received cuts in income – that EBCE staff also take a 10% reduction in salaries. Doing so would show that EBCE is in tune with the situation in which many of its customers find themselves and would make a significant contribution to assuring EBCE's ability to balance its budget without raising rates or reducing the carbon free content of Bright Choice.

Sincerely,

Tom Kelly

KyotoUSA

Power content comparison (6-2-20).xlsx
12K

5. Comparison of CCA Products & Value

	Basic Product	% Renewable	% Carbon-Free	Total Carbon Free	Discount to PG&E (denotes a premium)	Upgrade 2	% Renewable	Premium to Basic Product
EBCE	Bright Choice	39.5%	10%-15%	54.50%	1.00% (proposed)	Renewable 100	100% RE	Premium to PG&E rate - 0.01/kWh
SVCE	Green Start	50%	50%	100%	4.00%	Green Prime	100% RE	+$0.008/kWh
MCE	Light Green	61%	13%	74%	-1.00%	Deep Green	100% RE	+$0.01/kWh
SCP	Clean Start	49%	42%	91%	4%	Evergreen	100% RE	+$0.025/kWh
SJCE	Green Source	45%	41%	86%	1.00%	Total Green	100% RE	+$0.005 - $0.01/kWh
MBCP	MB Choice	34%	66%	100%	2%-7%	MB Prime	100% RE	+$0.01/kWh
PCE	Eco Plus	50%	40%	90%	5.00%	Eco 100	100% RE	+$0.01/kWh
CPSF	Green	50%	40%	90%	1.00%	SuperGreen	100% RE	

*Yellow cells denote discounts/premiums relative to last year; not yet confirmed if these CCAs have made adjustments to these values/

FY 2020-2021 Draft Budget

PRESENTED BY: Nick Chaset

DATE: June 17, 2020

FY 2020-21 Draft Budget (Informational)

Agenda:

1. **Budget Overview**
2. **Updates to Base Case**
3. **Overview of Revenue**
4. **Overview of Expenses**
    a. Energy Operations
    b. Personnel
    c. Legal, Policy, & Regulatory Affairs
    d. Marketing Services
    e. General and Administration
    f. Other Professional Services
    g. Local Development
    h. Interest
5. **New Communities**
6. **Overview of EBCE Net Position and Reserve Allocation**
7. **Review of EBCE Value Proposition and Discount**
8. **Risks and Mitigants**
9. **Alternative Budget Scenarios**

FY 2020-21 Draft Budget

- 2020-21 Budget reflects staff's current projections for both electricity sales and energy costs under two scenarios
  - COVID impacted load (reduction of load in 2020 of 5-6% in near months, with tapering through December)
  - Non-COVID impacted load
- The FY 2019-20 Budget presented is the budget approved by the Board in June of 2019
- Local Development will be represented as a Fund with a carry over balance of FY 2019-20 unspent dollars in addition to Overhead allocation
- New Communities Revenue and Expenses are not included in the table to the right, but are discussed separately in this presentation

	FY 2019-20 BUDGET	FY 2020-21 Non-COVID	FY 2020-21 COVID
REVENUE AND OTHER SOURCES			
Electricity Sales	487,014,000	388,125,000	382,758,000
Investment Income	578,000	1,231,000	1,231,000
Other Income	-	275,000	275,000
Uncollectables	(2,447,000)	(9,703,000)	(9,568,000)
Total Revenue and Other Sources	**485,145,000**	**379,928,000**	**374,696,000**
EXPENSES AND OTHER USES			
ENERGY OPERATIONS			
Cost of Energy	386,905,000	347,594,000	342,796,000
Data Management/Customer Service	6,758,000	7,704,000	7,704,000
PG&E Service Fees (Billing/Metering)	2,253,000	2,396,000	2,396,000
Scheduling	653,000	660,000	660,000
Total Energy Operating Costs	**396,569,000**	**358,354,000**	**353,556,000**
OVERHEAD OPERATIONS			
Personnel	6,703,000	7,429,000	7,429,000
Marketing, Outreach, Communications	2,263,000	1,214,000	1,214,000
Legal, Policy, & Reglatory Affairs	1,586,000	1,297,000	1,297,000
Other Professional Services	1,214,000	1,345,000	1,345,000
General & Administrative	2,290,000	2,146,000	2,146,000
Local Development Funding	6,340,000	6,615,000	6,615,000
Depreciation	61,000	60,000	60,000
Total Overhead Operating Costs	**20,457,000**	**20,106,000**	**20,106,000**
INTEREST PAYMENTS			
Borrowing Interest	1,229,000	804,000	804,000
Total Interest Payments	**1,229,000**	**804,000**	**804,000**
TOTAL EXPENSES & INTEREST DUE	**418,255,000**	**379,264,000**	**374,466,000**
NET INCREASE (DECREASE) IN POSITION	**66,890,000**	**664,000**	**230,000**

EAST BAY COMMUNITY ENERGY

FY 2019-20 Budget to Actuals

- Actuals are unaudited results through Q3 (July, 2019 - March, 2020) plus Q4 projections
- Electricity sales are lower than expected due to reduced load based on weather conditions and COVID impacts and PCIA increases, effective May 1, 2020
- Cost of energy is lower than expected due to reduced load and softer energy prices
- Overhead is lower than projected primarily due to some deferred allocation of local development spend into the next fiscal year, and general cost saving measures across functional areas

	FY 2019-20 BUDGET	FY 2019-20 ACTUALS	Fiscal Year Difference
REVENUE AND OTHER SOURCES			
Electricity Sales	487,014,000	468,961,000	(18,053,000)
Uncollectables	(2,447,000)	(2,346,000)	101,000
Investment Income	578,000	1,141,000	563,000
Other Income	-	113,000	113,000
Total Revenue and Other Sources	**485,145,000**	**467,869,000**	**(17,276,000)**
EXPENSES AND OTHER USES			
ENERGY OPERATIONS			
Cost of Energy	386,905,000	377,424,000	(9,481,000)
Scheduling/Broker Fees	653,000	758,000	105,000
Data Management/Customer Service	6,758,000	7,057,000	299,000
PG&E Service Fees (Billing/Metering)	2,253,000	2,326,000	73,000
Total Energy Operating Costs	**396,569,000**	**387,565,000**	**(9,004,000)**
OVERHEAD OPERATIONS			
Personnel	6,703,000	5,871,000	(832,000)
Marketing, Outreach, Communications	2,263,000	1,410,000	(853,000)
Legal, Policy, & Reglatory Affairs	1,586,000	1,250,000	(336,000)
Local Development	6,340,000	5,002,000	(1,338,000)
Other Professional Services	1,214,000	685,000	(529,000)
General & Administrative	2,290,000	1,607,000	(683,000)
Depreciation	61,000	46,000	(15,000)
Total Overhead Operating Costs	**20,457,000**	**15,871,000**	**(4,586,000)**
TOTAL ENERGY & OPERATING EXPENSES	**417,026,000**	**403,436,000**	**(13,590,000)**
INTEREST PAYMENTS			
Borrowing Interest	1,229,000	743,000	(486,000)
Total Interest Payments	**1,229,000**	**743,000**	**(486,000)**
TOTAL EXPENSES & INTEREST DUE	**418,255,000**	**404,179,000**	**(14,076,000)**
NET INCREASE (DECREASE) IN POSITION	**66,890,000**	**63,690,000**	**(3,200,000)**

EAST BAY COMMUNITY ENERGY

Updates to the Base Case

Both scenarios include the following updates

- No change to Brilliant 100 pricing through December 31, 2020 then set to cost of service at 2.5% premium to PG&E, with Board review and evaluation in summer/fall to determine the best path forward
- 90% migration of current Brilliant 100 customers to Bright Choice in January, 2021
- Power content for Brilliant 100 set to match RPS on renewables (33% in 2020, 35.8% in 2021) while maintaining 100% carbon free
- Energy costs are further reduced by sale of excess carbon-free assets
- Marketing is reduced by $300k in community grants and noticings

The Non-COVID scenario sets Bright Choice at 1% discount to PG&E

The COVID scenario sets Bright Choice at 0.5% discount to PG&E

EAST BAY COMMUNITY ENERGY

Brilliant 100 Considerations

- Brilliant 100 is maintained at parity through December 31, 2020 to allow for additional dialogue and planning with the board and community
- Rate is locked to new accounts and opt-ups as of July 1, 2020

Options for future consideration:

- Maintain product at a rate below cost of service for existing customers
- Discontinue product at some specified time and allow migration to other products or a new product
- Set product to cost of service, currently at 2.5% premium to PG&E
- Re-assessment of rate if market conditions become favorable
- Determine proper marketing/communication plan and customer engagement with any rate changes

New Communities: Newark, Pleasanton, and Tracy

- Regardless of load scenario, inclusion of new communities is expected to yield positive margins at about $3.0M based on an April enrollment timeframe estimated and current market conditions.
  - April-June timeframe represents higher margin months. Full calendar year net margin is lower.
  - COVID scenario yields slightly higher revenue because of Bright Choice discount
  - Because new communities are expected to join after the new year, there is no COVID load impact on costs
- Positive margin is driven by a modest increase in operating overhead related to serving these customers and softer energy prices.
- Additional analysis is underway to determine the optimal timing based on different customer rates and procurement risks/opportunities

	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
REVENUE AND OTHER SOURCES			
Electricity Sales	13,280,000	13,369,000	89,000
Uncollectables	(199,000)	(201,000)	(2,000)
Total Revenue and Other Sources	**13,081,000**	**13,168,000**	**87,000**
EXPENSES AND OTHER USES			
ENERGY OPERATIONS			
Cost of Energy	9,470,000	9,470,000	-
Data Management/Customer Service	299,000	299,000	-
PG&E Service Fees (Billing/Metering)	87,000	87,000	-
Total Energy Operating Costs	**9,856,000**	**9,856,000**	-
OVERHEAD OPERATIONS			
Marketing, Outreach, Communications	330,000	330,000	-
Total Overhead Operating Costs	**330,000**	**330,000**	-
TOTAL ENERGY & OPERATING EXPENSES	**10,186,000**	**10,186,000**	-
NET INCREASE (DECREASE) IN POSITION	**2,895,000**	**2,982,000**	**87,000**

Quarterly Distribution by Scenario

FY 2020-21 BUDGET Non-COVID	Q1	Q2	Q3	Q4
REVENUE AND OTHER SOURCES	121,785,000	97,813,000	75,065,000	85,265,000
ENERGY OPERATIONS	101,302,000	93,475,000	89,755,000	73,822,000
OVERHEAD OPERATIONS	5,228,000	5,228,000	5,228,000	5,228,000
NET INCREASE (DECREASE) IN POSITION	15,255,000	(890,000)	(19,918,000)	6,215,000

FY 2020-21 BUDGET COVID	Q1	Q2	Q3	Q4
REVENUE AND OTHER SOURCES	115,277,000	97,148,000	76,262,000	86,011,000
ENERGY OPERATIONS	99,945,000	92,224,000	88,554,000	72,833,000
OVERHEAD OPERATIONS	5,228,000	5,228,000	5,228,000	5,228,000
NET INCREASE (DECREASE) IN POSITION	10,104,000	(304,000)	(17,520,000)	7,950,000

- Q1 results are generally the strongest due to summer rates. Includes largest COVID load reductions
- Q2 results are flat due to transition to winter rates
- Q3 results are negative due to winter rates and increase in PCIA to reflect hitting the under-collection trigger.
- Q4 results are positive due to transition to summer rates and low spring energy costs

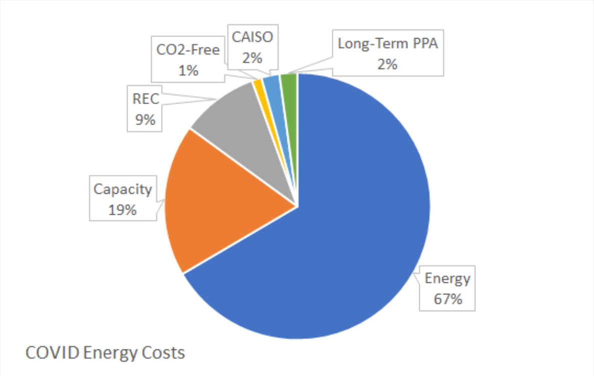
Overview of Revenue

REVENUE AND OTHER SOURCES	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
Electricity Sales	388,125,000	382,758,000	(5,367,000)
Investment Income	1,231,000	1,231,000	-
Other Income	275,000	275,000	-
Uncollectables	(9,703,000)	(9,568,000)	135,000
Total Revenue and Other Sources	**379,928,000**	**374,696,000**	**(5,232,000)**

- The previous draft had Bright Choice at 1% discount and Brilliant 100 at 3% premium, with no migration
- These scenarios assume no changes to Brilliant 100 through 2020, then adjustment in 2021 to 2.5%, and 90% migration of Brilliant 100 customers to Bright Choice in 2021
- Non-COVID has Bright Choice at 1% discount, COVID has Bright Choice at 0.5% discount
- Other effects on Electricity Sales revenue exogenous to COVID load impacts still being considered are:
  - PUBA trigger occurs in December and PCIA increase in January to maintain 7% under-collection
  - 2021 PCIA rate changes occur after June 30, 2021--beyond the scope of these scenarios
  - Additional rate increase assumed in Jan, 2021 per GRC
- Investment Income is due to higher bank account balances in interest bearing accounts (reserves and ICS), projected at 1.5% interest. Current interest rate is 1.79%
- Other Income is grant from EDPR and is allocated to Local Development COVID Relief grants
- Uncollectables increased from 0.5% to 2.5%, in anticipation of COVID recessionary impacts

Overview of Expenses: Energy Operations

	FY 2020-21 Non-COVID	FY 2020-21 COVID	Scenario Difference
ENERGY OPERATIONS			
Cost of Energy	347,594,000	342,796,000	(4,798,000)
Data Management/Customer Service	7,704,000	7,704,000	-
PG&E Service Fees (Billing/Metering)	2,396,000	2,396,000	-
Scheduling	660,000	660,000	-
Total Energy Operating Costs	**358,354,000**	**353,556,000**	**(4,798,000)**



Energy Costs are made up of four primary energy products—block or shaped energy, renewable energy, carbon free energy, resource adequacy—and CAISO fees

- Costs of Energy are estimated based on contracted energy costs and estimated open position costs
- Costs are lower due to softer energy market prices
- Additional reductions due to anticipated PG&E large hydro allocation and revised power content targets
- Includes reduced load demand due to COVID scenario

Data Management, PG&E Service Fees, and Scheduling costs

- Data Management/Customer Service are paid to SMUD at $1.05/meter/month through Dec of 2020. EBCE is currently reviewing options to extend the contract with SMUD and as a result, EBCE is preparing for potentially higher Data Management/Customer Service costs depending on outcome of action on SMUD contract. EBCE has input a placeholder cost of $1.20/meter/month for the second half of the fiscal year to reflect the current uncertainty.
- PG&E Service Fees are paid to PG&E to use their billing and metering systems at $0.35/customer/month
- Scheduling costs are paid to NCPA to manage EBCE's energy purchases and market activity

EAST BAY COMMUNITY ENERGY

Overview of Expenses: Personnel

Because there is no anticipated impact on overhead operations due to COVID, the discussion of these areas will be in relation to the current year budget

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Personnel	6,703,000	7,429,000	726,000

FY 2019-2020 budget was established with 37 FTE

- As of June 1, 2020 staff consists of 33 FTE

Current hiring plan for remainder of FY 2019-2020 and FY 2020-2021 is 6 FTE to remain flat to the FY 2019-2020 hiring plan

- Data Engineer for Technology
- CRM implementation Manager for Local Development/Technology
- Human Resources Business Partner for Operations
- Power Contracts Manager for Power Procurement

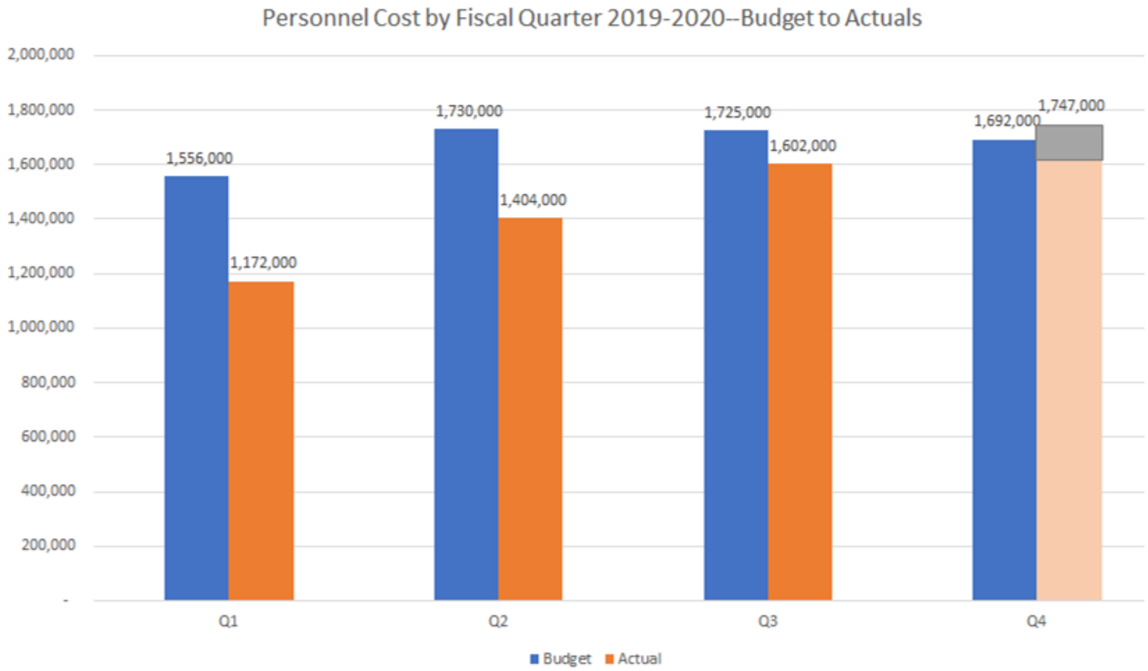
Increase in FY 2020-21 budget is driven by:

- Staff salaries covering the full fiscal year (FY 2019-2020 budget assumed partial year hires)
- Enact a policy to allow staff to monetize PTO ($110,000 assumes full monetization)
- 2.5% merit-based adjustments ($118,000)
- 3% discretionary promotions/retention-based compensation adjustments ($169,000)

EAST BAY COMMUNITY ENERGY

Overview of Expenses: Personnel Continued

- Actuals through Q3 with projections for Q4
- Reduction in current fiscal year personnel costs reflect hiring deferrals/delays
- Current Q4 personnel costs are forecasted at $1,747,000, which includes the addition of 3 FTE in Q4



EAST BAY COMMUNITY ENERGY

Overview of Expenses: Marketing, Outreach, and Communications

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Marketing, Outreach, Communications	2,263,000	1,214,000	(1,049,000)

	2019-2020	2020-2021
Advertising/Sponsorships/Events:	587,000	289,000
Communications:	223,000	290,000
Community Grants	190,000	-
Data manager:	300,000	300,000
Noticing:	133,000	75,000
Promotional Items:	55,000	10,000
Mailings:	775,000	250,000
Total	2,263,000	1,214,000

Examples of Marketing, Outreach, and Communications expenses

- Advertising/Sponsorships/Events: Active community presence activities in local jurisdictions and operating communities
- Communications: Public relations, media, newsletters, consultants
- Data Manager: Data/Billing management system enhancements
- Noticing: New account noticing (cost shown does not include new communities)
- Promotional Items: Promotional items for outreach/marketing events
- Mailings: Joint Rate Mailer/Power Content Label

EAST BAY COMMUNITY ENERGY

Overview of Expenses: Legal, Policy, and Regulatory Affairs

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Legal, Policy, & Reglatory Affairs	1,586,000	1,297,000	(289,000)

	2019-2020	2020-2021
Legal Consultants	1,076,000	970,000
Legislative Consultants	132,000	132,000
Other Consultants	259,000	195,000
Sponsorships	50,000	-
Temp. Employee	69,000	-
Total	1,586,000	1,297,000

Examples of Legal, Policy, and Regulatory Affairs expenses

- Legal Consultants: Outside General Counsel and legal counsel for procurement, programs, finance, and regulatory activities
- Legislative Consultants: Funds towards legislative advocacy
- Other Consultants: Economic analysis in regulatory/legislative cases and communications consultant

Overview of Expenses: Other Professional Services

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Other Professional Services	1,214,000	1,345,000	131,000

	2019-2020	2020-2021
Accounting	205,000	220,000
Human Resources Consulting	25,000	-
IT Consulting	36,000	45,000
Other Professional Services	948,000	730,000
Customer Relationship Management	-	350,000
Total	1,214,000	1,345,000

Examples of Other Professional Services

- Accounting and auditing for financial compliance
- Technical consultants related to power procurement, risks analysis, and planning
- Customer Relationship Management include licensing and implementation of a CRM system to be utilized by the Local Development and Marketing teams for program offerings

EAST BAY COMMUNITY ENERGY

Overview of Expenses: General & Administrative

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
General & Administrative	2,290,000	2,146,000	(144,000)

	2019-2020	2020-2021
Small Equipment & Software	636,000	740,000
Dues & Memberships	556,000	400,000
Operational Expenses	491,000	496,000
Rent & Utilities	470,000	429,000
Conferences & Prof. Development	137,000	81,000
Total	2,290,000	2,146,000

Examples of General & Administrative Expenditures

- Small Equipment & Software includes professional software across all functional areas as well as equipment replacement as needed
- Dues & Memberships includes $375,000 for CalCCA and other essential cooperative organizations
- Operational Expenses include Energy Prepay fees, benefits-related administrative fees, office supplies, and miscellaneous expenses
- Rent & Utilities covers all planned costs for office space
- Conferences & Professional Development includes travel and lodging

Local Development Fund

In addition to the programs listed to the right, there is approximately an additional $4.7M budgeted for locally generated wholesale energy projects, such as EBCE's Altamont wind project, which is expected to come online during the fiscal year

These figures do not reflect any local spending based on G&A expenses

LOCAL DEVELOPMENT FUND	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Program Funding			
Beginning Balance	-	1,398,000	1,398,000
Funding from General Fund Revenues	6,340,000	6,340,000	-
Grants/Credits	1,150,000	275,000	(875,000)
Mid-Year adjustment	500,000	-	(500,000)
Total Available Funding	**7,990,000**	**8,013,000**	**23,000**
Program Areas			
Demand Response	195,000	100,000	(95,000)
Energy Efficiency	100,000	740,000	640,000
Building Electrification	782,000	950,000	168,000
Vehicle Electrification	1,750,000	4,930,000	3,180,000
Collaboartive Procurement	810,000	958,000	148,000
Community Investment	250,000	-	(250,000)
Sponsorships/Events	65,000	-	(65,000)
Capital Set Aside	1,200,000	-	(1,200,000)
COVID-19 Relief Fund	1,440,000	335,000	(1,105,000)
Total Program Expenses	**6,592,000**	**8,013,000**	**1,421,000**
Ending Balance	**1,398,000**	**-**	

EAST BAY COMMUNITY ENERGY

Proposed Local Development Budget

Program Areas	2021 Budget ($000)	% of Budget
Demand Response	$ 100	1.58%
Energy Efficiency	$ 340	5.36%
Building Electrification	$ 700	11.04%
Vehicle Electrification	$ 4,400	69.40%
Collaborative Procurement	$ 800	12.62%
Local Development Budget Sub-Total	$ 6,340	
Staffing*		
Staff Costs	$ 825	
Fellow	$ 25	
Staffing Sub-Total	$ 850	

*Staffing cost come from HR budget not Local Development

EAST BAY COMMUNITY ENERGY

LDBP Program Budgeting Process

- Process
  - LDBP Document continues to be the blueprint for program planning and budgeting
  - Staff will continue to update the CAC and Board on an ongoing basis as programs are planned and implemented
- Budgets Overview
  - FY’21 Budget remains flat to FY’20
  - Programs are focused on job creation and local investment
  - Team has successfully pursued external funding from Federal and State sources (EPA funds and CEC) to leverage EBCE funding

Transportation Electrification ($4,400k)

- Electric Vehicle Incentive Program ($3,770k)
- Center for Sustainability Incentive Administration and Support ($254k)
- EViP Site Development Outreach and Development ($126)
- Municipal Fleet Electrification Technical Support ($125k)
- Medium/Heavy Duty Fleet Electrification ($125k)

Building Electrification and Demand Response ($800k)

- Building Electrification ($700k)
  - Heat Pump Hot Water heater incentives ($250k)
  - Reach Code Implementation Support ($50k)
  - Commercial Induction Grants ($300k)
  - Electrification Consumer Awareness ($100)
- Demand Response
  - Building Electrification Demand Response ($100k)

EE and Collaborative Procurement ($1,140k)

- Collaborative Procurement ($800k)
  - Solar+Storage Resilience Program ($400k)
  - Connected Communities, reducing customer disconnections ($50k)
  - EBCE Asset development and ownership ($200k)
  - Municipal Renewable Electrification ($150k)
- Energy Efficiency ($340k)
- –Continue data sharing to increase efficacy of EE program
- –Phase II Pay for Performance EE Procurement ($240k)
- –Technical/legal consultant to pursue public Energy Efficiency funding ($100k)

EAST BAY COMMUNITY ENERGY

Overview of Expenses: Interest Due

	FY 2019-20 BUDGET	FY 2020-21 BUDGET	Fiscal Year Difference
Borrowing Interest	1,229,000	804,000	(425,000)

EBCE currently has an active credit facility with Barclays Bank with no outstanding debt

The Barclays Credit Facility is sized at $80,000,000

- EBCE can draw up to $60MM in cash and use up to $35MM in letters of credit (LC's)
- EBCE pays 1% on the undrawn facility balance as a commitment fee, and 1-month LIBOR + 2.50% on any cash drawn facility balance up to $25MM and LIBOR + 2.65% on any amount above $25MM
- EBCE has outstanding LC's and pays 1.75% on this balance
- The interest on outstanding LC's and the commitment fee is the budgeted interest payments for FY 2020-2021—no cash borrowing is expected for this fiscal year

EAST BAY COMMUNITY ENERGY

Review of Net Position and Reserve Policy

EBCE Estimated Net Position 2019-2020 $ 63,690,000

Reserve Fund	2018-19	2019-20*	Total	2019-20 Target	Remaining
Operating/Credit	32,768,648	23,393,450	56,162,098	200,646,000	144,483,902
Rate Stabilization	1,936,260	2,339,345	4,275,605	7,018,035	2,742,430
Collateral	1,936,260	2,339,345	4,275,605	37,742,400	33,466,795
Local Development	3,872,519	4,678,690	8,551,209	46,786,900	38,235,691
Total	**40,513,687**	**32,750,830**	**73,264,517**	**292,193,335**	**218,928,818**

* Expected contributions set to minimum amount

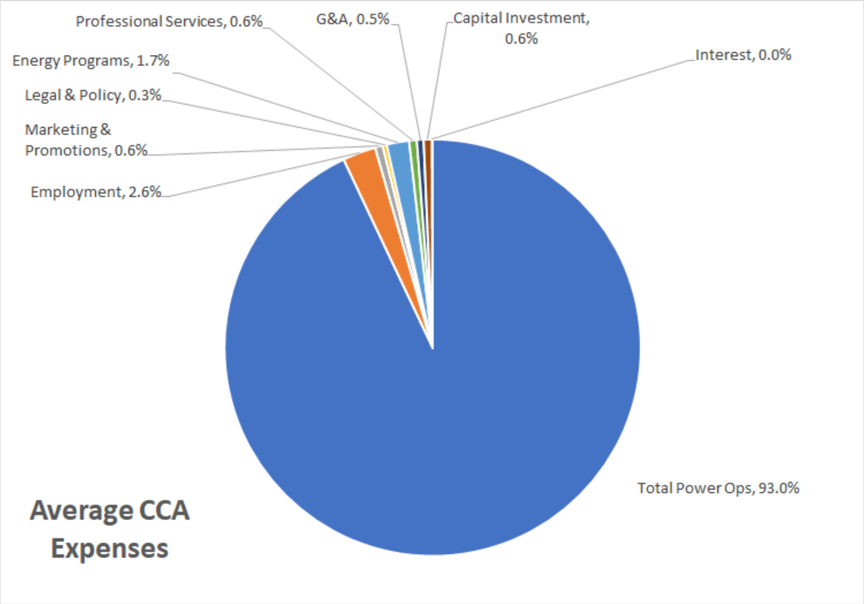
EBCE anticipates funding reserves with the minimum allocation from 2019-2020 net revenues for the following reasons:

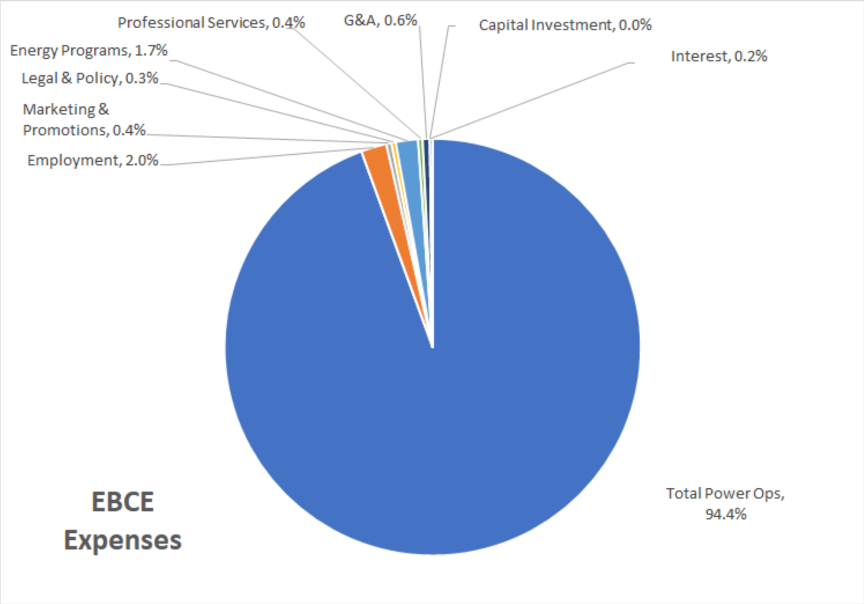
1. Narrow 2020-21 margins
2. Uncertainty with COVID load demand
3. Uncertainty with 2021 PCIA adjustments
4. Retain a minimum 1 month liquidity of operating expenses (~$30MM) under discretionary cash

The allocation for fiscal year 2019-20 is pending completion of a formal audit and expected to occur in Nov/Dec 2020

EAST BAY COMMUNITY ENERGY

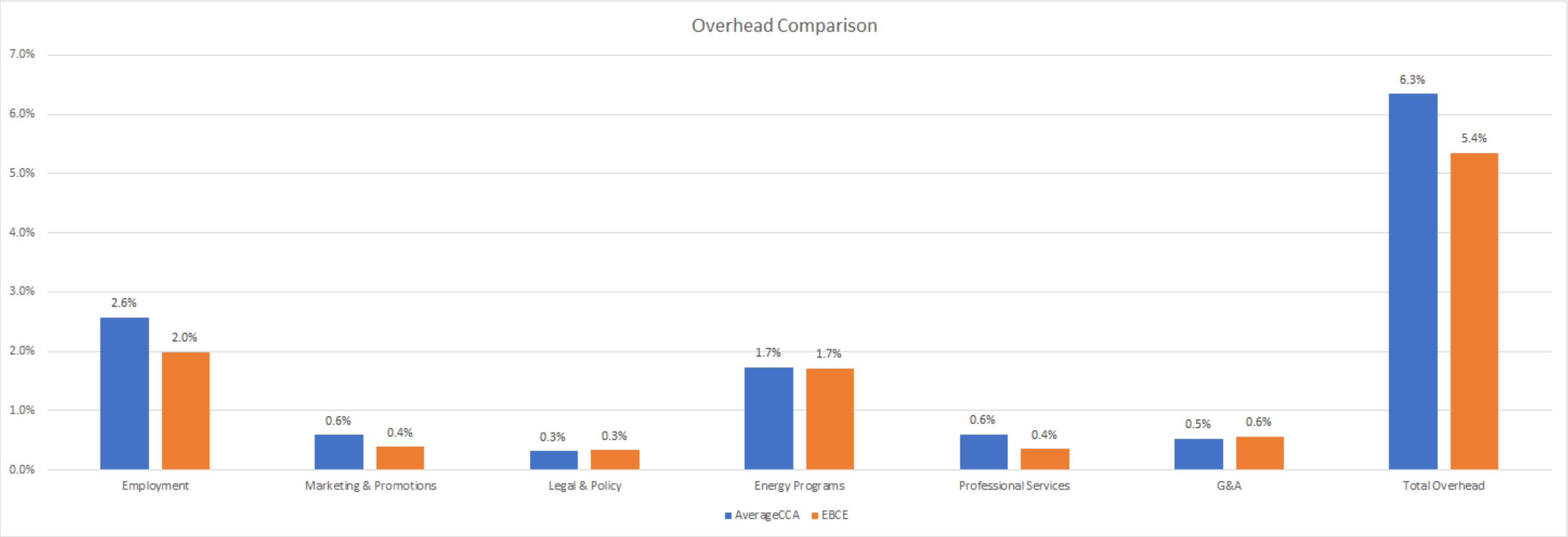
Comparison of EBCE Budget to CCA Space





As percentage of expenses

Comparison of EBCE Budget to CCA Space



As percentage of expenses

Comparison of CCA Products & Value

	Base Product	% Renewable	% Carbon-Free	Discount to PG&E (denotes a premium)	Upgrade 2	% Renewable	Premium to PG&E
EBCE	Bright Choice	39.5%	10%-15%	1.0%/0.5% (proposed)	Renewable 100	100% RE	+$0.01/kWh
SVCE	Green Start	100%		4.00%	Green Prime	100% RE	+$0.008/kWh
MCE	Light Green	61%	N/A	0%-2%	Deep Green	100% RE	+11%
SCP	Clean Start	49%	42%	(2%-%4)	Evergreen	100% RE	+$0.025/kWh
SJCE	Green Source	45%	41%	1.00%	Total Green	100% RE	+$0.005 - $0.01/kWh
MBCP	MB Choice	30%	N/A	2%-7%	MB Prime	100% RE	+$0.01/kWh
PCE	Eco Plus	51%	35%	5.00%	Eco 100	100% RE	+$0.01/kWh
CPSF	Green	48%	40%		SuperGreen	100% RE	

*Yellow cells denote discounts/premiums relative to last year; not yet confirmed if these CCAs have made adjustments to these values/

EAST BAY COMMUNITY ENERGY

Review of EBCE Value Proposition and Staff Recommendation

- EBCE currently offers three products:
  - Bright Choice: 1.5% below PG&E rates
  - Brilliant 100: Parity with PG&E rates
  - Renewable 100: $0.01/kWh more expensive than PG&E rates
  - For 2019/2020, EBCE expects to deliver over $7M in bill savings to customers
- Staff is recommending an adjustment to the value proposition for 2020/2021
  - Bright Choice: either 1.0% or 0.5% below PG&E rates depending upon COVID scenario
  - Brilliant 100: No change until 2021, then 2.5% premium to PG&E rates to reflect the projected procurement costs or some other option to be determined in the fall of 2020
  - Renewable 100: unchanged at $0.01/kWh more expensive than PG&E rates
  - For 2020/2021 EBCE expects to deliver approximately between $2.4M and $3.6M in bill savings to customers (scenario dependent)
- Every 0.5% discount for Bright Choice equals $3.2M in incremental revenue (with 90% migration in 2021)

EAST BAY COMMUNITY ENERGY

Risks and Mitigations

EBCE is exposed to a variety of risks in this coming fiscal year. The following discussion is a representative list of key risks, though it is not comprehensive in reflecting all risks.

1. COVID/Load Risk
2. Energy Market Risk
3. Uncollectables/Write-off Risk
4. Opt-out Risk
5. Regulatory Risk

Risks and Mitigants: COVID/Load

COVID impacts on load, collections, and energy market prices are being closely monitored and to date the Shelter in Place policy has been in effect for approximately three months. While this has provided meaningful data it is very difficult to extrapolate the insights to accurately forecast impacts on the next fiscal year.

1. Status quo: Quick reversion to a pre-COVID load. Electricity usage based on businesses partial reopening and moderately increased residential use that results in load that closely reflects EBCE load pre-COVID.
2. **Moderate COVID load decrease**: Volumetric load is down 5-6% in the near-term months with a peak reduction of 10-15% and there is a gradual reversion to about 1-3% volumetric load reduction and 4-6% peak reduction, which is returned to baseline in 2021. This is the basis for the current budget.
3. Moderate COVID load increase: With the partial reopening of small businesses and large commercial space, we could see commercial load revert close to normal levels and residential load remain high based on partial families working from home. This could result in a moderate increase in volumetric load of 2-4% and a peak load similar to normal levels
4. Significant and sustained macro recession where volumetric load continues to be depressed. Volumetric load is down 6-10% and peak load is down 10-15% for next 12-24 months

Risks and Mitigants: COVID/Load continued

Independent of which scenario EBCE experiences, there are some constant risk conditions to consider.

- Changes in volumetric load due to ongoing COVID conditions are expected to decrease costs proportional with the projected net decline in demand. Thus, any decline in revenue due to decline in demand should be reasonably offset with a decline in costs. EBCE is projecting a margin of 8.5% of revenues over electricity costs. This means for each dollar decrease in revenue from reduced demand, EBCE can expect an approximate $0.915 reduction in costs. To date, EBCE has generally experienced a positive impact to load shape that has reduced the more expensive peak hours that help to mute this margin impact.

- Load changes can have material implications to EBCE as it relates to planning, procurement, and scheduling. Less certainty when it comes to load forecasting can increase risk. Generally speaking, an overall industry reduction in load directionally leads to softer energy prices. However, the uncertainty also leads to more significant day to day volatility, which can increase or decrease energy costs where EBCE is not hedged.

Risks and Mitigants: Energy Market Risk

EBCE currently has an estimated unhedged energy portfolio of between approximately $68-$73M (scenario dependent) which is exposed to the market. Short term energy prices can see volatility of 10-20% on a regular basis based on typical supply/demand dynamics that are heavily influenced by weather and electricity infrastructure.

The volatility may be exacerbated by COVID due to general uncertainty of load and the impacts from the macro oil industry on gas prices. We estimate that energy costs could increase reasonably as much as $16-20M, though this could also result in a similar reduction in energy costs.

EBCE could consider hedging more load to reduce this risk. However in an environment of softer energy prices, there are follow-on repercussions of an increasing PCIA the following year.

Risks and Mitigants: Uncollectables

While EBCE has increased our expected exposure from 0.5% to 2.5% of uncollectable accounts, the current data is limited in measuring the extent of this impact. This forecast of 2.5% is at the higher end of the range compared to other CCAs based on our regional income demographics. In researching other load serving entity uncollectables through prior recessions, we have seen data ranging from non-material impacts up to 6% write-offs.

Based on the recessionary impacts of COVID and suspension of disconnects, we do anticipate an increase in uncollectables that would lead to write-offs. There is a potential for the uncollectables to exceed our current forecast based on a more severe and extended recession. To mitigate this risk, we have launched an active campaign to increase CARE enrollments as a way to lower customers bills and are continuing to create a plan to enroll customers onto longer term payment plans as necessary. While enrollment in payment plans should reduce write-offs, it would reduce near term cash inflows. EBCE has a strong cash and reserve position to support payments deferrals.

Risks and Mitigants: Opt-out Risk

Customer opt-outs are generally an ongoing risk to EBCE. However, we do not anticipate an increased risk of opt-outs for the fiscal year, depending on adjustments to the value propositions. There is currently no active discussion of DA expansion that would take effect in 2021 beyond what has already been in process.

Risks and Mitigants: Regulatory Risk

- The current budget assumes a deferral of approximately $16M in costs, which is based on maintaining an undercollection (PUBA) of 7%. The most significant regulatory risk to revenues in the near term is the management of this PUBA cap. The CPUC could rule to fully collect on the undercollection, which would decrease fiscal year revenues or potentially elect for a larger undercollection, which could increase revenues.

- AB110 Power Content reporting is anticipated to be finalized in mid 2020. These regulations will include potential updates to the reporting treatment of PCC3 unbundled RECs and Asset Controlling Supply (ACS) procurement. Currently procurement of PCC3 RECs is limited and serves as a flexible tool to balance the portfolio. ACS is also currently procured largely as a source of clean large hydro energy, a cost-effective energy hedging tool, and a source of import RA from the pacific northwest. The new reporting regulation may require disclosure of all underlying energy as source specified, which could limit future procurements of this product depending on board direction.

- PCIA Working Group 3, which is focused on the disposition of PG&E’s current long portfolio may benefit EBCE’s energy procurement related costs. Though those benefits are not expected to be material for the fiscal year.

Risk and Mitigants: Mitigants

Considering the previous discussion, EBCE has the following options to further mitigate these economic risks.

- Additional changes to EBCE’s value proposition:
    - Further reduction to Bright choice discount to 0% = $3.2M (with 90% migration in 2021)

- EBCE has the opportunity to accept and resell PG&E’s nuclear allocation. This could generate up to $2 million based on market demand, which is uncertain. This could present some risk to EBCE’s power content label, but we can likely structure an arrangement to largely mitigate this risk.

Alternative Budget Scenarios

- Alternative 1: Reduce Local Development budget by $3.2M and keep Bright Choice discount at 1.5% in Non-COVID scenario or 1.0% in COVID scenario, resulting in the current projected margin in the presented budget
- Alternative 2: Reduce Local Development budget by $2.5M and keep Brilliant 100 locked, but at parity, for the whole fiscal year, resulting in projected margin in either scenario