



Staff Report Item 7

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: CEO Report (Informational Item)
DATE: December 16, 2020

Recommendation

Accept Chief Executive Officer (CEO) report on update items below.

Executive Committee Meeting

A Special Executive Committee Meeting was held on Friday December 4, 2020 at 12 pm. Members received an update on the legislative program, as well as a presentation on EBCE's ability to sell the nuclear energy from the 2021 Pacific Gas and Electric carbon free allocation. The next meeting is scheduled for Friday January 22, 2021 at 12 pm.

Finance, Administration, and Procurement Subcommittee Meeting

The Finance, Administrative, and Procurement Subcommittee December meeting was canceled. Meetings will resume in 2021.

Marketing Regulatory and Legislative Subcommittee Meeting

The Marketing, Regulatory and Legislative Subcommittee did not meet in the month of December. Meetings will resume in 2021.

New Staff

Marilen Taylor, Senior HR Business Partner

Marilen Taylor joined EBCE as Sr HR Business Partner. She is assigned to develop, support and partner with different business units within EBCE in delivering organizational programs and initiatives to meet EBCE's strategic business objectives. In her 20+ years working in Human Resources, she has a demonstrated history of working in the renewables and environment industry.

She is a strong Human Resources professional skilled in Operations Management, Program Development, Change Management, Organizational Development, Management Advisor and Process Improvements. Before EBCE, she worked at companies that developed Public Safety Software, Solar Panel Manufacturing, Solar Tracking System and Consumer Loan for clean energy projects.

Noah Cordoba, Energy Efficiency and Electrification Fellow

Noah assists in the design and implementation of energy efficiency and building electrification programs for the EBCE community. His focus is on programs that reduce individual costs, conserve energy, and maximize the efficient use of renewable energy resources while providing benefit to the community.

Noah joins EBCE as a fellow through the Climate Corps program. Prior to being with EBCE, Noah interned with The Conservation Foundation, a small environmental non-profit outside of Chicago. Noah holds a B.S. in Psychology from North Central College.

Overview of Formation of Multi-CCA Joint Powers Authority

Over the course of the last months, a group of CCAs, including EBCE, have been working to develop a framework to support the creation of a new Joint Power Authority to support the ability of multiple CCAs to jointly procure energy products and services on a scale that individual members most likely will not be able to achieve on their own.

The proposed JPA Agreement creates a new public agency called California Community Power or CC Power for short. Its initial members will all be CCA's and if the agreement is approved by their Boards of Directors, the initial members will be SVCE, 3CE, MCE, EBCE, PCE, SCP, SFCleanPower, San Jose Clean Energy and Redwood Coast Energy Authority. The JPA Agreement provides that the CC Power Board of Directors may adopt a policy establishing the criteria for other public agencies that are not CCA's to become members with the approval of the Board.

The purpose of CC Power is to acquire energy, capacity, storage or other energy products on a scale that the individual members most likely will not be able to achieve individually. The first proposed project will pursue entering into one or more long-duration storage contracts, which is something that EBCE has not decided to participate in. This will be a procurement and project based public agency, rather than policy making agency. The agreement states that "CC Power is not intended to be a policy-maker or advocate, though it may, from time to time, advance or support public policies in support of its purpose that do not conflict with interests or policies advanced by any Member."

The liability firewall of the JPA structure will apply here. As a member, EBC will not be liable for the debts, liabilities or obligations of CC Power. However, EBCE will take on legal obligations with respect to each project it decides to join. These projects must be approved by the EBCE Board of Directors by way of a project agreement. The project agreement will define the legal obligations of the parties to it. Therefore, the EBC Board will have the opportunity to fully consider the benefits, obligations and risks of each project that EBCE may want to join.

The JPA Agreement provides that CC Power will be governed by a Board of Directors with each member having one director and one vote. The director will be the CEO or General Manager (or their designee) of the Member. The manner of selecting the director is a policy question. In the preparation of the proposed JPA Agreement, the CEO's and General Counsels decided to propose that the directors be administrative staff of the members due to the very technical nature of this JPA which is project rather than policy oriented. It is relevant to this choice that the CC Power Board will not be able to commit Members to any obligations other than the annual payment for administrative costs of the JPA. Also, it was felt that continuity on the Board is important due to the fact that the project agreements will be long-term obligations and having directors with a long-term knowledge base is important with respect to

decision-making on this Board. It is more likely that staff members on the Board will have greater tenure with their agency than elected officials.

The only costs imposed by the JPA Agreement on the members are the administrative costs of CC Power which do not include any project costs. All project related costs, including costs of consultants, will be allocated to the projects and the project participants. Administrative costs will be paid on an equal share basis by the members unless the Board decides by a two-thirds vote to provide for a different method of cost sharing. Project cost sharing will be determined by each project agreement and may take into account several factors such as the level of participation and credit strength of the project participants.

The JPA Agreement makes it easy for a member to withdraw from CC Power. The process simply involves notice of withdrawal by the member and the satisfaction of any outstanding obligations to CC Power by it. As long as there are no outstanding obligations, the CC Power Board is required to approve the withdrawal. For EBCE, there should be no outstanding obligations to CC Power itself as any such obligations would require EBCE Board approval. However, if EBCE enters into any project agreements, it will remain bound to the project agreement even if it withdraws from CC Power. The project agreement will define the manner in which project participants may withdraw from the project and at what cost.

By entering in the CC Power JPA Agreement, EBCE will have the opportunity but not the obligation to participate in energy projects that most likely will not be otherwise available to it as an individual CCA. The costs of entry are not substantial as the staffing of this JPA will be limited with most staffing and operating costs allocated to individual projects that will be paid by project participants. EBCE will only incur significant financial obligations if it later decides to join specific CC Power projects.

Marketing and Account Services Update

As noted in last month's report, the Power Content Label (PCL) mailer was sent in early November to any customer that received EBCE service in 2019. Nearly 135,000 PCL postcards were mailed. Below are the statistics on those sent via email:

- Sent = 315,868
- Delivered = 304,674
- Unique Opens (Rate) = 95,851 (31.5%)
- Unique Clicks (Rate) = 5,057 (1.7%)

PCIA Process Update

Presentation attached

Community Advisory Committee Application Period

EBCE is pleased to announce the opening of the 2020-2021 Community Advisory Committee application period. The application period will be open from 12/16/20 - 2/15/21. Applicants can find materials at <https://ebce.org/who-we-are>. Applicants who need special assistance or a disability-related modification or accommodation to participate and wish to request an alternative format for the application materials should contact Stephanie Cabrera at 510-736-4981 or by email at communityadvisory@ebce.org.

An email was sent to Board members requesting support for member outreach in your jurisdictions. Information on the interview process will be sent to Board members midway

through the application period. We are currently seeking to fill 5 vacant and 10 alternate service area seats, prioritizing the appointment of representatives from Tracy and underrepresented East and South county service areas. In addition to geographical diversity, we strongly encourage members of underrepresented communities to apply.



Regulatory - The PCIA Process

December 16 2020



The Power Charge Indifference Adjustment (PCIA)

Portfolio cost minus portfolio value equals a PCIA revenue requirement (the “indifference amount”).



The indifference amount is then converted to a \$/kwh rate. That’s the PCIA rate.

How the PCIA Rate Impacts EBCE's Generation Rates

- EBCE rates are keyed to PG&E retail rates.
- To maintain the value proposition, EBCE's generation rate + PCIA has to be less than the comparable PG&E generation rate
- All else equal, if PCIA goes up, EBCE generation rates have to go down to satisfy the value proposition

The CPUC Oversees PG&E's PCIA Rate

There are four key CPUC proceedings re PCIA:

- PCIA Rulemaking (R.17-06-026)
- 2019 PG&E Energy Resource Recovery Account (ERRA) compliance (A.20-02-009)
- 2021 PG&E ERRA forecast (A.20-07-002)
- 2020 PG&E PCIA Undercollection Balancing Account (PUBA) trigger(A.20-09-014)

PCIA Rulemaking

Establishes PCIA policy across all utilities

Active topics are:

- Allocation of the PG&E portfolio (“Working Group 3”)
- Changes to customer bills (“Working Group 1”)

2019 ERRA Compliance

Backwards look at 2019 ERRA costs

- Settlement provides for various accounting fixes; transparency (agreement to provide master data request responses with future applications); compliance with bundled procurement plan.
- Still in dispute are Unsold RPS (PG&E is collaterally attacking the last forecast case decision); vintaging of renegotiated contracts
- Awaiting PD on both settlement and disputed issues; likely Q1.

2021 ERRRA Forecast

Sets PCIA and PG&E generation rates for next year

- Filed by PG&E in June
- Proposed PG&E/CCA settlement includes various accounting fixes and PG&E's agreement to provide master data request responses with future applications
- Still in dispute are GT-SR rate; DAC-GT CCA budgeting; 2019-20 ERRRA refund mechanism

2020 PUBA Trigger

Mechanism for paying down the undercollection the cap causes

- The “cap” just defers full collection of 2020 PCIA, it does not actually reduce CCA customers’ PCIA obligations.
- Proposed settlement would eliminate the cap and pay off the 2020 undercollection balance over 3 years.
- The alternative to the settlement is to keep the cap, pay off the 2020 balance in 1 year, and have another undercollection balance build up, to be addressed later.

Upcoming Events

New rates may be in place 1/1/21

- A proposed decision on 2021 ERRRA Forecast and 2020 PUBA Trigger issued 12/4. It adopts a continuation of the cap and a one-year paydown of the 2020 PUBA balance.
- The CPUC is set to vote on 2021 PCIA rates at its 12/17 meeting.