Community Advisory Committee Meeting
Monday, September 20, 2021
6:00pm
https://us02web.zoom.us/j/84794506189
Or join by phone:
Dial(for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or +1 312 626 6799 or 877 853 5257 (Toll Free)
Webinar ID: 847 9450 6189

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@ebce.org.

If you have anything that you wish to be distributed to the Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

C1. Welcome & Roll Call

C2. Public Comment

This item is reserved for persons wishing to address the Committee on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to three minutes per speaker and must complete an electronic speaker slip. The Committee Chair may increase or decrease the time allotted to each speaker.

C3. Approval of Minutes from July 19, 2021 (5 minutes)

C4. CAC Chair and Vice-Chair Elections

C5. CAC Chair Report (15 minutes)

C6. 2020 Power Source Disclosure Annual Report and Power Content Label (20 minutes, CAC Informational Item)
Staff will provide the CAC with information on the 2020 Power Source Disclosure Program Annual Report (PSDR) and the 2020 Power Content Label (PCL).

C7. LMI Electrification (45 minutes, CAC Action Item)
This is an informational item for the board. Staff will describe an opportunity to Invest $1 M and offer $400k in incentives to support low to moderate income building electrification in EBCE service area. The CAC will use this as an action item to advise the board on this item for when it does come up as a board action item.

C8. CAC Member and Staff Announcements including requests to place items on future CAC agendas

C9. Adjournment to Monday, October 18, 2021

Draft Minutes

Community Advisory Committee Meeting

Monday, July 19, 2021

6:00pm

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If you have anything that you wish to be distributed to the Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

C1. Welcome & Roll Call

Present: Members: Eldred, Laundry, Liu, Swaminathan, Talreja, Souza, Ratia, Vice-Chair Franch and Chair Sutter

Excused: Members Pacheco, Lakshman and Muetzenberg

Note: Member Souza served as an alternate for Member Pacheco, and Member Ratia served as an alternate for Member Muezenberg.

Note: Member Lakshman joined the meeting at 6:30pm

This item is reserved for persons wishing to address the Committee on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to three minutes per

speaker and must complete an electronic speaker slip. The Committee Chair may increase or decrease the time allotted to each speaker.

There were no speakers for public comment.

C3. Approval of Minutes from June 14, 2021 (5 minutes)

Vice-Chair Franch motioned to approve the minutes. Member Souza seconded the motion which passed 9/0. Excused: Member Lakshman.

C4. CAC Chair Report (15 minutes)

Chair Sutter discussed the following:

- The Board approved the purchase of a building at the July 9 Special meeting. The building is located at 251 8th St in Oakland.
- There will be an Environmental and Social Justice Metrics public meeting on September 2 from 6-8pm. Additional Information will be provided prior to the meeting.
- August is a recess month for the CAC. The next regularly scheduled CAC meeting will be held on September 20, 2021.
- Chair and Vice Chair elections will be held at the September 20 CAC meeting.
- EBCE has begun paying for power that is generated in the County of Alameda. EBCE has contracted to purchase power from the Scott Haggarty Wind Energy Center.
- PG&E has terminated the Oakland Clean Energy Initiative Contract for Energy Storage that was intended to replace the peaker plant near Jack London Square.
- EBCE has extended its payment moratorium through September 30, 2021. This moratorium matches PG&E's payment suspension policy.

Member Lakshman joined the meeting at 6:30pm.

C5. Power Resources RFO Contract (20 minutes, CAC Action Item)
Staff will provide the CAC with information on contracts coming from EBCE's 2020 Long-Term Resource Request for Offers (RFO). This is an action item and the CAC will provide comments back to the board regarding the contracts.

The Committee discussed:

- **Impact of project location on pricing**
- **Transmission costs**
- **Community investment fund**

- **Price forecast – price to value**
- **Prevailing wage documentation**
- **Percentage of labor under pla**
- **Pro-labor language in pla agreements**
- **Prevailing wage compliance mechanisms.**
- **Contribution to the community investment fund**

Vaughn asked about how power plus transmission costs were considered during RFO scoring.

Member Eldred motioned to approve the staff recommendation. Cynthia Landry seconded the motion, which passed 10/0.

C6. Treasurer's Report (20 minutes, CAC Informational Item)
This is a consent item for the board that Staff will present to the CAC to help new members begin to understand the financial outlook of EBCE.

The Committee discussed:

- **The difference in lockbox amounts from account balance to cash received**
- **Customer delinquency amount as percentage of energy budget**
- **Relationship between "Lockbox Account as of 6/30/2021" and "Cash Received by Month into Lockbox Account".**

C7. Prepay Transaction Review (30 minutes, CAC Informational Item)
Staff will present highlights of the 30-year energy prepay transaction with Morgan Stanley so the CAC is aware of this financial arrangement.

The Committee discussed:

- **Market conditions**
- **Which CCAs have completed a Prepay Transaction**
- **Benefit to tax payers of deal transaction**
- **Bond issuance process**

C8. CAC Member and Staff Announcements including requests to place items on future CAC agendas

Chair Sutter directed staff provide recommendations to replace the termination of the OCEI peaker plant at Jack London Square.

Member Laundry directed staff to provide an update about the status of the in-house call center in Alameda County.

Chair Sutter requested an update about the Oakland clean energy project.

C9. Adjournment to Monday, September 20, 2021

CAC Item C6
Staff Report Item 11

TO: East Bay Community Energy Board of Directors

FROM: Jim Dorrance, Power Resources Manager

SUBJECT: **2020 Power Source Disclosure Annual Report and Power Content Label (Action Item)**

DATE: September 22, 2021

Recommendation

Adopt a Resolution to accept and attest to the veracity of the 2020 Power Source Disclosure Program Annual Report (PSDR) and the 2020 Power Content Label (PCL).

Background and Discussion

Background

The California State Legislature passed Senate Bill (SB) 1305 in 1997, establishing the Power Source Disclosure Program in order to provide retail electricity consumers "accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services." Assembly Bill (AB) 162, adopted in 2009, modified the reporting requirements of SB 1305. AB 162 requires all retail suppliers of electricity in California (CA) to disclose the sources of the electricity they sell to customers using reporting formats developed by the California Energy Commission (CEC). In 2016, AB 1110 was passed which further modified the PSDR reporting requirements, including among other things, changes to reporting for unbundled Renewable Energy Credits (RECs) and requiring retail sellers to disclose the greenhouse gas (GHG) emissions factor associated with each electricity portfolio. The CEC updated the regulations implementing SB 1305, AB 162, and AB 1100 effective May 2020.

For each year's filing, East Bay Community Energy (EBCE) is required to 1) submit an Annual Report (the PSDR) to the CEC detailing its actual resource mix for the previous calendar year, and 2) provide an annual PCL to customers and the CEC showing the percentage breakdown by resource type by October 1st.

Under the CEC's regulations, private retail electricity suppliers must engage an auditor to verify the accuracy and completeness of data submitted to the CEC in the PSDR; however, public agencies are allowed to provide a self-attestation. Therefore, to fulfill its Power Source Disclosure Program reporting obligations for 2020, EBCE must provide the CEC with the Board's attestation to the veracity of the PSDR and PCL.

Power Source Disclosure Report and Power Content Label

Each year EBCE reports electricity purchases and retail sales to the CEC through the PSDR. The PSDR contains a breakdown of energy purchases over a calendar year for each retail plan and is counted as a percent of total sales by source. The CEC uses these reports from each electricity retail seller serving load in CA to generate a total CA system power mix by source.

In addition, EBCE discloses to its customers the power mix for each retail plan alongside the CA power mix on the PCL. The PCL allows customers to compare their power content to the total California power mix and to other electricity providers and is provided to customers through a mailer and posted on the EBCE webpage.

Table 1: EBCE's 2020 Power Content Label data

2020 POWER CONTENT LABEL				
ENERGY RESOURCES	Renewable 100	Brilliant 100	Bright Choice	2020 CA Power Mix
Eligible Renewable	100%	33%	40%	33%
Biomass & Biowaste	0%	0%	2%	2%
Geothermal	0%	0%	3%	5%
Eligible Hydroelectric	0%	0%	2%	1%
Solar	50%	16%	14%	13%
Wind	50%	16%	19%	11%
Coal	0%	0%	0%	3%
Large Hydroelectric	0%	67%	14%	12%
Natural Gas	0%	0%	0%	37%
Nuclear	0%	0%	1%	9%
Other	0%	0%	0%	0%
Unspecified sources of power	0%	0%	45%	5%
TOTAL	100%	100%	100%	100%

Greenhouse Gas Emissions

AB 1110 and the CEC's regulations modified the Power Source Disclosure Program and PCL by requiring electricity suppliers to disclose the GHG emissions intensity associated with its electricity sources for the previous calendar year. In previous years, EBCE used The Climate Registry (TCR) for our emissions calculation and reporting. However, effective with this year's submission, EBCE and other retail sellers are required to use the GHG emissions calculation methodology set forth in the regulations and can only report or market their GHG emissions factor through the PCL and not on any third party platform.

The methodology for reporting GHG emissions through AB 1110 differs from EBCE's previous reporting in The Climate Registry (TCR). The most significant change is the application of the associated GHG emissions from firm and shaped Renewable Energy Credit (REC) purchases, also known as Portfolio Content Category (PCC) 2 RECs. PCC2 RECs are a California Renewable Portfolio Standard (RPS) renewable product that includes bundled energy that is not from the same source as the REC. The GHG emissions factor reported on this year's PCL includes emissions for the bundled energy of the PCC2 RECs which, regardless of source in our current contract structure, are given an equivalent emissions factor equal to unspecified power. Using PCC2 RECs as renewable content is an accepted practice within the RPS regulations and EBCE will continue to purchase these products to satisfy our renewable commitment to our customers.

In addition to asking the Board to accept the 2020 PSDR and PCL, this report presents the emissions factor for Bright Choice from 2020 that also appears on the PCL.

EBCE 2020 Bright Choice Emissions Factor:
590.6 lb-CO^2e/MWh

Due to the reporting changes for emissions from AB 1110 and changes to power content targets, EBCE has reported a material year over year increase in the emissions factor for the Bright Choice retail plan. Under our current retail plan design both the Renewable 100 and Brilliant 100 products are emissions free. The emissions from Bright Choice will decrease over time as we move towards carbon free content by 2030.

Methodology

In preparing the PSDR, staff populates the template with electricity purchases from generation that occurred during the calendar year. Delivered RECs are tracked using the Western Renewable Energy Generation Information System (WREGIS), and carbon free purchases including electricity from Large Hydroelectric generation is tracked using either meter data or E-tags. The E-tags trace the generation from the source to the delivery location. All the purchased generation is compared against invoices for accuracy, and retail sales are counted using the settlement quality meter data from our accounting service which is EBCE's system of record for sales. The complete PSDR is then reviewed internally to ensure accuracy in reporting prior to submission to the CEC.

Fiscal Impact

There are no fiscal impacts in accepting and attesting to the veracity of the 2020 Power Source Disclosure Annual Report and the 2020 Power Content Label.

Attachments

A. Resolution of the Board of Directors of East Bay Community Energy Accepting and Attesting to the 2020 Power Source Disclosure Annual Report and the 2019 Power Content Label
B. 2020 Power Source Disclosure Reports - Schedule 3
C. 2020 Power Content Label
D. Presentation of Power Source Disclosure Report and Power Content Label

RESOLUTION NO. XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE EAST BAY COMMUNITY ENERGY AUTHORITY TO ACCEPT AND ATTEST TO THE VERACITY OF THE 2020 POWER SOURCE DISCLOSURE PROGRAM ANNUAL REPORT AND THE 2020 POWER CONTENT LABEL

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.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

WHEREAS The California State Legislature passed Senate Bill (SB) 1305 in 1997, and in 2009 passed Assembly Bill (AB) 162, which modified the reporting requirements of SB 1305. AB 162 requires all retail suppliers of electricity in California to disclose the sources of the electricity they sell to customers using reporting formats developed by the California Energy Commission.

WHEREAS In 2016, AB 1110 was passed which further modified the Power Source Disclosure Reporting requirements.

WHEREAS California Code of Regulations, title 20, section 1394.2(a)(2), as modified by the California Energy Commission in May 2020, allows the Board of Directors of a retail supplier of electricity that is a public agency to attest to the veracity of the information contained in the Power Source Disclosure Annual Report and Power Content Label to fulfill the audit requirement for each retail product.

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

Section 1. The Board of Directors accepts and attests to the veracity of the 2020 Power Source Disclosure Annual Report and the 2020 Power Content Label.

ADOPTED AND APPROVED this 22nd day of September 2021.

_____

Dianne Martinez, Chair

ATTEST:

_____

Adrian Bankhead, Clerk of the Board

2020 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2020
East Bay Community Energy
Bright Choice

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	1,961,877	39.6%
Biomass & Biowaste	95,132	1.9%
Geothermal	148,801	3.0%
Eligible Hydroelectric	79,277	1.6%
Solar	696,398	14.1%
Wind	942,270	19.0%
Coal	-	0.0%
Large Hydroelectric	716,622	14.5%
Natural gas	6,003	0.1%
Nuclear	43,572	0.9%
Other	9,681	0.2%
Unspecified Power	2,213,325	44.7%
Total	**4,951,081**	**100.0%**

Total Retail Sales (MWh)	**4,951,081**

GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**591**

Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

2020 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2020
East Bay Community Energy
Brilliant 100

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	285,822	33.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	142,911	16.5%
Wind	142,910	16.5%
Coal	-	0.0%
Large Hydroelectric	580,915	67.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
Total	**866,737**	**100.0%**

Total Retail Sales (MWh)	**866,737**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**-**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

2020 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2020
East Bay Community Energy
Renewable 100

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	60,063	100.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	30,032	50.0%
Wind	30,031	50.0%
Coal	-	0.0%
Large Hydroelectric	-	0.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
Total	**60,063**	**100.0%**

Total Retail Sales (MWh)	**60,063**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**-**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

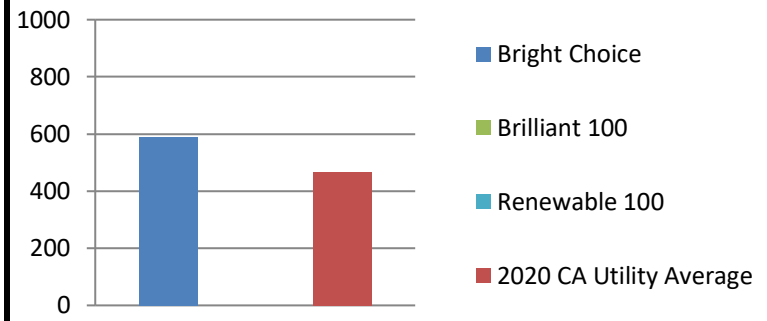
2020 POWER CONTENT LABEL

East Bay Community Energy

www.ebce.org/documents-and-resources

Greenhouse Gas Emissions Intensity (lbs CO_2e/MWh)

Bright Choice	Brilliant 100	Renewable 100	2020 CA Utility Average
590.601646	**0**	**0**	**466**



Energy Resources	Bright Choice	Brilliant 100	Renewable 100	2020 CA Power Mix
Eligible Renewable[1]	**39.6%**	**33.0%**	**100.0%**	**33.1%**
Biomass & Biowaste	1.9%	0.0%	0.0%	2.5%
Geothermal	3.0%	0.0%	0.0%	4.9%
Eligible Hydroelectric	1.6%	0.0%	0.0%	1.4%
Solar	14.1%	16.5%	50.0%	13.2%
Wind	19.0%	16.5%	50.0%	11.1%
Coal	**0.0%**	**0.0%**	**0.0%**	**2.7%**
Large Hydroelectric	**14.5%**	**67.0%**	**0.0%**	**12.2%**
Natural Gas	**0.1%**	**0.0%**	**0.0%**	**37.1%**
Nuclear	**0.9%**	**0.0%**	**0.0%**	**9.3%**
Other	**0.2%**	**0.0%**	**0.0%**	**0.2%**
Unspecified Power[2]	**44.7%**	**0.0%**	**0.0%**	**5.4%**
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Percentage of Retail Sales Covered by Retired Unbundled RECs[3]**:**	**0%**	**0%**	**0%**	

[1]The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.

[2]Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.

[3]Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.

For specific information about this electricity portfolio, contact:	**East Bay Community Energy** **Phone: (833) 699 - 3223**
For general information about the Power Content Label, visit:	http://www.energy.ca.gov/pcl/
For additional questions, please contact the California Energy Commission at:	Toll-free in California: 844-454-2906 Outside California: 916-653-0237

SEPTEMBER 22, 2021

2020 Power Source Disclosure Annual Report and Power Content Label

EAST BAY COMMUNITY ENERGY

Overview

- What is the Power Source Disclosure Program
- How is the Power Source Disclosure Report (PSDR) prepared
- What is the Power Content Label (PCL)
- Emissions
- 2020 Power Content

EAST BAY COMMUNITY ENERGY

Power Source Disclosure Program

- All electricity providers in CA are required to submit annual report
- The annual report discloses all electricity purchases for a calendar year
- Reported as MWh by source as a percent of total retail sales
- Submitted to the California Energy Commission annually

EAST BAY COMMUNITY ENERGY

PSDR Preparation

Review CY Data

- RECs
- Carbon Free
- Retail sales by plan

Data Verification

- WREGIS
- Meter Data, E-Tags
- Invoices
- Contracts

Populate PSDR Templates

- Input by generation source
- Purchased MWh as % of sales
- Individual templates for each plan

Internal Review

- Content Check
- Executive and Marketing review

Submission

- Submit to the CEC

EAST BAY COMMUNITY ENERGY

Power Content Label

- Required annual disclosure to customers, sent by mail
- Contains the power mix for each retail plan and the total CA system power mix
- Allows customers to compare their power content to the total CA power mix and to other electricity providers
- Discloses Emissions from retail plans
- The PCL will be mailed to customers by the end of September

EAST BAY COMMUNITY ENERGY

Emissions - Assembly Bill (AB) 1110

- Regulations modifying power content and emissions reporting
- Requires retail sellers to:
  - New methodology for calculating emissions
    - Includes emissions from PCC 2 purchases for the bundled energy
  - Report and market emissions on the PCL and not use other platforms to disclose emissions (Exp. TCR)
- Does not impact Renewable 100 or Brilliant 100 which are emission free

EAST BAY COMMUNITY ENERGY

Emissions - Scenarios

Emissions reporting under different scenarios

- Emissions Factor as report on PCL
  - ❖ 590.6 MT-CO^2/MWh
- Emissions Factor without emissions counted from PCC2s
  - ❖ 427.7 MT-CO^2/MWh
- Emissions Factor if Nuclear Allocation was accepted in 2020
  - ❖ 323.8 MT-CO^2/MWh
- Emissions Factor if Nuclear Allocation was accepted and without emissions counted from PCC2s
  - ❖ 160.9 MT-CO^2/MWh

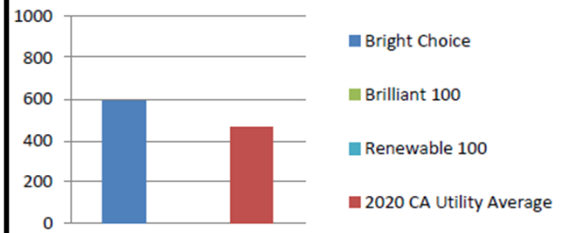
EAST BAY COMMUNITY ENERGY

2020 Power Content Label

2020 POWER CONTENT LABEL
East Bay Community Energy
www.ebce.org/documents-and-resources

Greenhouse Gas Emissions Intensity (lbs CO_2e/MWh)

Bright Choice	Brilliant 100	Renewable 100	2020 CA Utility Average
590.601646	0	0	466



Energy Resources	Bright Choice	Brilliant 100	Renewable 100	2020 CA Power Mix
Eligible Renewable[1]	**39.6%**	**33.0%**	**100.0%**	**33.1%**
Biomass & Biowaste	1.9%	0.0%	0.0%	2.5%
Geothermal	3.0%	0.0%	0.0%	4.9%
Eligible Hydroelectric	1.6%	0.0%	0.0%	1.4%
Solar	14.1%	16.5%	50.0%	13.2%
Wind	19.0%	16.5%	50.0%	11.1%
Coal	**0.0%**	**0.0%**	**0.0%**	**2.7%**
Large Hydroelectric	**14.5%**	**67.0%**	**0.0%**	**12.2%**
Natural Gas	**0.1%**	**0.0%**	**0.0%**	**37.1%**
Nuclear	**0.9%**	**0.0%**	**0.0%**	**9.3%**
Other	**0.2%**	**0.0%**	**0.0%**	**0.2%**
Unspecified Power[2]	**44.7%**	**0.0%**	**0.0%**	**5.4%**
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Percentage of Retail Sales Covered by Retired Unbundled RECs[3]**:**	**0%**	**0%**	**0%**	

[1]The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.
[2]Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.
[3]Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.

For specific information about this electricity portfolio, contact:	**East Bay Community Energy** **Phone: (833) 699 - 3223**
For general information about the Power Content Label, visit:	http://www.energy.ca.gov/pcl/
For additional questions, please contact the California Energy Commission at:	Toll-free in California: 844-454-2906 Outside California: 916-653-0237

EAST BAY COMMUNITY ENERGY

Questions?

Thank You

Jim Dorrance

Power Resources Manager

EAST BAY COMMUNITY ENERGY

CAC Item C7
Staff Report Item 15

TO: East Bay Community Energy Board of Directors

FROM: Beckie Menten, Program Manager, Building Electrification and Energy Efficiency

SUBJECT: **Program to Support and Scale Low to Moderate Income Building Electrification and Efficiency**

DATE: September 22, 2021

Recommendation

Receive an update on plans to develop a Low to Moderate Income Electrification Program.

Background and Discussion

Electrification of both the transportation infrastructure and our buildings has been identified as the most cost-effective pathway to achieving our decarbonization goals in California[1]. Replacing gas consuming appliances in our buildings with high-efficiency electric alternatives reduces overall energy demand, improves the health and safety of buildings, and supports grid-integrated buildings which can better suit the intermittent nature of a highly renewable grid[2]. Electrification is a key priority of both East Bay Community Energy as well as the State of California.

Frontline communities need to be centered in this transition away from natural gas infrastructure. Frontline communities are more likely to be located in areas of high environmental pollution, resulting in poor air quality and associated health impacts.

[1] "Deep Decarbonization in a High Renewables Future." Mahone, et al. https://www.ethree.com/wp-content/uploads/2018/06/Deep_Decarbonization_in_a_High_Renewables_Future_CEC-500-2018-012-1.pdf

[2] Electric appliances can be responsive, enabling an increase or decrease in consumption to match the availability of renewable energy content.

These residents have traditionally had fewer opportunities to participate in clean energy programs, in spite of paying equal amounts towards these programs through their utility rates[3]. As more customers transition away from natural gas infrastructure, the remaining pool of gas ratepayers will be shouldered with the costs of maintaining the distribution infrastructure, potentially resulting in rate increases. Cost considerations aren't the only concern with building electrification – new research is connecting the combustion of fossil fuels in homes with harmful indoor air quality, even linking gas stoves with increased rates of asthma. Further, these impacts have been shown to disproportionately impact lower-income populations[4]. Ensuring that low to moderate income (LMI) communities are prioritized in the transition away from natural gas infrastructure will help protect these customers groups from potential future rate increases while also ensuring they are first in line to receive cleaner, healthier, more efficient buildings.

The need to prioritize LMI communities is especially acute in EBCE's service area. Nine point eight percent (9.8%) of EBCE's customers live in a "disadvantaged community" (DAC) a specification designed by CalEPA to identify communities disproportionately impacted by a combination of lower income and environmental pollution. Twenty two percent (22%) of EBCE's residential customers are on the CARE rate. Thirty two percent (32%) of Alameda County residents are foreign born, with forty-five percent (45%) of our customers speaking a language other than English at home. Finally, forty-six and a half percent (46.5%) of our customers rent their homes, meaning they will have less control over building decisions.

Moderate income communities are also a priority. Income qualified programs offered by California agencies, such as the no-cost Energy Savings Assistance Program, limit participation to customers whose income is 200% of the federal poverty level or less. For a 4-person household, this equates to an annual income of $53,000. Many customers our service area may be interested in participating in programs, but do not have the cash on hand to cover the cost of a project, even with the presence of incentives. These customers also frequently do not qualify for the income assistance programs. Moderate income customers have been identified as the most likely to perform home improvement projects if given access to capital.[5] While they may not

[3] Greenlining Institute. "Equitable Building Electrification: A Framework for Powering Resilient Communities." https://greenlining.org/wp-content/uploads/2019/10/Greenlining_EquitableElectrification_Report_2019_WEB.pdf

[4] Seals, Brady. "Indoor Air Pollution: the Link between Climate and Health." https://rmi.org/indoor-air-pollution-the-link-between-climate-and-health/

[5] Zimring, Mark et al. "Scaling Energy Efficiency in the Heart of the Residential Market: Increasing Middle America's Access to Capital for Energy Improvements." https://eta-publications.lbl.gov/sites/default/files/mi-policybrief-3-6-2012.pdf

need as much assistance as lower income customers, they should be provided with a pathway to implement building upgrades if these programs are to scale.

Introduction to BlocPower and Description of Opportunity

BlocPower is a black-owned, clean tech company that was founded in 2014. Their focus is greening residential and commercial buildings with an emphasis on LMI communities. BlocPower functions as an ESCO-style program, offering no-upfront cost solutions for customers, allowing them to amortize the project over 10-15 year terms. BlocPower has developed a technology platform which greatly reduces the administrative costs associated with project implementation, including energy assessments and financing, helping to reduce overall project cost to participants. BlocPower is backed by key bay area investors, and partners with Revalue, a local black-owned energy efficiency contractor, to implement their projects. BlocPower approaches projects with a comprehensive lens, blending all available subsidy and incentive dollars on behalf of participants, focusing on health and affordability outcomes in addition to energy savings, and identifying opportunities for workforce development. Since their founding in 2012, BlocPower has completed projects in nearly 1,000 buildings, saving customers 20-40% on their energy bills.

EBCE has an opportunity to provide project capital to BlocPower, offering a scaleable solution for LMI electrification in our service area. EBCE project capital will directly fund LMI electrification for our customers. BlocPower has proposed that EBCE invest $1 million in the junior capital position at a 5.5% interest rate. In the junior capital position, EBCE will incur losses on any defaults that are larger than what can be covered through BlocPower's operating reserves and will be compensated at a higher interest rate relative to the senior capital position. EBCE's investment will be leveraged by the entirety of BlocPowers financing stack so the cumulative investment for EBCE LMI customers will be up to $5 million in projects. Additionally, by accepting the junior capital position, EBCE will reduce the risk of investment in BlocPower's portfolio, helping to reduce the interest rate offered to customers by 100-200 basis points (a 1-2% reduction in the customers interest rate.)

Providing project capital to BlocPower not only offers additional capital specifically to EBCE customers, it also has the potential to continually refresh ensuring an ongoing source of funding for local programs. EBCE's initial investment of $1M will be repaid at 5.5% interest starting at year 1, less any defaults (currently estimated at 0.75% of the portfolio annually.) The interest earned on this investment will provide funding for Local Programs to continue re-investing in the community.

EBCE staff is also proposing that the project capital investment to BlocPower be supplemented with additional incentive dollars to offset the cost of projects. While no upfront cost solutions are an important component of increasing accessibility to building upgrades, the overall costs of these projects can be significant. Many retrofit projects uncover additional non-energy costs, such as electric panel upgrades or health and safety measures, for which there are no subsidy or incentive dollars available. To keep financing costs as close as possible to anticipated bill reductions, thereby reducing the potential risk of default, EBCE recommends additional incentive dollars be available to project participants. EBCE is recommending that incentives be scaled based on income level, such that upfront energy measure costs for low-income participants stay capped at 20% of the total costs, and energy measure costs for moderate income participants stay at 60% of total.

To consider whether this is an appropriate opportunity for EBCE, staff has reviewed a comparison of the potential risks and benefits of participating in this program (Table 1). The key question centers around the opportunity cost for EBCE's dollars and the associated value proposition of us participating. In other words, is our investment in BlocPower providing benefits that would not otherwise be available to our customers, and how do those benefits compare to what we could accomplish directly or via another pathway? Given the uniqueness of BlocPower's program, the highly leveraged capital, and the low modeled risk of default, EBCE staff finds this a prudent and valuable opportunity. EBCE is also exploring the potential to secure our investment via a loan loss reserve or loan guarantee through California's iBank (administered locally via the Bay Area Air Quality Management District.) Staff are currently in discussion with BAAQMD to determine if this is viable and expect to have an update by the October Board Meeting.

Table 1. Potential Risks and Benefits of Investment Proposal

Potential Risks	**Potential Benefits**
Potential 1-2% loss on EBCE's investment	Scaled electrification of a hard to reach population
Low program participation / slow ramp up	Highly leveraged investment
Funds could be used elsewhere	Higher return on investment relative to leaving money in savings account
Sole implementor leaves us exposed to poor performance / delivery	Sustainable model (i.e. fund refresh allows for continued program activity without ongoing investment from EBCE ratepayers)
	Electrification represents a new source of revenue for EBCE

Sole Source Justification

BlocPower offers a unique opportunity that aligns with EBCE's goals. They are backed by local investment and partner with local firms for implementation, ensuring investment will support economic development within EBCE's service area. They are unique in the market; there are no other companies that EBCE is aware of that offer a no-upfront cost solution for building electrification that is targeted to low and moderate income residents. Finally, EBCE's investment will be leveraged 4:1 against BlocPower's existing financing stack.

Fiscal Impact

EBCE staff are proposing a $1 million investment in BlocPower and an additional $400,000 in incentive dollars for customer projects. $650,000 of this funding would be sources from this year's Local Programs budget. ($400,000 were budgeted for LMI electrification incentives specifically, and another $250,000 were allocated by the Board of Directors specifically for use in low-income programs.) The remaining $750,000 will be allocated from the upcoming FY 2022/2023 programs budget. Interest payments on this investment will be re-invested in Local Programs. Additionally, EBCE anticipates additional revenue associated with the electrification of homes. Finally, this funding would be leveraged with 4:1 with BlocPower's portfolio.

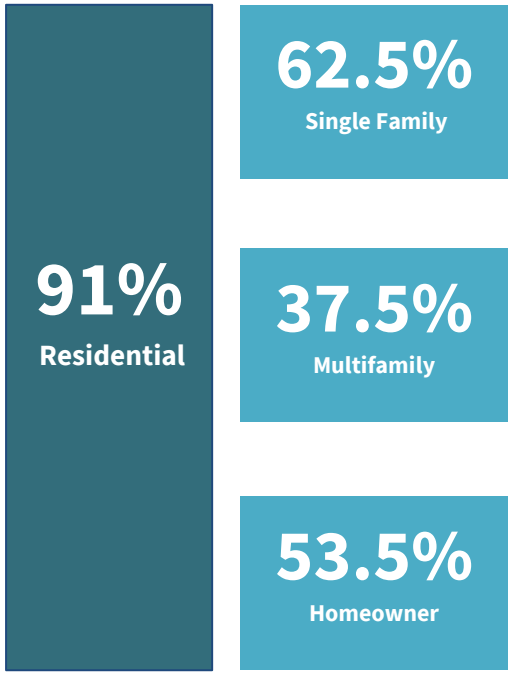
The program will be managed by existing staff.

SEPTEMBER 2021

Low to Moderate Income Electrification and Efficiency

EAST BAY COMMUNITY ENERGY

EBCE's Customer Base



62.5%
Single Family

37.5%
Multifamily

53.5%
Homeowner

22% on the CARE rate

46.5% Renters

9.8% live in top 25% CES3.0 disadvantaged community "DAC"

EAST BAY COMMUNITY ENERGY

Benefits of Electrification

- **Clean and Healthy**
  - Combustion of natural gas in homes has been linked to negative air quality impacts
  - Electric appliances can be powered by renewable energy
- **Affordability**
  - Combination of energy efficiency and electrification can help reduce energy costs
  - Protection against future rate increases

Accessible Program to Center Frontline Communities

- **No upfront cash solution**
  - Rebate programs don't work for many customers
- **Ensure frontline communities are first to participate in electrification**
  - Threat of future rate increases means frontline communities need to be focus of electrification
  - Health benefits of electrification should be delivered to DAC

EBCE Investing in LMI Communities

- $1.4 Million Investment in EBCE's Frontline Communities
  - $1 million in junior debt for project capital to reduce customer rate by 1-2%
  - $400,000 in incentives for homes
  - Target of covering 80% of energy costs for low income (CARE customers)
  - No money down service agreements
- Highly leveraged investment
  - EBCE capital will be leveraged 4:1
  - Incentives stacked with other available incentives (BayREN, TECH)

EAST BAY COMMUNITY ENERGY

BlocPower Financing Electrifies Homes

About BlocPower

- Black-owned clean tech company founded in 2014
- Focused on greening residential and commercial buildings in the US, particularly in Low and Moderate Income (LMI) neighborhoods
- Gas-to-electrification technology building conversions (air source heat pumps, hot water, etc.), including energy efficiency and remediations
- Built a tech platform to speed up energy assessments and financing, lowering project development costs by 50%+
- Backed by Bay Area's top investors

Electrification addresses health equity as well as environmental justice

HEPA Filters & UVC Lights

Smart Electric ASHP heating & cooling equipment (HVAC) that uses HEPA filters and UVC lights. Mini-split heating systems are the only systems that treat contaminated and unhealthy air before circulating.

Proper Air Ventilation

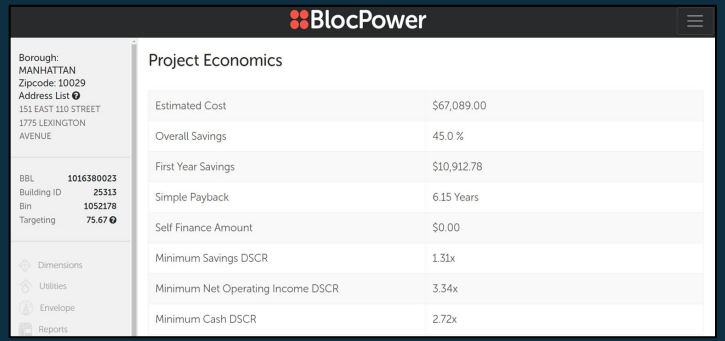
Proper ventilation is key to reducing the spread of disease + reducing chronic asthma. Mini-split heating systems use low velocity air circulation, allowing air to be cleansed without blowing infected air at others.

No Money Down

BlocPower offers energy equipment as-a-service. Full installation and maintenance of smart, money-saving, healthy equipment. These projects are generally cash-flow positive from day one.

Financing Model Key to Projects, especially for LMI

- $0 Down
- 15 year term, maintenance & repairs included
- Guaranteed to function for term
- Creditworthiness based on utility bill payment history, not FICO score
- No lien on the property (UCC-1 fixture filing for security)



Workforce development key pillar of community-investment

Pictured: Reymon Lacheaux, homeowner (above); worker with Eco Options (below)
Source: Elemental

It's always about living-wage Jobs

Workforce development is a key component of sharing the value created by the clean energy economy with those in need of meaningful, living wage jobs. Customers have made it clear how much they value that we are putting local Oakland trainees in community-based contractor pools, where they can learn skills to support their growth and their families' well-being.

Opportunity for individuals

In partnership with Cypress Mandela, Revalue has developed a program to place graduates with a local pool of minority/women-owned contracting businesses such as Eco Options

"*Each of [our workers] transitioned to EE work from other trades, after extended challenges with un/under employment, and are very eager to grow with ECO and the industry*."

- Dahlia Moodie, Energy Conservation Options

Extensive on-the-ground program learnings

We make mistakes, and need to make allowances for how newly trained workers will need more supervision and training on the job. We need to protect people to minimize risk of COVID exposure and must accept reasonable trade offs in completion rates to support this. Ongoing and professional communications with building owners are key to retaining trust through these challenges

Summary and Next Steps

- **$1.4 million Total Investment**
  - $1 M in project capital at 5.5% interest rate
  - $400,000 in incentives targeted to CARE customers
- **Program Budgeting**
  - $500k allocated for LMI investment in FY'22 Local Programs budget
  - $250k allocated by BOD for investment in frontline communities (June 2021)
  - $650k to be allocated to LMI Electrification in FY'23 budget
- **Sole Source with BlocPower**
  - BlocPower's "electrification-as-a-service" approach and focus on LMI communities is unique in the market
  - BlocPower will leverage local contractors to provide electrification and energy efficiency to 70 EBCE customers
- **EBCE staff will bring as an action item to October Board Meeting**

Thank You!

Questions? Give us a call:

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