



Staff Report Item 5

TO: East Bay Community Energy Executive Committee
FROM: Jim Dorrance, Power Resources Manager
SUBJECT: Carbon Free - Nuclear Monetization Proposal (Informational Item)
DATE: December 4, 2020

Recommendation

Receive a presentation on EBCE's ability to sell the nuclear energy from the 2021 Pacific Gas and Electric carbon free allocation.

Background and Discussion

In December 2019, Pacific Gas and Electric (PG&E) filed an Advice Letter (5705-E) that describes a process for PG&E to sell carbon free energy as a part of the Power Charge Indifference Adjustment (PCIA) proceedings. The energy sale is available to East Bay Community Energy (EBCE) and other eligible load serving entities (LSE) that serve customers who pay the PCIA load charges for these resources. The carbon free energy is from two groups of PG&E facilities, large hydroelectric and nuclear. LSE's can select to purchase energy from either the large hydroelectric or the nuclear facilities or both at no additional cost than what is covered through the PCIA.

The following presentation will update the Executive Committee on EBCE's ability to sell the nuclear energy from the carbon free allocation for 2021 if the EBCE Board of Directors chooses to accept that energy. The presentation material only relates to the sale of the nuclear energy and does not impact the large hydroelectric energy purchased from the allocation.

Fiscal Impact

This is an informational item and as such does not have a fiscal impact.

Attachments

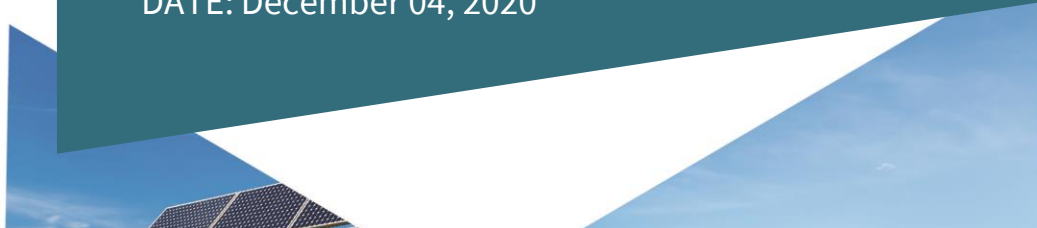
- A. Presentation on Nuclear Monetization Proposal



Carbon Free – Nuclear Monetization Proposal

PRESENTED BY: Jim Dorrance

DATE: December 04, 2020



Background – Carbon Free Allocation

- EBCE as an eligible LSE can purchase carbon free energy from PG&E as part of the PCIA for a 1-year term
- The energy can be from either large hydroelectric or nuclear facilities
- For 2020, the EBCE Board directed staff to only accept the large hydroelectric energy which was purchased from PG&E for zero dollars

Nuclear Energy Sale

- With Board approval, EBCE can accept the nuclear energy for 2021 and enter into an agreement to sell the energy + attribute to a third party
- EBCE can structure an arrangement with a prominent energy supplier that would purchase the energy from EBCE and either sell to a third party with profit sharing, or retain the energy
- EBCE's nuclear share of the allocation would be sold to the marketer for zero dollars and EBCE would receive half of the revenue from any subsequent sale to a third party

Potential Revenue

- EBCE would receive 50% of the net profit, below are profit projections based on different illustrative sales volume and price scenarios

Sold Energy (MWh)	Sale Price (\$/MWh)	EBCE profit (\$)
1,400,000	3.00	2,100,000
1,400,000	1.50	1,050,000
1,400,000	1.00	700,000
1,400,000	0.50	350,000
700,000	3.00	1,050,000
700,000	1.50	525,000
700,000	1.00	350,000
700,000	0.50	175,000

Power Content

- All the nuclear energy would transfer to the marketer and EBCE would not have any reporting obligation for the energy on the Power Content Label (PCL)
- Choosing to accept the nuclear energy would lower PG&E's carbon free content on its PCL

Questions ?