



Finance, Administration, Procurement Subcommittee Meeting
Friday, March 11, 2022
10:00 am

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ATTENTION: Consistent with the provisions of Government Code Section 54953 (as amended by AB361), the EBCE Board of Directors and standing committee meetings will be held via teleconference/videoconference only during the current State of Emergency. There will not be a public location for participating in this meeting, but any interested member of the public can participate via Zoom by utilizing the link listed above or telephonically by utilizing the dial-in information listed on this agenda.

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1. Welcome & Roll Call

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.

INFORMATIONAL ITEMS:

3. Review EBCE Permitting Process and Intersect Oberon Permitting Status (informational)

4. Review of FAP Schedule, Budget Development Schedule, and Upcoming Items (Informational)

5. **Review of October – December 2021 Unaudited Financials (Informational)**
6. **Review and Receive Feedback in Consideration of an Increase in Board and CAC Stipends (informational)**
7. **Review a potential Second Energy Prepay Transaction.**
8. **Committee Member and Staff Announcements including requests to place items on future Board Agendas**
9. **Adjournment – to Date: Friday April, 15, 2022**

CERTIFICATION OF POSTING

I, Lori Frontella, Acting Board Clerk, do hereby declare under penalty of perjury that the foregoing agenda was posted on website at www.ebce.org and made available for public review to or at 10:00 am on March 7, 2022.

Lori Frontella, MMC, Board Clerk

FEBRUARY 2022

Project Permitting Review



FAP Agenda 3-11-2022
Page 3



Overview of RFO Project Review

- EBCE's RPS and Storage RFOs for long-term PPAs include diligence and review of development status that includes environmental review
 - EBCE weights development status at 20% of the total score, this includes the below with equal weighting:
 - Environmental Studies
 - Permit status
 - Interconnection status
 - Site Control
 - Construction Status

Permitting/Environmental Impacts Criteria

- Evaluation criteria for permitting and environmental impacts for project scoring

1	Permitting	Please indicate zoning type of the project site.
2	Permitting	Define any more specific zoning designations relative to project county (if applicable).
3	Permitting	Has the project completed a Phase 1 Environmental Site Assessment?
4	Permitting	Has the primary local land use Permit (e.g. site plan, special use, etc.) been received?
5	Permitting	Has your project obtained all necessary permits, including land use entitlement permit (e.g., Conditional Use Permit (CUP), Application for Certification (AFC), Record of Decision (ROD)) from lead land use permitting agency and all discretionary permits from other lead, trustee and/or responsible agencies including wildlife agencies?
6	Permitting	If above answer is "No", please list permits not yet obtained. Further details on these permits to be provided in the Offer Supplement narrative.
7	Permitting	Does the project require a Right of Way permit from BLM, or other federal agency?
8	Permitting	If the answer to above is "Yes", have you received the Record of Decision?
9	Environmental Impact	Is your project located in BETI Category 1 or 2 lands?
10	Environmental Impact	Is your project located in an area specifically designated as a preferred renewable energy development zone?
11	Environmental Impact	If above answer is "Yes," select landscape planning process for renewable energy in which your project is located:
12	Environmental Impact	If above answer is "Other," please specify:
13	Environmental Impact	Has the project completed the required screens for Threatened or Endangered Species?
14	Environmental Impact	Were any federal- or state-protected species identified during wildlife studies?
15	Environmental Impact	If 'Yes', please list these species
16	Environmental Impact	Has the Project discussed with any resource agency (USFWS, CDFW) about obtaining an incidental take permit?
17	Environmental Impact	If permit was recommended, for what species?
18	Environmental Impact	Will this project have any wildlife-related curtailment?
19	Environmental Impact	Please state whether the project may impact any federal, state, local or other conservation designations or planning effort, and if yes, what they are.
20	Environmental Impact	The intent is to prioritize "multi-benefit renewable energy" - renewable energy that provides additional societal, health, economic, water saving, or environmental benefits beyond the climate and GHG reduction benefits of renewable energy. Indicate whether your project has multiple benefits, and identify which benefit your project demonstrates:
21	Environmental Impact	If above answer is "Other", please specify:

Project Requirements

- Project Review
 - EBCE received bids from projects with a range of development status
 - Projects that completed all applicable permitting or were advanced in the permitting process were scored more favorably than those in earlier stages of development
- All projects in CA must comply with CEQA guidelines
- Additionally, the Seller must obtain all necessary discretionary and ministerial permits and satisfy requirements from the respective Authority Having Jurisdiction (AHJ) to begin project development and construction. This is a requirement of the AHJ as well as a contractual obligation of all EBCE PPAs.
- The pertinent AHJ may be the county, city, or BLM, which all maintain the appropriate depth of knowledge and expertise related to land use and permitting to make the appropriate environmental/permitting determinations

Oberon Renewable Energy Project



Oberon Renewable Energy Project - Introduction

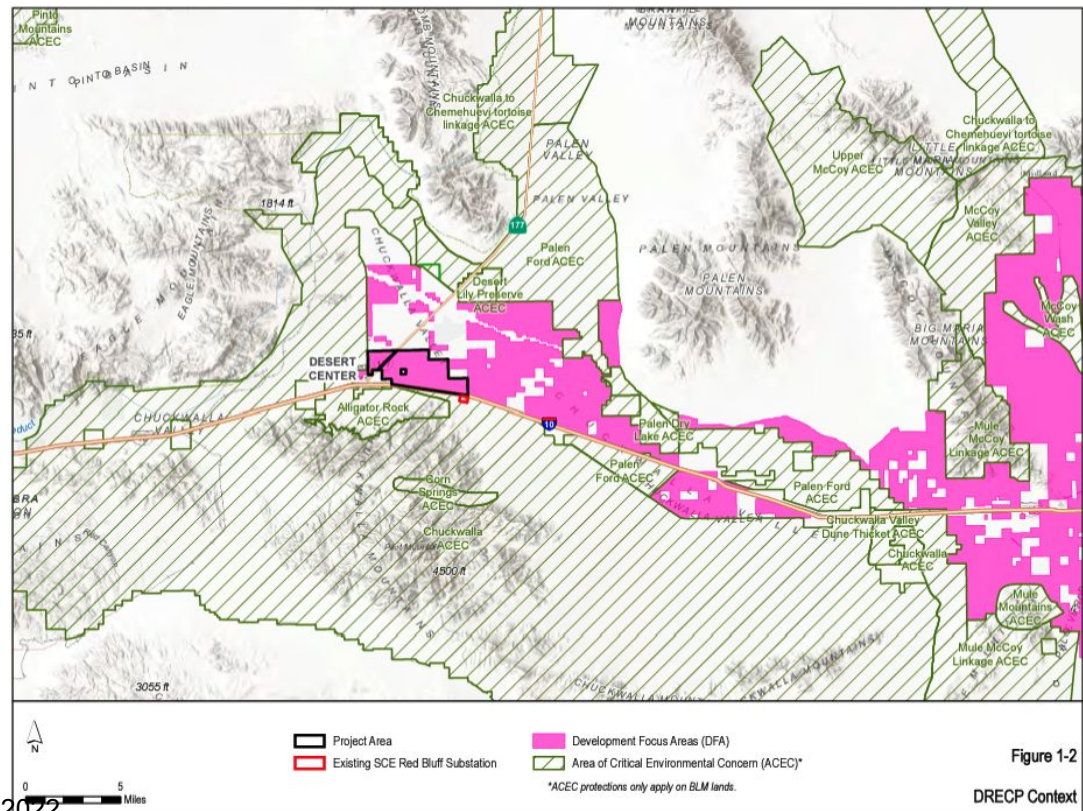


- Oberon is a 500 MWac solar photovoltaic project combined with 250 MWac of 4-hour battery storage located on BLM land in eastern Riverside County, interconnecting to the SCE Red Bluff Substation
- The project is sited in a Development Focus Area identified through the DRECP, a collaborative effort between the CEC, BLM and NGOs to identify land ideal for solar development
- The project underwent exhaustive CEQA and NEPA reviews over a 15 month period, culminating in the approval of an Environmental Impact Report (CEQA) in Dec 2021 and Environmental Assessment (NEPA) in Jan 2022 by CA agencies and BLM, respectively
- The project will begin construction in summer of 2022 and be online by the end of 2023. Once operational, it will serve 130,000 residential customers annually and displace over 1 million metric tons of CO₂, equivalent to taking 235,000 cars off the road each year

The DRECP

A multi-stakeholder landscape-level planning effort led by the California Energy Commission and the Bureau of Land Management to identify and protect sensitive lands for conservation values and to identify and streamline development for renewable energy development.

In a process that spanned 15 years, the unprecedented plan covers 22.5 million acres in seven California counties—Imperial, Inyo, Kern, Los Angeles, Riverside, San Bernardino, and San Diego.



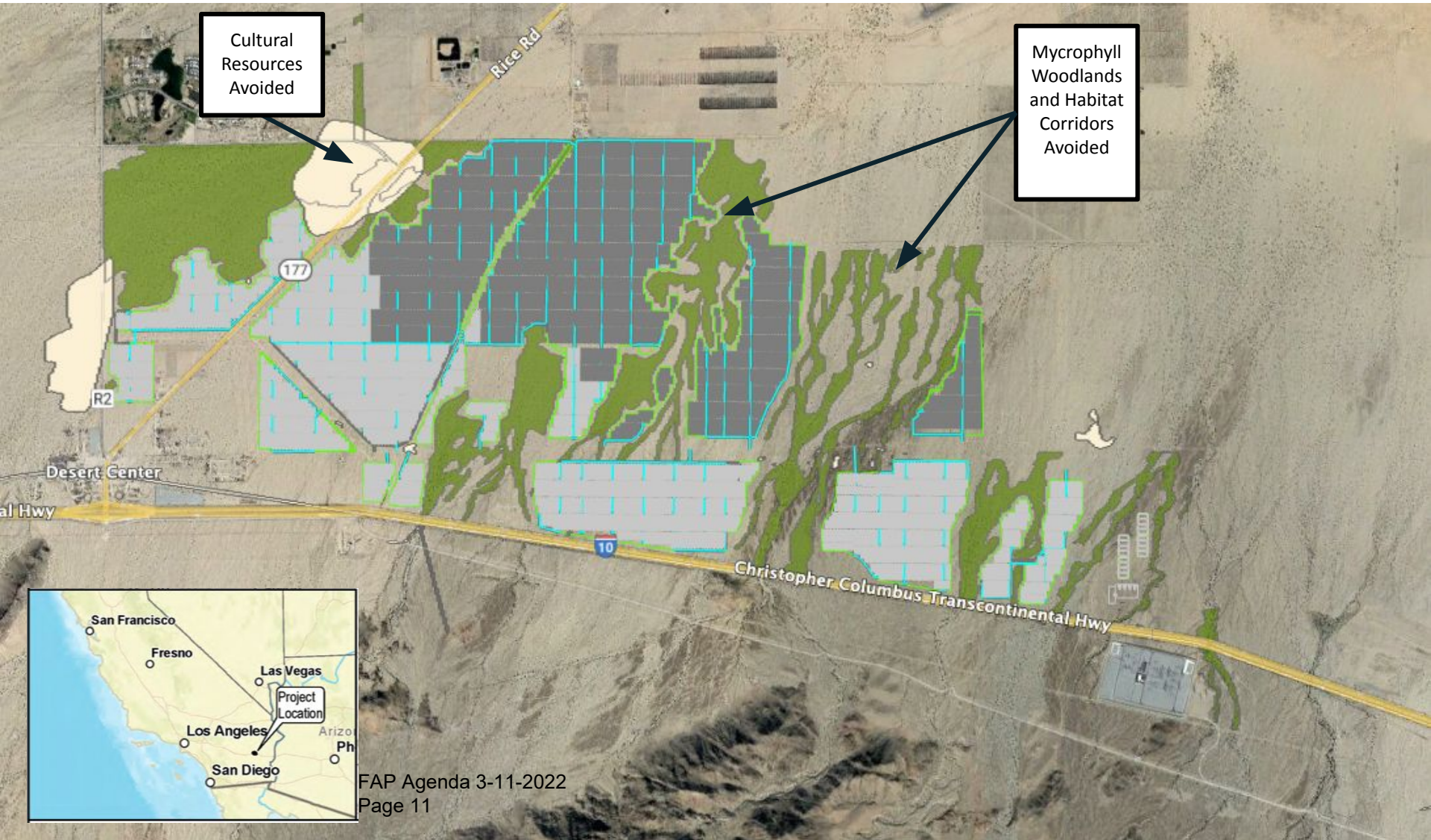
Oberon Project Summary

The Oberon project represents a long-earned payoff of the DRECP process, as it is one of the first projects to be approved under the DRECP, along with two other projects also just recently approved.

- Sited in a “Development Focus Area” which was designated in the DRECP for solar energy development
- Application area is 4,700 acres, but through an efficient layout, the final design is only 2,600 acres to protect sensitive environmental resources and Native American values
- Modular design avoids sensitive resources that occur on site, including prehistoric cultural artifacts, wildlife movement corridors, and sensitive habitats for rare and threatened wildlife species
- A comprehensive CEQA process was conducted by the Colorado River Basin Water Quality Control Board, resulting in project approval in December 2021
- A comprehensive NEPA process was conducted by BLM, resulting in project approval in January 2022
- As part of project approval, the project will permanently protect nearly 6,000 acres of high-quality desert habitat, under a conservation easement and endowed management plan

Project Design Minimally Impacts Sensitive Resources

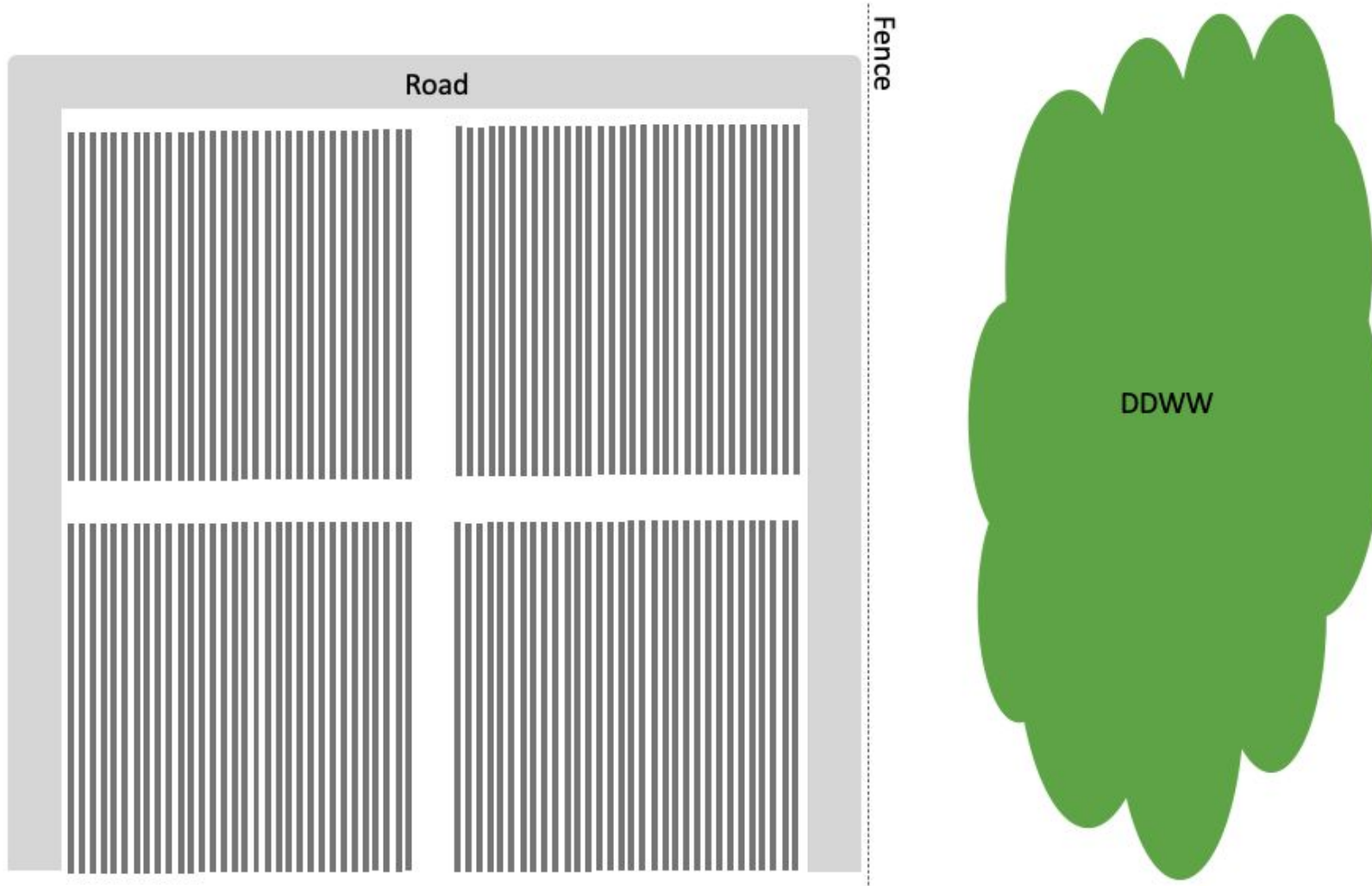
- Project design intentionally avoids 1,100 acres of microphyll woodlands, with direct impact to only 80 acres
- IP Oberon is mitigating this impact at 5:1 ratio by permanently preserving 400 acres of offsite microphyll woodlands



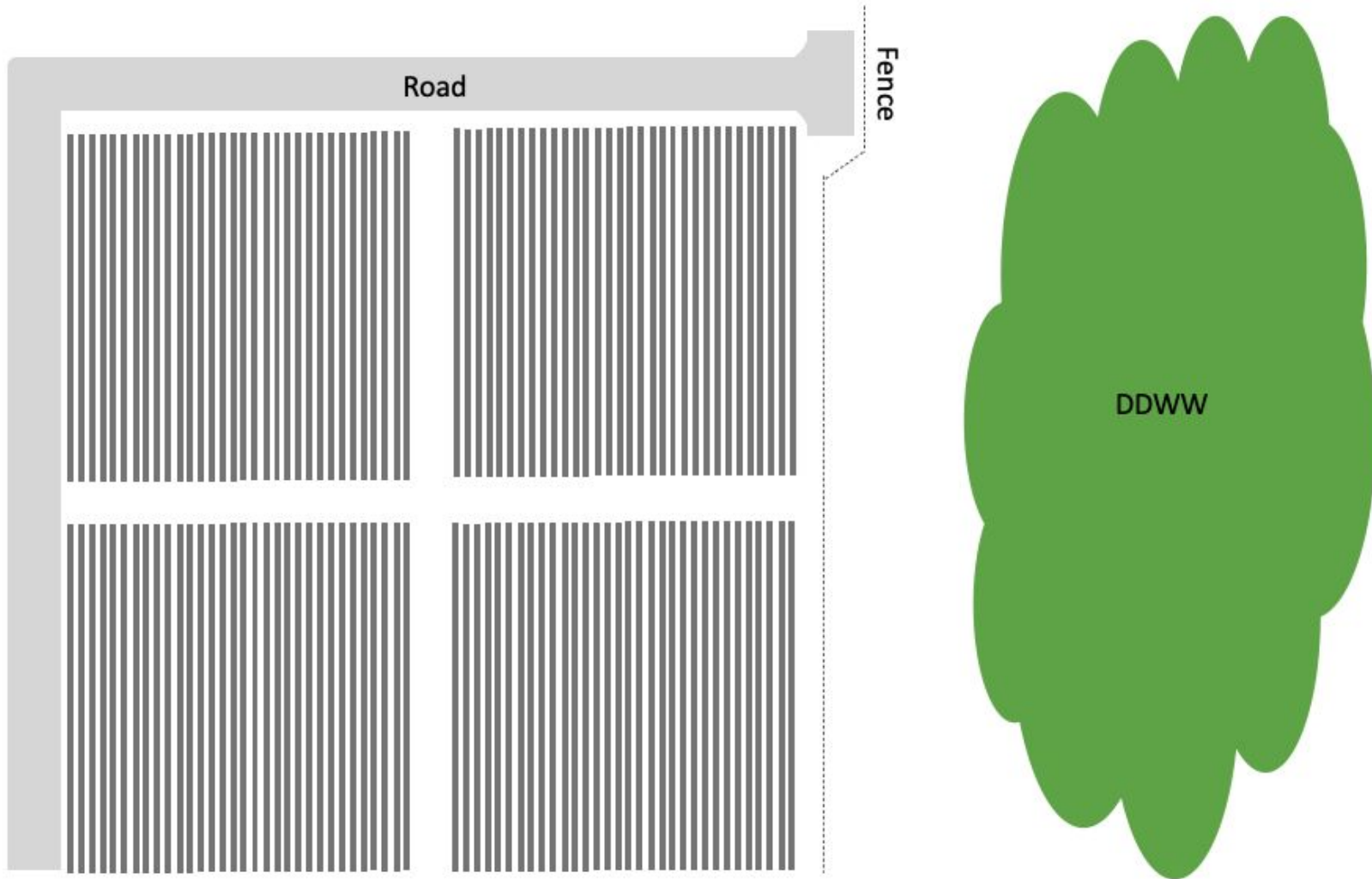
Environmental Design Process

- Over the course of two years, engaged directly with a coalition of NGOs including Audubon Society, NRDC, Sierra Club, Center for Biological Diversity, California Native Plant Society, The Wilderness Society, National Parks Conservation Association, Defenders of Wildlife, and others to address some project design concerns
- Used feedback from NGO coalition to inform project footprint and design to avoid impacts to biological resources, including a habitat type called “microphyll woodlands”
- Final project design avoids highest quality habitat for desert tortoise, nesting birds, rare plants, and avoids all but ~80 acres of microphyll woodlands
- No remaining controversy or opposition to project design remains

Road Design Prior to Consultation with NGOs



Road Design After Consultation with NGOs



FEBRUARY 2022

Finance and Budget Development Schedule



FAP Agenda 3-11-2022
Page 15



February 18, 2022

April Meeting:

1. Lease-leaseback on new building
2. Preliminary Budget details

June Meeting:

1. Credit Facility RFO
2. Budget Review
3. Arrearage Management/Write offs as related to CAPP

September Meeting:

1. Audit progress update

October Meeting:

1. Audit preview prior to Board

3. Budget Development Schedule

Items	Jan	Feb	Mar	Apr	May	Jun
Initiate Process	Initiate					
Revenues		Initiate	Update	Update	Update	Finalize
Energy Costs		Initiate	Update	Update	Update	Finalize
Operations			Initiate	Update	Update	Finalize
Local Development		Initiate	Update	Update	Update	Finalize
Additional			Initiate	Update	Update	Finalize
Meetings						
Board	19-Jan-22	16-Feb-22	16-Mar-22	20-Apr-22	18-May-22	15-Jun-22
FAP		18-Feb-22		15-Apr-22		10-Jun-22
Deliverables				Preliminary	Draft	Final
FAP Agenda 3-11-2022						
Page 18						

Thank You!



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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
East Bay Community Energy Authority

Management is responsible for the accompanying special purpose statement of East Bay Community Energy Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended December 31, 2021, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of the Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. East Bay Community Energy Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
February 8, 2022

**EAST BAY COMMUNITY ENERGY AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Six Months Ended December 31, 2021**

	2021/22 YTD Budget	2021/22 YTD Actual	2021/22 YTD Budget Variance Over (Under)	2021/22 YTD Actual/ Budget %	2021/22 Annual Budget	2021/22 Budget Remaining
REVENUE AND OTHER SOURCES						
Electricity Sales	\$ 261,802,679	\$ 243,106,862	\$ (18,695,817)	93%	\$ 508,636,000	\$ 265,529,138
Uncollectables	(5,236,054)	(4,862,137)	373,917	0%	(8,939,000)	(4,076,863)
Investment Income	399,090	86,321	(312,769)	22%	798,000	711,679
Other Income	-	325,324	325,324	0%	894,000	568,676
Total Revenue and Other Sources	<u>256,965,715</u>	<u>238,656,370</u>	<u>(18,309,345)</u>	93%	<u>501,389,000</u>	<u>262,732,630</u>
EXPENDITURES AND OTHER USES						
CURRENT EXPENDITURES						
Cost of energy	247,406,034	235,928,658	(11,477,376)	95%	442,338,000	206,409,342
Data Management/Billing/Customer Service	4,703,315	4,072,814	(630,501)	87%	8,645,000	4,572,186
PG&E Service Fees	1,371,800	1,359,554	(12,246)	99%	2,752,000	1,392,446
Scheduling	332,928	339,588	6,660	102%	843,000	503,412
Personnel	4,710,500	3,614,198	(1,096,302)	77%	9,421,000	5,806,802
Marketing, Outreach, Communications	807,000	570,891	(236,109)	71%	1,614,000	1,043,109
Legal, Policy, & Regulatory Affairs	796,000	550,592	(245,408)	69%	1,592,000	1,041,408
Other Professional Services	425,000	483,163	58,163	114%	850,000	366,837
General & Administrative	1,516,500	1,115,057	(401,443)	74%	3,033,000	1,917,943
Local Development (Transfer to LD Fund Budget)	6,340,000	6,340,000	-	100%	8,475,000	2,135,000
Depreciation	30,000	27,149	(2,851)	90%	60,000	32,851
Total Current Expenditures	<u>268,439,077</u>	<u>254,401,664</u>	<u>(14,037,413)</u>	95%	<u>479,623,000</u>	<u>225,221,336</u>
DEBT SERVICE						
Interest and Financing Costs	452,669	466,814	14,145	103%	898,000	431,186
Capital expenditures	5,500,000	8,523,207	3,023,207	155%	5,500,000	(3,023,207)
Total Debt Service	<u>5,952,669</u>	<u>8,990,021</u>	<u>3,037,352</u>	151%	<u>6,398,000</u>	<u>(2,592,021)</u>
Total Expenditures, Other Uses and Debt Service	<u>274,391,746</u>	<u>263,391,685</u>	<u>(11,000,061)</u>	96%	<u>486,021,000</u>	<u>222,629,315</u>
Net Increase (Decrease) in Available Fund Balance	<u>\$ (17,426,031)</u>	<u>\$ (24,735,315)</u>	<u>\$ (7,309,284)</u>	0%	<u>\$ 15,368,000</u>	



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
East Bay Community Energy Authority

Management is responsible for the accompanying financial statements of East Bay Community Energy Authority (a California Joint Powers Authority) which comprise the statement of net position as of December 31, 2021, and the related statements of revenues, expenses, and changes in net position, and the statement of cash flows for the three months and year-to-date then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. East Bay Community Energy Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
February 8, 2022

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF NET POSITION
As of December 31, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 133,849,036
Accounts receivable, net of allowance	50,065,559
Accrued revenue	22,913,797
Other receivables	371,480
Prepaid expenses	2,352,909
Deposits	327,360
Restricted cash	2,000,000
Total current assets	211,880,141
Noncurrent assets	
Unrestricted cash and cash equivalents in Rate Stabilization Fund	15,814,000
Restricted cash	7,000,000
Land and construction-in-progress	8,501,268
Capital assets, net of depreciation	117,016
Deposits	6,042,858
Total noncurrent assets	37,475,142
Total assets	249,355,283

LIABILITIES

Current liabilities	
Accrued cost of electricity	52,637,186
Accounts payable	2,823,993
Other accrued liabilities	1,748,350
User taxes and energy surcharges due to other governments	4,309,267
Security deposits - energy suppliers	11,020,000
Total current liabilities	72,538,796

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	15,814,000
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NET POSITION

Investment in capital assets	8,618,284
Restricted for collateral	9,000,000
Unrestricted	143,384,203
Total net position	\$ 161,002,487

EAST BAY COMMUNITY ENERGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION**

Six Months Ended December 31, 2021

	<u>Quarter</u>	<u>Year-to-Date</u>
OPERATING REVENUES		
Electricity sales, net	\$ 99,515,062	\$ 238,244,725
Other revenue	162,924	325,324
Total operating revenues	<u>99,677,986</u>	<u>238,570,049</u>
OPERATING EXPENSES		
Cost of electricity	104,877,920	235,928,658
Contract services	4,157,423	8,188,250
Staff compensation	1,740,980	3,614,198
General and administration	655,815	1,340,338
Depreciation	14,640	27,149
Total operating expenses	<u>111,446,778</u>	<u>249,098,593</u>
Operating income (loss)	<u>(11,768,792)</u>	<u>(10,528,544)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	32,918	86,321
Financing expense	(235,917)	(466,814)
Nonoperating revenues (expenses), net	<u>(202,999)</u>	<u>(380,493)</u>
CHANGE IN NET POSITION	(11,971,791)	(10,909,037)
Net position at beginning of period	<u>172,974,278</u>	<u>171,911,524</u>
Net position at end of period	<u>\$ 161,002,487</u>	<u>\$ 161,002,487</u>

EAST BAY COMMUNITY ENERGY AUTHORITY
STATEMENT OF CASH FLOWS
Six Months Ended December 31, 2021

	Quarter	Year-to-Date
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 116,623,552	\$ 246,576,134
Other operating receipts	4,662,924	6,612,001
Payments to suppliers for electricity	(103,979,797)	(217,702,836)
Payments for other goods and services	(5,406,204)	(11,253,528)
Payments for staff compensation	(1,939,214)	(3,561,135)
Tax and surcharge payments to other governments	(4,417,431)	(8,995,113)
Net cash provided (used) by operating activities	5,543,830	11,675,523
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Financing expense payments	-	(230,897)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to acquire capital assets	(39,973)	(8,529,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	32,918	86,321
Net change in cash and cash equivalents	5,536,775	3,001,330
Cash and cash equivalents at beginning of period	153,126,261	155,661,706
Cash and cash equivalents at end of period	\$ 158,663,036	\$ 158,663,036
Reconciliation to the Statement of Net Position		
Unrestricted cash and cash equivalents (current)	\$ 133,849,036	\$ 133,849,036
Restricted cash and cash equivalents (current)	2,000,000	2,000,000
Unrestricted cash and cash equivalents (noncurrent)	15,814,000	15,814,000
Restricted cash and cash equivalents (noncurrent)	7,000,000	7,000,000
Cash and cash equivalents	\$ 158,663,036	\$ 158,663,036

EAST BAY COMMUNITY ENERGY AUTHORITY
(continued)
Six Months Ended December 31, 2021

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>Quarter</u>	<u>Year-to-Date</u>
Operating income (loss)	\$ (11,768,792)	\$ (10,528,544)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	14,640	27,149
Revenue adjusted for allowance for uncollectible accounts	2,030,917	4,862,135
(Increase) decrease in:		
Accounts receivable	4,687,673	(11,016,371)
Market settlements receivable	1,841,016	5,025,941
Other receivables	703,696	336,708
Accrued revenue	6,094,669	5,038,410
Prepaid expenses	637,106	3,894,416
Deposits	-	(4,741,650)
Increase (decrease) in:		
Accrued cost of electricity	(2,144,451)	13,821,942
Accounts payable	79,353	(676,777)
Other accrued liabilities	(198,234)	52,988
Deferred revenue	1,500	945,177
User taxes due to other governments	(122,202)	452,121
Security deposits from energy suppliers	3,686,939	4,181,878
Net cash provided (used) by operating activities	<u>\$ 5,543,830</u>	<u>\$ 11,675,523</u>

FEBRUARY 2022

Board and CAC Stipend Review



FAP Agenda 3-11-2022
Page 27



Introduction

Surveyed CCA's and Other Public Agencies

CCA's Surveyed	Stipend Provided	Amount	Other Notes
Central Coast Community Energy	N	-	- Disbanded in 2019
Clean Power Alliance	N	-	-
Clean Power San Francisco	N	-	- Governed by SFPUC Board
Marin Clean Energy	N	-	-
Orange County Power Authority	Y	212.50	- Up to 6 per month
Peninsula Clean Energy	N	-	-
San Diego Clean Power	N	-	- To be determined
San Jose Clean Energy	N	-	- Governed by City of San Jose Board
Silicon Valley Clean Energy	N	-	-
Sonoma Clean Power	N	-	-
Other Agencies Surveyed			
AC Transit	Y	1,000.00	- Monthly
BART	Y	18,037.00	15.00 Annual plus transportation per meeting
SMUD	Y	275.00	- Meeting
Stop Waste	Y	150.00	- Meeting

Proposed Options - Board

Proposed Options - CAC

Thank You!



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FEBRUARY 2022

Prepay Energy Update



FAP Agenda 3-11-2022
Page 33



Existing Prepay Overview

Recap:

- Closed: Sept. 23, 2021
- Total Bond Proceeds: \$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
- Savings, Years 1-10: \$2 Million / year

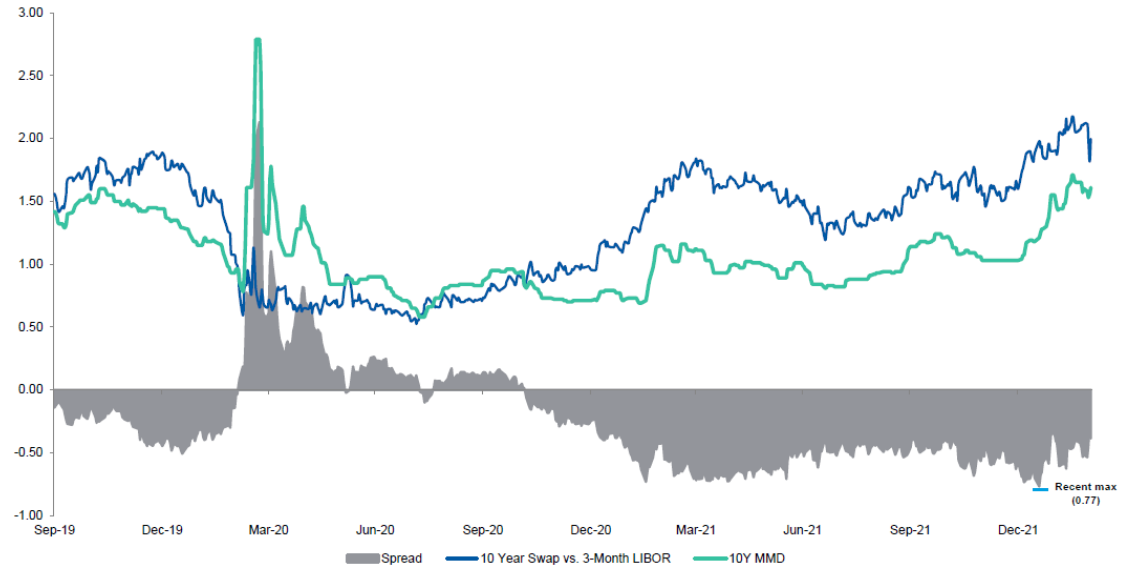
In progress / Ongoing:

- 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 FAP
- April: Seek board approval to be enabled with various advisors/counsel in April
- May/June: Seek EBCE board and CCCFA board approval to transact
- June onwards: Go out to market and determine optimal timing to price

- 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, LSE committing ~\$350MM-\$850MM of energy supply contracts (combined contract notional values)
- LSE utilizes in order to lower customer energy costs
- 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)

Power Contract Assignment:

- Existing renewable 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:
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