



## Staff Report Item 12

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

**FROM:** Jim Dorrance, Power Resources Manager

**SUBJECT:** 2022 Carbon Free Allocation (Action Item) November 17, 2021

**DATE:**

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### Recommendation

EBCE staff is seeking Board approval to accept the large hydroelectric generation and not accept the nuclear generation from the Pacific Gas and Electric carbon free allocation for 2022.

### Background and Discussion

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

At the December 2020 Board of Directors (Board) meeting, the Board elected to purchase both the large hydroelectric generation and the nuclear generation for delivery during 2021, the generation was purchased from PG&E for zero dollars and is being delivered during the current calendar year. The Board accepted the purchase of nuclear generation from PG&E under the condition that EBCE would resell the total amount of the nuclear generation.

Following Board direction, EBCE executed an agreement and sold all the purchased nuclear generation for 2021 to a third party and structured the agreement where EBCE would receive fifty percent of the net profits from any resold generation. During the 2021 calendar year, ongoing attempts by the third party have been made to resell the nuclear generation, but currently the third party has not been able to sell any of the nuclear generation. EBCE staff, in consultation with the third party, does not believe there is a strong market for the resale of the nuclear generation in 2022 based on the efforts to remarket the product that were

made in 2021 and therefore does not recommend accepting the nuclear generation as part of the 2022 carbon free allocation. Even though there have not been profits from this agreement for EBCE to date, the nuclear generation was sold to an eligible third party. Therefore the nuclear energy will not be included as part of PG&E's Power Content Label for their 2021.

An action by the Board to select the purchased generation type from the PG&E carbon free allocation for delivery during the 2022 calendar year must be made this month to ensure full delivery in 2022. Based on the current year's results from the third party's attempts to resell the nuclear generation, staff is asking the Board to accept the purchase of only the large hydroelectric generation and not the nuclear generation from the PG&E carbon free allocation for delivery during calendar year 2022.

### **Fiscal Impact**

Because there is no additional cost above the PCIA charges there are no financial impacts of accepting the large hydroelectric generation from the PG&E carbon free allocation