



Consent Item 10

TO: East Bay Community Energy Board of Directors

FROM: Joseph Sit, Finance & Operations Associate

SUBJECT: Supplier Diversity Overview & 2021 Report (Informational)

DATE: April 20, 2022

Recommendation

Receive an overview of the California Public Utilities Commission General Order 156 requirements and Supplier Diversity Program, and review of EBCE's report results, planned activities, and challenges.

Background

The purpose of CPUC General Order 156 (GO 156), originally adopted in April 1988, is to promote and increase contracting opportunities for diverse suppliers with California utilities. GO 156 defines the Utility Supplier Diversity Program, its definitions, objectives, and reporting requirements. GO 156 requires utilities to "submit annual detailed and verifiable plans for increasing women-owned, minority-owned, disabled veteran-owned, and LGBT-owned business enterprises' (WMDVLGBTBEs) procurement in all categories." Until the 2020 reporting year, utilities with gross annual revenues exceeding \$25,000,000 were the only ones required to report. Now, pursuant to California Senate Bill 255 (2019, Bradford), Community Choice Aggregators (CCAs) are explicitly required to report to the California Public Utilities Commission on their procurements with certified diverse suppliers. The 2021 Annual Report and 2022 Annual Plan filing was due and submitted to the CPUC on March 1, 2022.

Analysis & Discussion

Prop 209

As a California local government entity bound by California Prop 209 (1996), EBCE is prohibited from considering race, sex, color, ethnicity, or national origin in its contracting. Accordingly, and in contrast to California's electrical corporations, EBCE does not consider Supplier Clearinghouse certification status, nor eligibility, in procurement decisions of any kind, nor does EBCE set supplier diversity targets or goals.

To comply with GO 156 and promote the statewide Supplier Diversity program, EBCE approaches our Supplier Diversity activities in an innovative way that drives the program forward, while staying within the legal bounds that constrain CCAs from setting targets and expressing preference for diverse suppliers. Staff engaged with numerous other CCAs in preparation for the report to ensure alignment on reporting requirements and narrative language surrounding the Prop 209 limitations. Staff also discussed opportunities to collaborate with other CCAs on programmatic outreach and education efforts on GO 156.

Local Procurement

EBCE holds a strong commitment to investing directly in our service territory to the greatest degree possible. This takes the form of maximizing our direct purchasing from companies and organizations based in Alameda County and/or the City of Tracy, as well as through deploying clean energy assets and customer programs that create local jobs and provide economic benefit to our customers. These are the types of actions CCAs can directly take relative to GO 156 objectives and were highlighted in EBCE's report.

2021 Results

In calendar year 2021, EBCE made procurements from seven certified suppliers for a total of \$390,057, a 28% increase from 2020. In a change from the 2020 CPUC reporting requirements, annual Net Procurement¹ no longer includes power procurement. As power procurement amounts to >95% of EBCE's annual spend, this reporting change shows a much more relevant view of our diverse supplier spend within our Net Procurement. EBCE's total procurement with certified vendors captures spend with small and local business services within our community and bespoke technical consulting services. These services supported our innovative, new clean energy programs and power portfolio management. Their certification status is coincidental and is realized after contracting. All seven certified vendors supported in 2021 are California-based businesses. One is based in EBCE's service territory, an additional five are in other Bay Area counties, and the final vendor is in Orange County.

¹ Net Procurement number as defined by the CPUC GO 156 table templates (i.e. includes purchase order, non-purchase order, and credit card dollars) and CPUC guidance not to include staff salaries and benefits. Net Procurement also excludes all power procurement spend, which is reported on in the Power Procurement Annual Report section of the Supplier Diversity 2021 Annual Report.

2022 Plan and Next Steps

EBCE's 2022 Annual Plan highlights continued commitment to local procurement, grants and sponsorships, and workforce development, as well as details expanded supplier outreach and education efforts. EBCE's report will be made public on the CPUC Utility Supplier Diversity Program website (<https://www.cpuc.ca.gov/supplierdiversity/>) for full details.

Financial Impact

There is no financial impact associated with this item.

Attachments

- A. Supplier Diversity Overview & 2021 Report to CPUC Presentation

APRIL 20, 2022

Supplier Diversity Overview & 2021 Report to CPUC



Overview of General Order 156 (GO 156)

CPUC Utility Supplier Diversity Program

- **History:** compliance requirement, first adopted April 1988
- **Purpose:** increasing procurements *by* utilities, *from* diverse suppliers in all categories
- **Diverse Suppliers:** woman, minority, disabled veteran, and/or LGBT-owned business entities (WMDVLGBTBEs) that are certified in the Supplier Clearinghouse
- **Requirement:**
 - Backward-looking annual report regarding procurement from WMDVLGBTBEs
 - Forward-looking annual plan to achieve program purpose

Expanding to CCAs

- **History:** CA SB 255 (2019) expands GO 156 to additional entities, including explicitly to CCAs
- **Purpose:** CCAs to “increas[e] procurement from small, local, and diverse business enterprises”
- **Requirement:** Same reporting requirement, some sections not applicable to CCAs

What is Prop 209?

- Prop 209 (1996) prohibits California public agencies and institutions from considering race, sex, color, ethnicity, or national origin in selections for contracting, employment, or education.

Influence on GO 156 Reporting Sections

- Multiple sections of the Annual Report and Annual Plan are not applicable to CCAs as they pertain to diverse spend targets and goal-setting.

Influence on EBCE Supplier Diversity Efforts and Reporting

- Certified Supplier spend is a small portion of our annual net procurement. However, it's important to note that due to a CPUC reporting change, net procurement increased from less than 0.5% to nearly 7%.
- Supplier certification status is coincidental and realized by EBCE after contracting.

Convening and Aligning with CCAs

- CalCCA Compliance Committee formed informal ad hoc working group to ensure alignment across CCAs on GO 156 reporting requirements
- Opportunities for multi-CCA collaboration for GO 156 outreach, education efforts

2021 Supplier Diversity Report

Attachment Consent Item 10A

2021 WMDVLGBTBE Spend

- 7 certified suppliers
- \$390k



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2021 Program Activities

- Board of Directors engagement
- CCA Collaboration
- Solicitation Language
- Local Purchasing
- Labor & Workforce Development
- Community Grants & Scholarships
- Supplier Diversity Questionnaire
- Certification Support to Small and Diverse Businesses

✓ Local Purchasing

Utilizing Alameda County Small, Local, Emerging Business (“SLEB”) Directory to procure goods, services from small, local businesses.

✓ Community Grants & Sponsorships

Investment in Community Innovation Grants, local sponsorships.

✓ Labor & Workforce Development

In addition to local and Union labor requirements, continue growing local partnerships for workforce development and job creation opportunities.

✓ CCA Collaboration & Diversified Outreach

Outreach and education efforts to our supplier ecosystems re: GO 156 and Supplier Clearinghouse certification. Plan to participate in MCE’s 2021 “Certify & Amplify” workshop.

✓ Data Capture and Improved Processes

NEW: Identified opportunities to improve internal processes and data capture to make future reports even more thorough and robust.

✓ Solicitations

NEW: Continue to provide standard information on GO 156 in all solicitations, but solicitations also now include procurement preferences for DVBEs and businesses located in DACs

Questions?

Attachment Consent Item 10A