



## Staff Report Item 10

**TO:** East Bay Community Energy Board of Directors

**FROM:** Annie Henderson, VP Marketing and Account Services

**SUBJECT:** Proposed Policy on Member Requests to Change the Default Product for Certain Customers (Informational Item)

**DATE:** February 17, 2021

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### Recommendation

Review and discuss a proposed policy on Joint Powers Authority (JPA) member requests to change the default product for certain customers within their jurisdiction.

### Background

The EBCE Board of Directors established three levels of service or products for its customers in 2018 and has subsequently set the value proposition for each product as follows:

- **Bright Choice** - basic service level at a 1% discount to PG&E rates with 5% more renewable energy than PG&E's annual forecast
- **Brilliant 100** - 100% carbon-free service set at the same rate as PG&E, closed to new customers in original service territory as of August 1, 2020 and set to close for all customers January 2022.
- **Renewable 100** - 100% California wind and solar power set at \$0.01 per kWh over PG&E rates

There are certain member jurisdictions that selected a product other than *Bright Choice* to be the default selection at the time of initial customer enrollment. Specifically, Albany, Hayward, and Pleasanton selected *Brilliant 100* and Piedmont selected *Renewable 100*.

On January 12, 2021, the City Council of Dublin considered selecting *Renewable 100* as the default electricity product for most Dublin residents to facilitate meeting

greenhouse gas emissions reductions goals adopted in their “Climate Action Plan 2030 and Beyond”.

The City Council of Dublin passed a resolution requesting that East Bay Community Energy opt up all residential accounts to *Renewable 100* service except for customers in the CARE, FERA, and medical baseline programs (which would remain on *Bright Choice*). This request marks the first time a JPA member within EBCE has requested a default product change of customer accounts after initial enrollment.

Changes to the product default after enrollment have been implemented by only one other community choice energy program. The Clean Power Alliance (CPA) changed the residential and commercial default products for the cities of Malibu and Sierra Madre in October 2020, per the CPA “Policy on Default Product Changes”<sup>1</sup>. As part of this transition, CPA sent two customer notifications via the mail in August and October. The City of Malibu issued a press release which was covered by the local Patch news website and a couple other local media outlets. Materials provided to the CPA board indicated a low opt out rate during the time following the transition in Malibu and Sierra Madre with 0.5% of customers opting-out and 3% of customers choosing a different service option.

### **Analysis & Discussion**

EBCE staff will bring Dublin’s request to change the default product of certain residential accounts to the EBCE Board in March 2021. At this time, staff is asking the Board to consider the attached policy on JPA Member requests for default product changes. A summary of the policy is as follows:

- Implementation of approved requests to change the default product for certain customers will occur only in March or October. Implementing product changes in March and October minimizes the potential financial impact to customers as the rates are lower in these non-summer months.
- Requests must be approved by the Board six (6) months in advance of implementation (i.e. Board approval in September for March implementation and April for October implementation). This timeline gives EBCE staff sufficient time to plan for additional renewable energy procurement and other operational adjustments.
- A JPA Member may change the default product only once every two (2) years.
- The requesting JPA Member must work with EBCE on a customer communication plan and co-brand customer notifications.
- For any subsequent approved change to a default product after first change approval, the JPA Member must cover the costs associated with implementation such as operational adjustments and customer notification.

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<sup>1</sup> [https://cleanpoweralliance.org/wp-content/uploads/2020/02/CPA2020-013\\_Policy-for-Changes-to-Default-Rate-Product.pdf](https://cleanpoweralliance.org/wp-content/uploads/2020/02/CPA2020-013_Policy-for-Changes-to-Default-Rate-Product.pdf)

## **Financial Impact**

The initial implementation of a default rate product change may incur costs for operational adjustments and for the cost of customer notification mailers. The policy proposes that costs associated with subsequent default rate product changes are covered by the JPA Member.

Based on the results in CPA, there may be a small increase in customer opt outs and therefore a small reduction in revenue.

## **Attachments**

- A. Proposed Policy on Joint Powers Authority Member Requests to Change the Default Rate Product for Certain Customers

**EAST BAY COMMUNITY ENERGY**  
**POLICY ON JOINT POWER AUTHORITY MEMBER REQUESTS TO CHANGE THE**  
**DEFAULT PRODUCT FOR CERTAIN CUSTOMERS**

When approving a request from a Joint Power Authority (JPA) Member (“Member”) to change the Default Rate Product (“Default Rate Product Change”) for certain customers after its initial service enrollment, the EBCE Board (“Board”) adheres to a defined policy and requires specific cooperation from the Member. Under this policy, the Default Rate Product Change request from a Member and implementation must comply with the following requirements:

1. **Timeline:** All Board approvals must be at least six (6) months prior to implementation of the Default Rate Product Change. The Board will allow for two events per year for Default Product Rate Changes based on the following timeline:
  - a. The Board will review a request by a Member by April for implementation of an approved Default Rate Product Change in October of the same year.
  - b. The Board will review a request by a Member by September for implementation of any approved Default Rate Product Change in March of the following year.
  - c. Notwithstanding the foregoing, the Board and the Member may mutually agree upon a different implementation schedule.

Board Approval By	Implementation in
April Year A	October Year A
September Year A	March Year A+1

2. **Exceptions to Implementation of Default Rate Product Change:** Notwithstanding anything contained in this Policy, in no event shall a Member’s Board-approved Default Rate Product Change affect the following:
  - a. Prior customer enrollment actions. Any customer account that has affirmatively taken an action to change its rate product will remain on the previously selected product.
  - b. Additional exceptions. The EBCE Chief Executive Officer is authorized to implement the change on a different schedule than as set forth herein with notification to the Board of schedule.
3. **Frequency of Default Rate Product Change by a Member:** The Board will approve a Member request for a Default Rate Product Change no more than one (1) time every two (2) years.

4. **EBCE Agency Requirements:** Upon Board approval of a Member's request for a Default Rate Product Change, EBCE staff may engage in any of the following activities:
  - a. Purchase or prepare to purchase the appropriate amount of resources to meet the expected change in demand associated with the Default Rate Product Change;
  - b. Complete or prepare to complete additional regulatory compliance and reporting requirements, if any;
  - c. Coordinate with EBCE's data and call center services manager to make necessary operational adjustments;
  - d. Evaluate fiscal impacts of Default Rate Product Change;
  - e. Examine EBCE rates and any rate impacts;
  - f. Coordinate and work with PG&E on billing considerations, if any;
  - g. Prepare for and deploy customer communication efforts;
  - h. Identify and address any other operational impacts or issues and take steps to mitigate those impacts/issues; or,
  - i. Take any other action necessary to effectuate the Member's approved Default Rate Product Change.
  
5. **Member Requirements:** The requesting Member must commit to the following for the Board to approve a Default Rate Product Change:
  - a. Collaboration. Work with EBCE staff on a customer communication plan;
  - b. Co-Branding. Co-brand customer notifications with the Member seal; and,
  - c. Cost Coverage. EBCE will cover the cost of any operational adjustments and the required customer notices, as detailed in Section 6.a, for the Member's first approved Default Rate Product Change. Costs associated with subsequent Default Rate Product Changes will be charged to the Member.
  
6. **Customer Communication:** EBCE will notify customers subject to a Member's approved Default Rate Product Change. EBCE will lead, with support from the Member, the development and dissemination of customer notices.
  - a. Required Notifications. Any customer accounts subject to a Member's approved Default Rate Product Change shall be sent a minimum of two (2) notifications. A minimum of one (1) notice shall be sent prior to the change going into effect.
  - b. Optional Additional Notifications. In addition to the two (2) required notices referenced in Section 6.a., above, EBCE staff will coordinate with a Member who wishes to develop and distribute additional customer notices and/or conduct additional communications such as social media campaigns, jurisdictional newsletters, Member press release, etc.
  
7. A customer may take an enrollment action to opt up, down, in, or out at any time by notifying EBCE through the standard channels of phone, interactive voice recording, or online form.