



CAC Item C7
Staff Report Item 13

TO: East Bay Community Energy Board of Supervisors
FROM: Nick Chaset, CEO
SUBJECT: EBCE Budget Fiscal Year 2021-2022 (Action Item)
DATE: June 16, 2021

Recommendation

Adopt a Resolution approving the presented budget for fiscal year 2021-2022.

Background and Discussion

EBCE's fiscal year is from July 1 through June 30. Staff is presenting a proposed budget for fiscal year 2021-2022. This budget does not present any changes to EBCE's value proposition.

This presented budget is based on feedback from draft versions presented at the Finance, Administrative, and Procurement Committee on May 7, 2021, the Board of Directors meeting May 19, 2021, and the Executive Committee meeting on May 28, 2021. The budget outlines staff's best expected estimates for costs and revenues anticipated for the next 12 months based on load, market prices, and PCIA charges.

Summary of EBCE Budget FY 2021-2022

	DRAFT FY 2021-22 BUDGET
REVENUE AND OTHER SOURCES	
Electricity Sales	508,636,000
GASB 62 Recognition (Deferral)	0
Investment Income	798,000
Other Income	894,000
Uncollectables	(8,939,000)
Total Revenue and Other Sources	501,389,000
EXPENSES AND OTHER USES	
ENERGY OPERATIONS	
Cost of Energy	442,338,000
Data Management/Customer Service	8,645,000
PG&E Service Fees (Billing/Metering)	2,752,000
Scheduling	843,000
Total Energy Operating Costs	454,578,000
OVERHEAD OPERATIONS	
Personnel	9,421,000
Marketing, Outreach, Communications	1,614,000
Legal, Policy, & Regulatory Affairs	1,592,000
Other Professional Services	850,000
General & Administrative	3,033,000
Depreciation	60,000
Total Overhead Operating Costs	16,570,000
NON-OPERATING EXPENSES	
Borrowing Interest	898,000
Capital Expenditures	5,500,000
Local Development Funding	8,475,000
Total Non-Operating Expenses	14,873,000
TOTAL EXPENSES	486,021,000
NET INCREASE (DECREASE) IN POSITION	15,368,000

Fiscal Impact

This establishes the forecast of EBCE's fiscal position for the next 12 months with a positive net position.

Attachments

- A. Presentation of EBCE Budget FY 2021-2022
- B. Resolution to approve the budget for the 2021-2022 fiscal year as presented
- C. Public comment report to proposed FY 2021-2022 value proposition

MAY, 2021

Draft Budget Review for Fiscal Year 2021-2022



The Draft Budget for Fiscal Year 2021-2022

Attachement Staff Report Item 13A

- 1. Draft Budget Overview and Comparisons**
 - Current Budget to Draft Budget Comparison
 - Current Budget to Current YTD (March) Actuals
- 2. Draft Budget Revenues**
- 3. Draft Budget Expenses**
 - Energy Operations
 - Overhead Operations
 - Personnel, in Depth
 - Non-operating Expenses
 - Local Development, in Depth
- 4. Review of Reserve Policy and Balances**
- 5. Comparison Across CCA Space**
- 6. Risks and Mitigations**
- 7. EBCE Value Proposition & Staff Recommendations**

1. Draft Budget Overview and Comparisons

The Draft Budget for Fiscal Year 2021-2022 Attachement Staff Report Item 13A

	DRAFT FY 2021-22 BUDGET	Through Mar FY 2020-21 YTD+Remaining	CURRENT FY 2020-21 BUDGET	Draft to YTD+Remaining Difference	YTD+Remaining Percent Difference	Draft to Current Budget Difference	Budget Percent Difference
REVENUE AND OTHER SOURCES							
Electricity Sales	508,636,000	436,669,000	401,405,000	71,967,000	16.5%	107,231,000	26.7%
GASB 62 Recognition (Deferral)	0	(15,814,000)	0	15,814,000	-100.0%	0	0.0%
Investment Income	798,000	839,000	1,231,000	(41,000)	-4.9%	(433,000)	-35.2%
Other Income	894,000	466,000	275,000	428,000	91.8%	619,000	225.1%
Uncollectables	(8,939,000)	(10,784,000)	(9,902,000)	1,845,000	-17.1%	963,000	-9.7%
Total Revenue and Other Sources	501,389,000	411,376,000	393,009,000	90,013,000	21.9%	108,380,000	27.6%
EXPENSES AND OTHER USES							
ENERGY OPERATIONS							
Cost of Energy	442,338,000	372,125,000	358,078,000	70,213,000	18.9%	84,260,000	23.5%
Data Management/Customer Service	8,645,000	7,655,000	8,003,000	990,000	12.9%	642,000	8.0%
PG&E Service Fees (Billing/Metering)	2,752,000	2,458,000	2,483,000	294,000	12.0%	269,000	10.8%
Scheduling	843,000	665,000	660,000	178,000	26.8%	183,000	27.7%
Total Energy Operating Costs	454,578,000	382,903,000	369,224,000	71,675,000	18.7%	85,354,000	23.1%
OVERHEAD OPERATIONS							
Personnel	9,421,000	7,055,000	7,429,000	2,366,000	33.5%	1,992,000	26.8%
Marketing, Outreach, Communications	1,614,000	1,092,000	1,544,000	522,000	47.8%	70,000	4.5%
Legal, Policy, & Regulatory Affairs	1,592,000	879,000	1,297,000	713,000	81.1%	295,000	22.7%
Other Professional Services	850,000	848,000	1,345,000	2,000	0.2%	(495,000)	-36.8%
General & Administrative	3,033,000	1,851,000	2,146,000	1,182,000	63.9%	887,000	41.3%
Depreciation	60,000	55,000	60,000	5,000	9.1%	0	0.0%
Total Overhead Operating Costs	16,570,000	11,780,000	13,821,000	4,790,000	40.7%	2,749,000	19.9%
NON-OPERATING EXPENSES							
Borrowing Interest	898,000	847,000	804,000	51,000	6.0%	94,000	11.7%
Capital Expenditures	5,500,000	0	0	5,500,000	0.0%	5,500,000	0.0%
Local Development Funding	8,475,000	3,342,000	6,340,000	5,133,000	153.6%	2,135,000	33.7%
Total Non-Operating Expenses	14,873,000	4,189,000	7,144,000	10,684,000	255.0%	7,729,000	108.2%
TOTAL EXPENSES	486,021,000	398,872,000	390,189,000	87,149,000	21.8%	95,832,000	24.6%
NET INCREASE (DECREASE) IN POSITION	15,368,000	12,504,000	2,820,000	2,864,000		12,548,000	

Current Budget to Draft Budget Comparison

Attachement Staff Report Item 13A

Draft Budget Highlights

- No change to value proposition
- YoY Revenue growth
- Reduced Uncollectables
- Increasing energy price environment
- Increase to staff/software budget vs. consultant spend
- Increase in staffing
- Building Capital Expenditures
- Local Development budget increase

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
REVENUE AND OTHER SOURCES				
Electricity Sales	508,636,000	401,405,000	107,231,000	26.7%
GASB 62 Recognition (Deferral)	0	0	0	0.0%
Investment Income	798,000	1,231,000	(433,000)	-35.2%
Other Income	894,000	275,000	619,000	225.1%
Uncollectables	(8,939,000)	(9,902,000)	963,000	-9.7%
Total Revenue and Other Sources	501,389,000	393,009,000	108,380,000	27.6%
EXPENSES AND OTHER USES				
ENERGY OPERATIONS				
Cost of Energy	442,338,000	358,078,000	84,260,000	23.5%
Data Management/Customer Service	8,645,000	8,003,000	642,000	8.0%
PG&E Service Fees (Billing/Metering)	2,752,000	2,483,000	269,000	10.8%
Scheduling	843,000	660,000	183,000	27.7%
Total Energy Operating Costs	454,578,000	369,224,000	85,354,000	23.1%
OVERHEAD OPERATIONS				
Personnel	9,421,000	7,429,000	1,992,000	26.8%
Marketing, Outreach, Communications	1,614,000	1,544,000	70,000	4.5%
Legal, Policy, & Regulatory Affairs	1,592,000	1,297,000	295,000	22.7%
Other Professional Services	850,000	1,345,000	(495,000)	-36.8%
General & Administrative	3,033,000	2,146,000	887,000	41.3%
Depreciation	60,000	60,000	0	0.0%
Total Overhead Operating Costs	16,570,000	13,821,000	2,749,000	19.9%
NON-OPERATING EXPENSES				
Borrowing Interest	898,000	804,000	94,000	11.7%
Capital Expenditures	5,500,000	0	5,500,000	0.0%
Local Development Funding	8,475,000	6,340,000	2,135,000	33.7%
Total Non-Operating Expenses	14,873,000	7,144,000	7,729,000	108.2%
TOTAL EXPENSES	486,021,000	390,189,000	95,832,000	24.6%
NET INCREASE (DECREASE) IN POSITION	15,368,000	2,820,000	12,548,000	

Current YTD (March) Actuals to Current Budget Comparison

Attachment Staff Report Item #3A

2020-2021 Comparison Highlights

- Deferral of PCIA led to higher revenues from sales
- \$15.8MM GASB 62 Revenue Deferral sized to July 2022-Dec 2023 PUBA (inclusive of prior GASB 62 balance). May increase further for unspent local development budget
- Uncollectables set at 2.5% of revenue from sales
- Higher energy costs
- Reduced overhead relative to budget in tight year
- Positive net position



	Through Mar FY 2020-21 YTD+Remaining	CURRENT FY 2020-21 BUDGET	FY 2020-21 Budget-YTD Difference	Budget-YTD Percent Difference
REVENUE AND OTHER SOURCES				
Electricity Sales	436,669,000	401,405,000	35,264,000	8.8%
GASB 62 Recognition (Deferral)	(15,814,000)	0	(15,814,000)	0.0%
Investment Income	839,000	1,231,000	(392,000)	-31.8%
Other Income	466,000	275,000	191,000	69.5%
Uncollectables	(10,784,000)	(9,902,000)	(882,000)	8.9%
Total Revenue and Other Sources	411,376,000	393,009,000	18,367,000	4.7%
EXPENSES AND OTHER USES				
ENERGY OPERATIONS				
Cost of Energy	372,125,000	358,078,000	14,047,000	3.9%
Data Management/Customer Service	7,655,000	8,003,000	(348,000)	-4.3%
PG&E Service Fees (Billing/Metering)	2,458,000	2,483,000	(25,000)	-1.0%
Scheduling	665,000	660,000	5,000	0.8%
Total Energy Operating Costs	382,903,000	369,224,000	13,679,000	3.7%
OVERHEAD OPERATIONS				
Personnel	7,055,000	7,429,000	(374,000)	-5.0%
Marketing, Outreach, Communications	1,092,000	1,544,000	(452,000)	-29.3%
Legal, Policy, & Regulatory Affairs	879,000	1,297,000	(418,000)	-32.2%
Other Professional Services	848,000	1,345,000	(497,000)	-37.0%
General & Administrative	1,851,000	2,146,000	(295,000)	-13.7%
Depreciation	55,000	60,000	(5,000)	-8.3%
Total Overhead Operating Costs	11,780,000	13,821,000	(1,215,000)	-8.8%
NON-OPERATING EXPENSES				
Borrowing Interest	847,000	804,000	43,000	5.3%
Capital Expenditures	0	0	0	0.0%
Local Development Funding	3,342,000	6,340,000	(2,998,000)	-47.3%
Total Non-Operating Expenses	4,189,000	7,144,000	(2,955,000)	-41.4%
TOTAL EXPENSES	398,872,000	390,189,000	8,683,000	2.2%
NET INCREASE (DECREASE) IN POSITION	12,504,000	2,820,000	9,684,000	

2. Draft Budget Revenues

Draft Budget Revenues

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
REVENUE AND OTHER SOURCES				
Electricity Sales	508,636,000	401,405,000	107,231,000	26.7%
GASB 62 Recognition (Deferral)	0	0	0	0.0%
Investment Income	798,000	1,231,000	(433,000)	-35.2%
Other Income	894,000	275,000	619,000	225.1%
Uncollectables	(8,939,000)	(9,902,000)	963,000	-9.7%
Total Revenue and Other Sources	501,389,000	393,009,000	108,380,000	27.6%

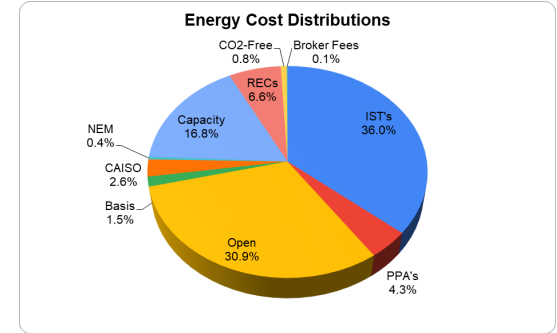
- **Assumes 5% opt out rate for new community enrollments**
- **Does not include transition of Brilliant 100 customers**
 - Could be as much as \$657,000 adjustment down
- **Includes reduction from TOU rate transition in ____**
 - Tracy actually begins Feb 2022. Could be as much as \$400,000 adjustment down
- **No recognition of 2019-2020 GASB 62 revenue**
- **Assumes 0.4% interest earned in cash balances in accounts**
- **\$894,000 of Other Income is expected from PG&E reimbursement for administrative and marketing costs for Green Tariff program**
- **Uncollectables reduced from 2.5% to 2% for remaining 2021 then 1.5% for 2022**

3. Draft Budget Expenses

- Energy Operations
- Overhead Operations
- Personnel, in Depth
- Non-operating Expenses
- Local Development, in Depth

Draft Budget Energy Operations

ENERGY OPERATIONS	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
Cost of Energy	442,338,000	358,078,000	84,260,000	23.5%
Data Management/Customer Service	8,645,000	8,003,000	642,000	8.0%
PG&E Service Fees (Billing/Metering)	2,752,000	2,483,000	269,000	10.8%
Scheduling	843,000	660,000	183,000	27.7%
Total Energy Operating Costs	454,578,000	369,224,000	85,354,000	23.1%



- **Cost of Energy is comprised of four energy products—general supply, capacity, renewable, carbon free—and related transactional costs**
 - General supply includes contract hedges, open position, long-term agreements, and NEM balancing
- **Brilliant 100 discontinued in Jan 2022**
 - \$2M cost reduction from lower carbon free energy purchases
- **Significant increase in Cost of Energy due to increased load from expansion of new communities and rising energy and RA costs**
- **Increase in Energy Service fees due to increase in meters from new communities**
 - Data Management/Customer Service is paid to SMUD at \$1.20 per meter through 2021, then \$1.00 through 2022
 - 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

Draft Budget Overhead Operations

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
OVERHEAD OPERATIONS				
Personnel	9,421,000	7,429,000	1,992,000	26.8%
Marketing, Outreach, Communications	1,614,000	1,544,000	70,000	4.5%
Legal, Policy, & Regulatory Affairs	1,592,000	1,297,000	295,000	22.7%
Other Professional Services	850,000	1,345,000	(495,000)	-36.8%
General & Administrative	3,033,000	2,146,000	887,000	41.3%
Depreciation	60,000	60,000	0	0.0%
Total Overhead Operating Costs	16,570,000	13,821,000	2,749,000	19.9%

- Personnel will be discussed more in-depth on the next slide
- No significant change in Marketing, Outreach, and Communications
- No significant change in Legal, Policy, & Regulatory Affairs
- Decrease in Other Professional Service as more work taken internally
- Increase in G&A is driven almost exclusively by increased software subscriptions to support the increase in internal work
- No change expected in asset depreciation

Draft Budget Personnel

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	<i>Budget Percent Difference</i>
OVERHEAD OPERATIONS				
Personnel	9,421,000	7,429,000	1,992,000	26.8%

- **FY 2020-21 budget was established with 37 FTE**
 - No COLA was allotted in the current fiscal year
 - Due to personnel transitions, current headcount is 34 FTE and expect to re-hire to get to 37 FTE
- **For FY 2021-22 budget includes**
 - 2.5% COLA and up to 5% merit-based/promotion compensation pool
 - Projected headcount increase by 6 FTE to reach 43 FTE at end of 2021-2022 to accommodate additional work required
 - Includes filling 3 vacancies and adding
 - 2 Local development, 2 Marketing, 1 Power Resources, 1 Technology

Draft Budget Marketing, Outreach, Communications

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	FY 2021-2022	FY 2020-2021	
Marketing, Outreach, Communications	BUDGET	BUDGET	Difference
Data Manager	185,000	300,000	(115,000)
Required Mailings	395,000	655,000	(260,000)
Advertising	569,000	289,000	280,000
Promotional Items	10,000	10,000	0
Communications	455,000	290,000	165,000
Total	1,614,000	1,544,000	70,000

- **Data Manager:** Change orders to data management systems
- **Required Mailings:** Joint Rate Mailer, Power Content Label, New Account Noticing
- **Advertising:** Active community presence activities, sponsorships, local events
- **Promotional Items:** Give away items
- **Communications:** Public relations, media, newsletters, consultants

Draft Budget Legal, Policy, Regulatory Affairs

Attachement Staff Report Item 13A

	FY 2021-2022	FY 2020-2021	
Legal, Policy, Regulatory Affairs	BUDGET	BUDGET	Difference
Sponsorships & Memberships	25,000	0	25,000
Legal Consultants	1,315,000	970,000	345,000
Legislative Consultants	132,000	132,000	0
Other Consultants	120,000	195,000	(75,000)
Total	1,592,000	1,297,000	295,000

- **Legal Consultants:** Outside General Counsel for procurement, analysis, and general operations
- **Legislative Consultants:** Retainer for Weideman group legislative advocacy
- **Other Consultants:** Economic analysis in regulatory and legislative cases and communications consultants

Draft Budget Other Professional Services

	FY 2021-2022	FY 2020-2021	
Other Professional Services	BUDGET	BUDGET	Difference
Accounting	250,000	220,000	30,000
Human Resources Consulting	100,000	0	100,000
IT Consulting	40,000	45,000	(5,000)
Consultants	460,000	1,080,000	(620,000)
Total	850,000	1,345,000	(495,000)

- **Accounting:** Accounting and auditing for financial compliance
- **HR Consulting:** Job posting, HR compliance, and related training
- **IT Consulting:** Technical network assistance
- **Other Consultants:** Technical consulting for power resources and technology groups as well as various other essential tasks

Draft Budget General Administrative

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	FY 2021-2022	FY 2020-2021	
General Administrative	BUDGET	BUDGET	Difference
Operational Expenses	877,000	803,000	74,000
Conferences & Prof. Development	40,000	49,000	(9,000)
Small Equipment	107,000	197,000	(90,000)
Rent & Utilities	441,000	432,000	9,000
Software, Subscriptions, SaaS	1,508,000	625,000	883,000
Board & Director Fees	60,000	40,000	20,000
Total	3,033,000	2,146,000	887,000

- **Operational Expenses:** Service fees, supplies, membership dues, insurance, and other relevant G&A
- **Conferences & Prof. Development:** Trainings, conferences, and related expenses
- **Small Equipment:** Necessary replacements and additional new items
- **Rent & Utilities:** Rent and utilities for office space
- **Software, Subscriptions, SaaS:** Necessary subscriptions and software licensing
- **Board & Director Fees:** Monthly stipends for board members and space rental

Draft Budget Non-Operating Expenses

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
NON-OPERATING EXPENSES				
Borrowing Interest	898,000	804,000	94,000	11.7%
Capital Expenditures	5,500,000	0	5,500,000	0.0%
Local Development Funding	8,475,000	6,340,000	2,135,000	33.7%
Total Non-Operating Expenses	14,873,000	7,144,000	7,729,000	108.2%

- **Borrowing Interest Costs slightly increased due to increased postings of Letters of Credit**
 - No outstanding debt
 - EBCE can draw up to \$60MM in cash and use up to \$35MM in LC's
 - EBCE pays 1% on the undrawn facility balance as a commitment fee, and 1-month index rate + 2.5% on any cash drawn up to \$25MM and 1-month index rate +2.65% on any amount above \$25MM
 - EBCE has outstanding LC's and pays 1.75% on this balance
- **\$5.5MM for capital expenditures related to real estate procurement**
- **Local Development Funding increase due to service area expansion and increased community investment (see additional discussion for more details)**

Draft Budget Local Development Fund

- Unspent Local Development budget carries forward year to year
- 2021-2022 Local Development budget set at \$8,475,000
- Cumulative Local development budget from prior periods forecasted at \$8,094,000
- Total spend for 2021-2022: \$16,569,000
- Community Investment includes priorities related to Connected Communities – DAC-GT, Community Solar, and community engagement efforts for debt relief and CARE/FERA enrollment

LOCAL DEVELOPMENT FUND	FY 2020-21 BUDGET	FY 2020-21 YTD+Est	FY 2021-22 BUDGET	FY 2021-22 BALANCE
Program Funding				
Beginning Balance	1,398,000	4,871,000		8,094,000
Funding from General Fund Revenues	6,340,000	6,340,000	8,475,000	8,475,000
Grants/Credits	275,000	225,000	0	0
Mid-Year adjustment	0	0	0	0
Total Available Funding	8,013,000	11,436,000	8,475,000	16,569,000
Program Areas				
Demand Response	100,000	28,000	0	236,000
Energy Efficiency	740,000	250,000	0	574,000
Building Electrification	950,000	268,000	900,000	2,241,000
Vehicle Electrification	4,930,000	1,116,000	5,545,000	10,472,000
Collaborative Procurement	958,000	385,000	580,000	1,596,000
Community Investment	0	211,000	1,150,000	1,150,000
Sponsorships/Events	0	5,000	100,000	100,000
Capital Set Aside	0	0	0	0
COVID-19 Relief Fund	335,000	1,079,000	0	0
Legal Resources	0	0	100,000	100,000
MAS Resources	0	0	100,000	100,000
Policy Resources	0	0	0	0
Other (actuals not classified)	0	0	0	0
Total Program Expenses	8,013,000	3,342,000	8,475,000	16,569,000
Ending Balance	0	8,094,000	0	0

Transportation electrification continues to be a major focus for Local Development:

- Transportation is the largest source of emissions of GHG and particulate matter with Light/Medium and Heavy duty vehicles all contributing
- EBCE can lead in the development of publicly available charging infrastructure for renters and low-income communities to ensure these residents can transition to EVs
- Goods movement is particularly important with Port impacts to communities and access through the territory and into the Central Valley
- EBCE will continue assisting Cities to meet CAP TE goals with fleet electrification planning and execution assistance

Electric Vehicle Supply (EVSE) Deployment

Deploy public charging infrastructure to accelerate electrification for all residents

- Publicly available charging infrastructure (\$4.0M)
- \$500 'fueling card' to low-income customers who purchase an EV through the Air District's Clean Cars 4 All program (\$100k)

FY'21 Rollover:

- Launch CAL EVIP in Sept '21 - (\$3M) + \$14.5M incentives from CEC
- CSE Administration fee - (\$210k)
- Multi-Family TA program - (\$320k)

Accelerate municipal fleet electrification with cities

- Develop municipal EVSE management offering/plan for existing L2 charging infrastructure - (\$75k)
- Expand fleet electrification Technical Assistance to additional (and new) EBCE cities - (\$300k)
- Vehicle to Building (V2B) pilot at Critical Facility - (\$250k)

FY'21 Rollover:

- Scope municipal fleet EVSE Service Product - (\$125k)

Medium/Heavy Duty Transportation Electrification

Accelerate M/H duty electrification with charging infrastructure and technical assistance for fleet operators

- M/HD Technical Assessments for goods movement fleets - (\$150k)
- Technical Assessments on M/HD fast charging hubs - (\$250k)
- Develop M/HD fast charging offer - (\$170k)
- Develop leasing model for M/HD vehicles (ie. Drayage) - (\$250k)

Grants Received:

- Regional M/HD Blueprint: \$200k CEC award
- Regional Brownfields Assessment: \$300k USEPA award

Continue to deploy Energy Resilient Public Facilities across EBCE communities

- Independent Engineer for Phase 1 Municipal Critical Facility Projects (\$400k)
- Add new communities solar + storage analysis for Energy Resilient Public Facility program - (\$80k)
- Customer Enrollment in Resilient Home (\$100k)

FY'21 Rollover:

- Additional funding for Medical Baseline battery offering (\$300k)

Pursue peak load reducing EE opportunities

- Pursue Elect to Administer EE funding - \$3M+ per year for EE
- File AL June-Sept 21
- Resolution Jan-May 22
- Launch programs Q1-Q2 '22

FY'21 Rollover

- Incentives to be paid for FY 21 enrollment in FY 21/22 (\$590k):
 - LOW INCOME, RESIDENTIAL AND COMMERCIAL

Electrifying buildings is key to meeting climate action plans and improving indoor air quality. EBCE will continue to assess building electrification opportunities in residential and commercial applications, initiate LMI electrification, while focusing on critical gaps to advance acceptance of building electrification

- LMI electrification incentive - (\$450k)
- Induction Incentives & education - (\$250k)
- Electrification workforce development - (\$50k)
- Induction Lending Program - (\$100k)

Grants Received:

- Natural Gas Decommissioning assessment: \$92k CEC award

The Connected Communities program focuses on reducing disconnections and arrearages for frontline communities:

- Maximize enrollment in Arrearage Management Program (\$1.15M)
- Identify opportunities to reduce \$10M un-collectables budget
- Pursue additional state/federal funding for utility debt and rent relief
- Provide grants to community-based organization to increase enrollment in AMP, rent and utility debt relief, and similar programs
- Launch DAC-GT / CS-GT prioritizing AMP eligible customers
- Total DAC-GT program budget for FY'21 will total \$1.6M

Arrearage Management Program (AMP) Plan

Maximize AMP enrollments through:

1	2	3	4
Targeted ME&O	CBO Partnerships	Enrollment "Fix" (short-term solution)	Policy Advocacy (longer-term solutions)
Identify eligible customers and conduct outreach using collateral developed in Q2 2021. Evaluate effectiveness over first three months, and adopt most cost-effective strategies.	Partner with trusted CBOs on AMP-related outreach, including those that assisted with Focus Groups and that were identified in the Final Report	Develop short-term solution to improve phone-based enrollment experience for eligible customers (e.g., text messaging, 3-way calling w/ SMUD CSRs)	Advocate to require IOUs to create online enrollment option, allow CCAs to enroll customers directly, lower eligibility threshold
Status: In Progress	Status: Not Started	Status: Not Started	Status: In Progress

Tactics that maximize enrollment

Maximize AMP retention through:

5	6	7
Proactive Monitoring & Intervention	Case Management Service	EBCE Bill Credit
Develop internal process to track customers' progress through AMP, identify cases where customers may be at risk of removal from the program, and refer customers to EBCE Customer Case Managers (see # 6) where necessary	Provide case management for customers (via CSR) through all steps of the AMP application process, until customers' arrearages are paid through AMP	Offer a courtesy credit for the EBCE portion of the bill in order to help customers at risk of being removed from AMP remain in the program
Status: Not Started	Status: Not Started	Status: Not Started

Tactics that help ensure retention

Continuing pursuing marketing and policy advocacy initiatives, partner with CBOs, monitor customers' progress in AMP, empower CSRs to offer bill credits to keep customers in AMP, and case manage the enrollment process for customers who may struggle.

4. Review of Reserve Policy and Balances

Draft Budget Reserve Policy & Balances

- **Reserve Fund Policy**

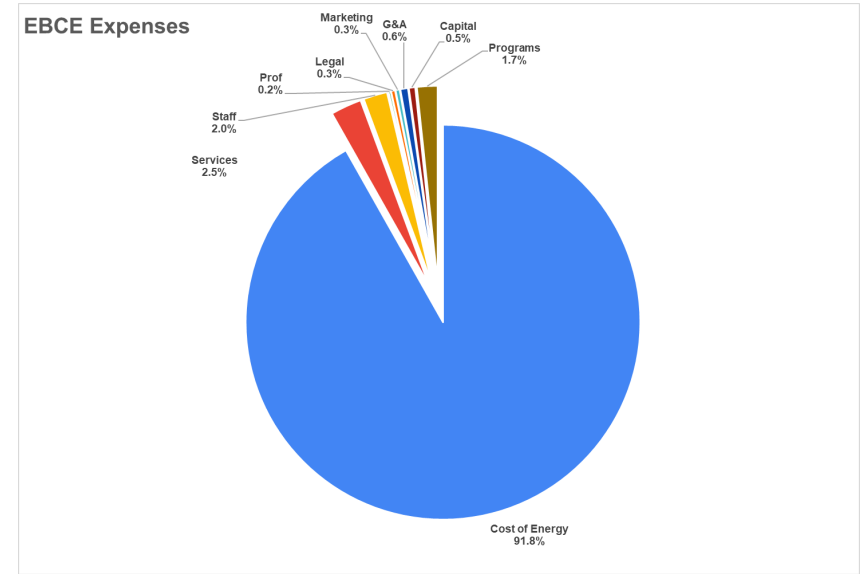
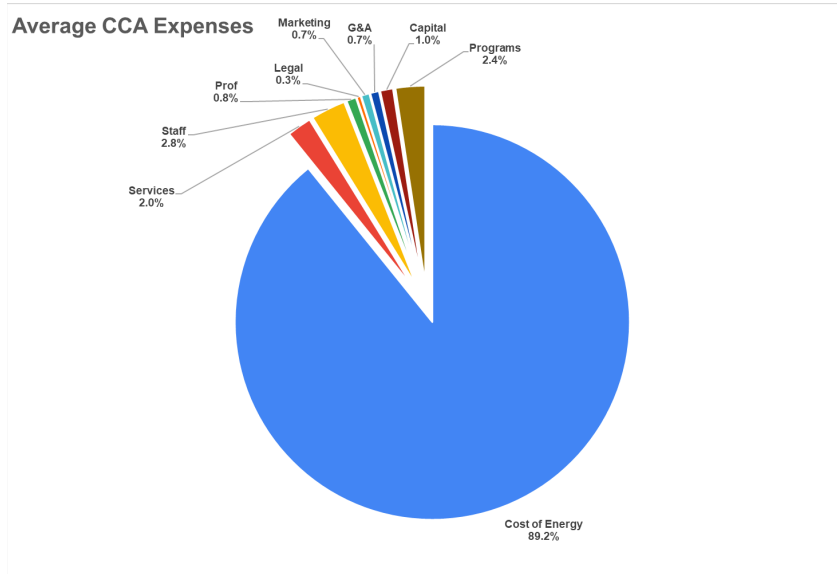
- In November of 2020, Reserve Funds were increased to \$90,218,327 in accordance with financial reserve policy, P-2018-10
- In January 2021, the Board approved resolution R-2021-2 to update the financial reserve policy targets and to concentrate reserve amounts into a single fund
- Updated Reserve Policy P-2018-10.1 has the following target range set to a percentage of operating expenses as compared across the current and draft budgets

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	PREVIOUS FY 2019-20 BUDGET
Operating Expenses	471,148,000	383,045,000	392,399,200
Min (25%)	117,787,000	95,761,000	98,100,000
Mid (50%)	235,574,000	191,523,000	196,200,000
Max (75%)	353,361,000	287,284,000	294,299,000
Reserve Balance*	102,722,327	90,218,327	40,513,687
Pct of Expenses	21.8%	23.6%	10.3%
Pct of 50% Target	43.6%	47.1%	20.6%

*If full net position estimate of current YTD converts to reserves

5. Comparison Across CCA Space

Comparison to Other Regional CCA's



As percentage of expenses

6. Risks & Mitigations

Draft Budget Risks Discussion

Attachement Staff Report Item 13A

- **Energy Market Risk**
 - EBCE has approximately 30-35% of its energy portfolio exposed to market prices
 - Volatility can range from 10-20% on a regular basis
 - In recent months, prices have increased for Draft Budget year
 - PCIA is a form of risk mitigation based on PG&E's resources—increase in prices is offset somewhat by decrease in PCIA in future years
 - EBCE is also evaluating Energy Prepay structure to help lower costs
- **Uncollectables/Write-offs:**
 - EBCE increased uncollectables from 0.5% to 2.5% of revenues for COVID crisis in 2020-21 FY
 - For Draft Budget, this estimation is reduced to 2.0% for the rest of 2021 then 1.5% for 2022
 - These estimates are at the higher range than other CCA's as based on regional income demographics
 - To mitigate, pushing CARE/FERA enrollments, AMP, and Connected Communities programs DAC-GT and community solar
- **Opt-Out Risk:**
 - No anticipated risk of increased opt-outs for established communities
 - New communities are estimated at 5% of total accounts—currently 3.5%
 - Change of product decisions may increase opt-outs but difficult to estimate based on discussion among cities to potentially opt-up to Renewable 100

7. Value Proposition & Staff Recommendations

Value Proposition & Recommendations

- **EBCE currently offers three products**
 - Bright Choice: 1.0% below PG&E rates
 - Brilliant 100: Parity with PG&E rates
 - Renewable 100: \$0.01/kWh above PG&E rates
- **Board has approved the following adjustments in 2021/2022:**
 - End Brilliant 100 due to cost-of-service imbalance and convert customers to the other remaining products
 - Several communities are planning to opt-up customers to Renewable 100
- **Staff recommendations for 2021/2022:**
 - Maintain value propositions on Bright Choice and Renewable 100
 - No further adjustments are required at this time

Thank You!



Questions? Give us a call:
1-833-699-EBCE (3223)



@PoweredbyEBCE



customer-support@ebce.org

Español
ebce.org/es

中文
ebce.org/cn

RESOLUTION NO. __

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST BAY COMMUNITY ENERGY AUTHORITY TO APPROVE THE BUDGET FOR
THE 2021-2022 FISCAL YEAR**

WHEREAS, the East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions; and current members of EBCE include the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, Union City, Newark, Pleasanton and Tracy;

WHEREAS, EBCE operates on a fiscal year budget cycle from July 1st through June 30th;

WHEREAS, draft versions of EBCE’s budget for fiscal year 2021-2022 were presented to the Finance, Administrative and Procurement subcommittee on May 7, 2021, the Board of Directors on May 19, 2021, and the Executive Committee on May 28, 2021 (the “Prior Presentations”);

WHEREAS, staff has incorporated feedbacks from the Prior Presentations and prepared a revised proposed budget, set forth in Exhibit A (the “Proposed Budget”);

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Directors hereby approves and adopts the Proposed Budget, as set forth in Exhibit A, as EBCE’s fiscal year 2021-2022 budget.

ADOPTED AND APPROVED this 16th day of June, 2021.

Dan Kalb, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

EXHIBIT A

EBCE FISCAL YEAR 2021-22 BUDGET

(as adopted on 6/16/2021)

	DRAFT FY 2021-22 BUDGET
REVENUE AND OTHER SOURCES	
Electricity Sales	508,636,000
GASB 62 Recognition (Deferral)	0
Investment Income	798,000
Other Income	894,000
Uncollectables	(8,939,000)
Total Revenue and Other Sources	501,389,000
EXPENSES AND OTHER USES	
ENERGY OPERATIONS	
Cost of Energy	442,338,000
Data Management/Customer Service	8,645,000
PG&E Service Fees (Billing/Metering)	2,752,000
Scheduling	843,000
Total Energy Operating Costs	454,578,000
OVERHEAD OPERATIONS	
Personnel	9,421,000
Marketing, Outreach, Communications	1,614,000
Legal, Policy, & Regulatory Affairs	1,592,000
Other Professional Services	850,000
General & Administrative	3,033,000
Depreciation	60,000
Total Overhead Operating Costs	16,570,000
NON-OPERATING EXPENSES	
Borrowing Interest	898,000
Capital Expenditures	5,500,000
Local Development Funding	8,475,000
Total Non-Operating Expenses	14,873,000
TOTAL EXPENSES	486,021,000
NET INCREASE (DECREASE) IN POSITION	15,368,000

Public Comment Period: May 20, 2021 - June 7, 2021

As part of EBCE's rate setting process, staff hosted an open public comment period regarding our value proposition for our 2021-2022 fiscal year. Staff opened this session with the email shown in Image 1, below.



[हिंदी](#) | [Tiếng Việt](#) | [Español](#) | [中文](#)

EBCE's proposed 2021-2022 value proposition: public comment period

East Bay Community Energy (EBCE) is committed to a robust and transparent rate setting process, which includes input from our community. We invite you to share your thoughts on EBCE's 2021-2022 electric generation rates and value proposition using one or more of the following two methods:

Online at a webinar

Thursday, May 27 at 12 PM | Click [here](#) to register

This webinar will be recorded and shared on the [ebce.org/rates](#) webpage.

Written comments

Written comments may be emailed to PublicComment@ebce.org.

Written comments shall be no longer than three pages, minimum 10 point font. All comments will be posted to [ebce.org/rates](#) for six months.

Due to the pandemic, staff remains working from home. Therefore, written comments are only accepted via email.

Please provide your insights and feedback no later than 8:00 AM on Monday, June 7, 2021. A summary of public comments received will be part of the report to the Board on Wednesday, June 16, 2021. Thank you for your participation.

Background documents:

Historic

- [Rate Setting Policy Board Report, presented at the February 7, 2018 Board of Directors Meeting](#)
- [Renewable 100 Product Approval Board Report, presented at the April 18, 2018 Board of Directors Meeting](#)
- [Power Content Procurement Floor, video](#) from from April 22, 2020 Board of Directors Meeting
- [2020-2021 Budget Presentation, video](#) from June 17, 2020 Board of Directors meeting

2021-2022

- [Draft Budget Review slides](#), to be presented at the May Board of Directors Meeting on Wednesday, May 19, 2021. Video to be posted here after the meeting.

Image 1: Introduction and webinar invitation email, sent on May 20, 2021.

In addition to the email to EBCE’s subscribers, staff advertised the webinar and public comment period via social media, such as the Tweet shown below in Image 2. After the webinar, the recording was added to EBCE’s rates website, at ebce.org/rates.



Image 2: Tweet posted on 5/20/2021 regarding the value proposition webinar

The following table summarizes all customer interactions with the public comment period and value proposition webinar:

Date	Type	Participation
5/11/2021	Online event posted to EBCE’s Facebook page	20 people reached
5/20/2021	Email - Image 1	2,018 recipients, 43% open rate, 3% click rate
5/20/2021	Invitation via Twitter - Image 2	1 retweet, 1 like, 553 impressions, 6 engagements
5/27/2021	Webinar	2 attendees
5/27/2021	Webinar recording, posted to ebce.org/rates	11 views

Table 1: Event advertising and customer participation

Staff did not receive any verbal or written public comments on the proposal, which maintains the rate value proposition from the 2020-2021 fiscal year.[AH1]

For reference, slides from the webinar:

MAY 17, 2021

2021-2022 EBCE Value Proposition: Public Comment

EAST BAY COMMUNITY ENERGY

1

What is EBCE?

East Bay Community Energy (EBCE) is our local electricity supplier committed to providing Alameda County and the city of Tracy with cleaner, greener electricity at lower 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

4

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 muted 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

2

How it Works

EBCE BUYS CLEAN POWER
EBCE buys from, and is building, clean power plants. EBCE sells the energy to customers at low rates.

PG&E DELIVERS THE POWER
EBCE's power is delivered to customers by PG&E. Customers pay PG&E for power delivery as they always have.

YOU GET THE POWER AND ALL THE BENEFITS
You benefit from cleaner energy: low rates, local governance, and innovative programs.

EAST BAY COMMUNITY ENERGY

5

Agenda

- Introduction to East Bay Community Energy (EBCE)
- Definitions
- 2021 – 2022 recommendation
- Public comment period

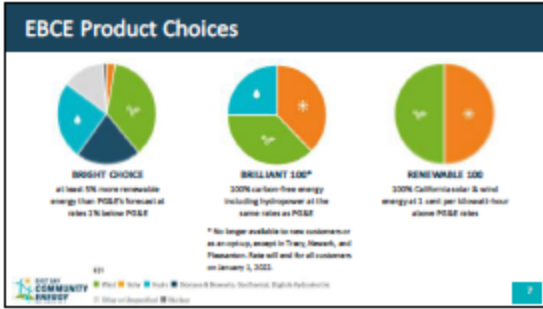
EAST BAY COMMUNITY ENERGY

3

Definitions

EAST BAY COMMUNITY ENERGY

6



7

Staff Recommendation

EBCE staff recommend:

- Maintain 1.0% rate discount for Bright Choice
- Make no change to Renewable 100

Note that Brilliant 100 will close January 2022

- Per vote taken at November 18, 2020 Board of Directors meeting

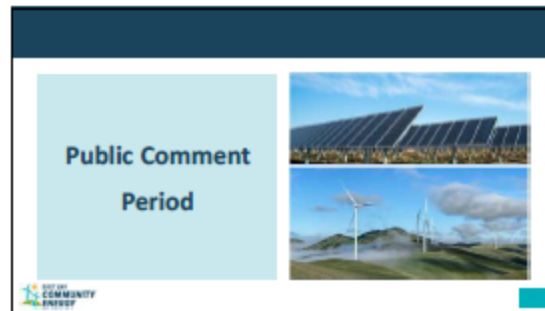
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Terms

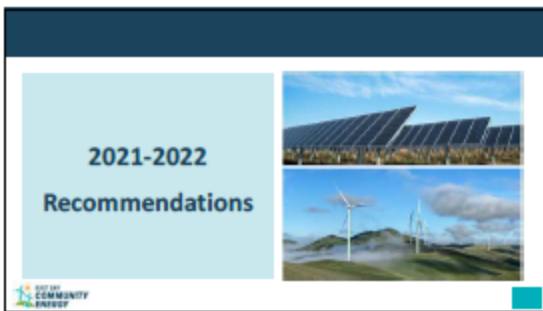
- Rates – what EBCE charges customers for electricity, currently updated when PG&E changes their generation rates or fees
- (Rate) Value proposition – the cost comparison to PG&E rates based on EBCE product
 - EBCE brings additional value to our community. This is only about the direct financial value to our customers.

EBCE has saved Bright Choice customers over \$26 million since 2018

8



11



9



How to Participate

- Click on the chat bubble
- Enter your name, city, and organization 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

12

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/web
 - Summarize all public comments in the staff report to Board
 - Present summary and value proposition recommendation at Board of Directors meeting on June 16 as part of the next fiscal year's budget
- **Additional comment opportunities:**
 - Written comments may be emailed to PublicComment@ebce.org
- **All comments are due by Monday, June 7, 2021 at 8 AM**


 



13

Comments

Welcome at:

PublicComment@ebce.org



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