



Executive Committee Meeting

Friday, March 25, 2022

12:00 pm

Please click the link below to join the
webinar:

<https://us02web.zoom.us/j/998209098>

Or Telephone:

Dial: +1 669 900 6833 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205
6099

Webinar ID: 998 209 098

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) 736-4981 or cob@ebce.org.

1. Welcome & Roll Call

Corina Lopez, San Leandro
Dan Arriola, City of Tracy
Dan Kalb, City of Oakland
Dianne Martinez, City of Emeryville
Lilly Mei, City of Fremont

2. Public Comment

This item is reserved for persons wishing to address the Board 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 Board are customarily limited to three minutes per speaker. The Board Chair may increase or decrease the time allotted to each speaker.

REGULAR AGENDA

3. Minutes of the October 1, 2021 and January 28, 2022, Executive Committee Meetings

Recommendation: Approve minutes by roll call vote

4. Review a Potential Second Energy Prepay Transaction

Recommendation: Receive report and provide feedback

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5. Committee Member and Staff Announcements including requests to place items on future Board Agendas

6. **CLOSED SESSION:** Immediately following Regular session
Executive Committee Members: Please use separate confidential link sent via email to join this Closed Session meeting.


CONFERENCE WITH LABOR NEGOTIATIONS – Pursuant to Government Code 544957.6

Labor Negotiators: Dianne Martinez, Board Chair; Corina Lopez, Executive Committee Chair
Unrepresented Employees

7. Report Out of Closed Session – ***Use original link below to rejoin after Closed Session***
<https://us02web.zoom.us/j/998209098>

8. Adjournment – to Date: Friday, April 22, 2022, Noon
Location: Via Teleconference

I certify that this agenda was posted on or before March 22, 2022 at 12:00 p.m.



Lori Frontella, MMC, Interim Clerk of the Board



Executive Committee Meeting

Draft Minutes

Friday, October 1, 2021

12:00 pm

<https://us02web.zoom.us/j/998209098>

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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 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)

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

1. Welcome & Roll Call

Present: Directors: Arriola (Tracy), Vice Chair Lopez (San Leandro), and Chair Martinez (Emeryville)

Excused: Kalb (Oakland), and Director Mei (Fremont)

Director Kalb joined the meeting at 12:07pm.

2. Public Comment

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Audrey Ichinose, on behalf of the East Bay Clean Power Alliance and the California Alliance for Community Energy, called the Board's attention to a letter from San Diego Community Power to Governor Newsome asking him to support a very strong NEM 3.0 rate in the current proceedings. Audrey Ichinose reported that San Jose Community Energy had signed on to the letter and urged EBCE to do the same.

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Director Kalb joined the meeting at 12:07pm.

REGULAR AGENDA

3. Chair Election

Director Kalb motioned to nominate Director Lopez to be Chair of the Executive Committee of EBCE. Director Arriola seconded the motion.

There were no speakers for public comment.

The motion passed 4/0. Excused: Director Mei.

Chair Lopez took over as Chair of the meeting.

4. Approval of Minutes from May 28, 2021 as amended:

Director Martinez motioned to approve the minutes as presented. Director Arriola seconded the motion, which passed 4/0. Excused: Director Mei.

5. Enhancing EBCE Staffing Competitiveness and Resiliency (Informational Item)

Discussion of workforce compensation, long-term flexible work policies and resilience plans.

Blair Beekman, a member of the public, urged EBCE employees to be aware of the many subsidy plans available through EBCE and to make the process accessible and understandable to customers. Blair Beekman stated there could be upcoming natural disaster and local renewable energy procurement is a great preparedness plan.

Audrey Ichinose, on behalf of the East Bay Clean Power Alliance and the California Alliance for Community Energy, said in the future there might be a contradiction between EBCE's commitment to local economy and local job development and the willingness to hire employees who spend most of their time outside Alameda County. Audrey Ichinose stated it might behoove EBCE to delay bringing some jobs in-house, to see what happens after the pandemic and whether EBCE returns to in-person.

6. LMI Electrification Program (Informational Item)

Opportunity to invest \$1M and offer \$400K in incentives to support low to moderate income building electrification in EBCE service area

Blair Beekman, a member of the public, thanked EBCE for this program and stated it sounds interesting.

Ceyda Durmaz Dogan, on behalf of East Bay Clean Energy Alliance stated they have been advocating for solutions such as this that do not exclude low-income communities from the transition to clean energy, and appreciated EBCE's offer of \$400,000 to cover

additional non-energy costs that create a barrier for many low-income people. Ceyda Durmaz Dogan, however, wished the money taken from the LDP program budgets had been included as additional funding instead of becoming part of the \$1M investment.

Jim Lutz, on behalf of the Local Clean Energy Alliance, supported the proposal and asked if there is protection for renters, such as a rent stability agreement or anti-displacement agreement, if their unit is improved. Jim Lutz urged adding a solar and storage option into the program for grid stability issues, and recommended EBCE staff work with City of Oakland staff to coordinate making all existing buildings efficient and all electric by 2040.

The Committee Discussed

- Benefits of the program coming at a time that allows all people to participate.

7. Community Solar Update (Informational Item)

Informational update on EBCE Community Solar programs

Blair Beekman, a member of the public, supported the program.

Jim Lutz, a member of the public, on behalf of the Local Clean Energy Alliance, was disappointed the program does not directly address issues of equity, resilience, or local business development, but acknowledged it would help some customers. Jim Lutz urged EBCE to consider projects that would increase sustainability, resilience, and energy justice while supporting EBCE's rates and local business development plan, but that may not line up with current PUC guidelines. Jim Lutz stated that EBCE and its local governments are in a good position to influence state energy policy.

8. Committee Member and Staff Announcements including requests to place items on future Board Agendas - None.

9. Adjourned at 1:45pm



Executive Committee Meeting

Draft Minutes

Friday, January 28, 2022

12:00 pm

<https://us02web.zoom.us/j/998209098>

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There were no speakers for public comment.

REGULAR AGENDA

3. Update on Regulatory matters of interest to the EBCE

Recommendation: Receive report and provide feedback.

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There were no speakers for public comment.

4. **Committee Member and Staff Announcements including requests to place items on future Board Agendas**

Director Kalb confirmed with CEO Chaset that a presentation on emissions intensity of the Bright Choice mix would be presented at the next Board meeting as an informational item.

5. **Adjourned at 12:27 pm to Friday, February 25, 2022 at 12:00 pm.**

MARCH 2022

Prepay Energy Update



Existing Prepay Overview

Recap:

- Closed: Sept. 23, 2021
- Total Bond Proceeds (EBCE+SVCE): \$1.48 Billion
- Rating: A1, “Green Bond” Certified
- Volume to EBCE: 59 MW Around-the-Clock Carbon-Free Energy
- Power Supply Start: January 1, 2022
- EBCE Savings, Years 1-10: ~\$2 Million / year

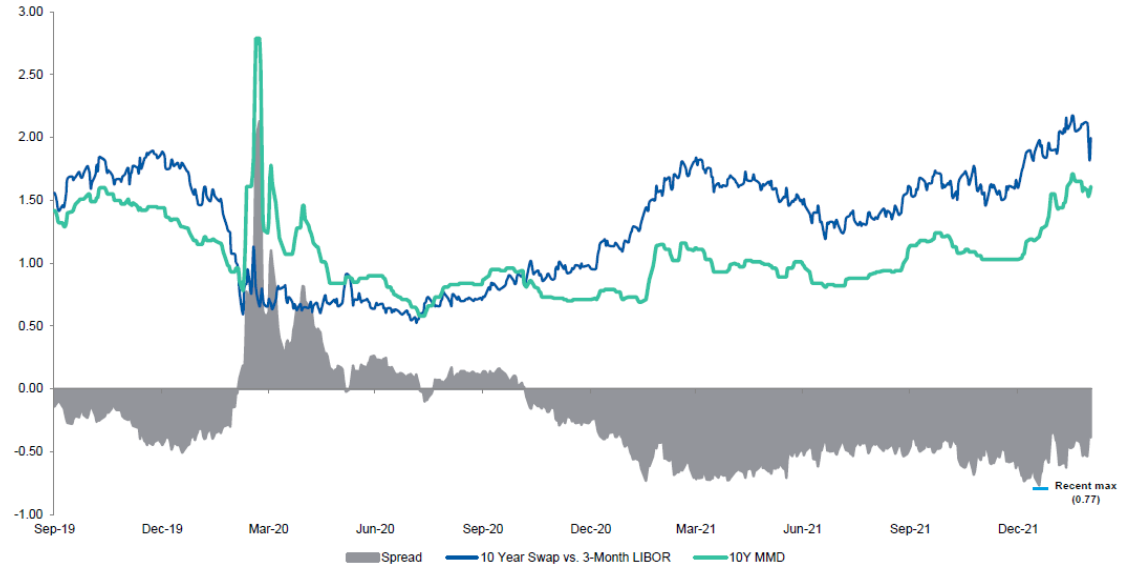
In progress / Ongoing:

- Settlements and invoicing were initiated on January 1, 2022
- Assessing future PPAs to be put through prepay structure

Current Market Conditions

- Conditions are suitable for prepays when the taxable and tax-exempt spreads are wide
- Spreads have been volatile in recent years and conditions have been suitable for the last 9-12 months
- With an expectation for increasing interest rates, this may improve spreads in the near term
- 8 prepay deals have priced since EBCE's transaction in September - primarily gas deals

10-Year LIBOR Swap vs. 10 Year MMD (%)



Proposed Prepay Transaction

- Standalone EBCE Prepay transaction issuing through CA Community Choice Financing Authority (CCCFA), the JPA in which EBCE is a member
- Anticipate utilizing the prior RFPs issued/awarded in 2020 and 2021 to renew various counsel and advisory roles to gain efficiencies
- Prior transactions required >1.5yrs to complete and targeting 3 to 6 months for the second transaction
- Anticipate \$500M to \$1bn total size

Next Steps:

- March: Re-introduce the prepay structure to Exec Comm
- April: Present to FAP and seek board approval to be enabled with various advisors/counsel in April
- May/June: Seek EBCE board and CCCFA board approval to transact
- May/June onwards: Go out to market and close. This will be dependent on market conditions

Prepay Overview

- An energy prepayment is a long-term non-recourse financial transaction between a tax-exempt Load Serving Entity (LSE) and a taxable financial counterparty (bank, called “Prepay Supplier”) utilizing the municipal bond market
- Typically 30-year term where the bond is repriced every 7-10yr, LSE commits ~\$400MM-\$1BN of energy supply contracts (combined contract notional values) per transaction
- LSE utilizes the prepay discount benefits in order to lower customer energy costs. The savings are incorporated into EBCE's overall procurement portfolio, not allocated to any individual customer segments
- Prepay Supplier is assigned an existing energy supply contract, pays the contract price to PPA Seller and immediately transfers all electricity and attributes to LSE. LSE pays the Prepay Supplier.
- Municipal utilities (and tax-exempt entities such as CCAs) in the US can prepay for a supply of electricity or natural gas from a taxable entity and fund that prepayment with tax-exempt municipal bonds. The LSE must sell the commodity to their retail end-users residing within their traditional service area.
- This structure is well known and regularly used for gas and is now being applied towards renewables PPAs
- Codified in US Tax Law. Since first prepayments of natural gas were done in the early 1990's, the IRS issued rules allowing tax-exempt prepayments and Congress enacted legislation specifically allowing the transactions (National Energy Policy Act of 2005; Section 1327)

Key Elements of a Prepay Transaction

Power Contract Assignment:

- PPAs are assigned to the taxable Prepay Supplier. The LSE continues to take and pay for energy and attributes delivered through the contract.
- All other terms of the PPA are unchanged
- If the prepay program terminates early, prepaid supplier fails to perform, or LSE fails to perform, the LSE forgoes the future savings and the assigned PPA contract is put back to the original LSE
- Active Suppliers: Goldman Sachs, Morgan Stanley, Royal Bank of Canada, Citi, Bank of America are all investment grade rated financial institutions

Debt:

- **Non-Recourse:** Prepays utilize non-recourse municipal bonds and are *not* secured or guaranteed by the referenced entity (i.e. the CCA). Rather the debt is recourse to the Prepay Supplier (i.e. the bank receiving the prepayment). This significantly protects the CCA and mitigates risk related to the payment of power contracts novated through the prepay.
- **Off Balance sheet** for LSE: Bonds are issued by a municipal bond conduit and arranged by the Prepay Supplier

Thank You!



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



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