



**Finance, Administration, Procurement Subcommittee
Meeting**

Friday, April 15, 2022
10:00 am

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/81690389009>

Or join by phone by dialing: +1 669 900 6833

Webinar ID: 816 9038 9009

Consistent with the provisions of Assembly Bill 361, the East Bay Community Energy Board of Directors and standing committee meetings will be held via teleconference/videoconference only during the current State of Emergency. 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.

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

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.

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 Committee are customarily limited to three minutes per speaker. The Board Chair may increase or decrease the time allotted to each speaker.

3. Approval of Minutes from November 12, 2021

Recommendation: Approve minutes by roll call vote

4. Overview of Project PPA Permitting Review

Recommendation: Review permitting process and Intersect Oberon permitting status (Informational)

5. Finance and Budget Development Schedule

Recommendation: Review of FAP schedule, budget development schedule, and upcoming items (Informational)

6. Q2 Unaudited Financial Statements

Recommendation: Review of October - December 2021 Unaudited Financials (Informational)

7. Fiscal Year (FY) 2022/2023 Draft Budget Review

Recommendation: Review the current draft of the FY 2022/2023 Budget

8. Energy Prepay Follow-on

Recommendation: Review a potential second energy prepay transaction

9. Board and CAC Stipends

Recommendation: Review and receive feedback in consideration of an increase in Board and CAC stipends (Informational)

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

11. Adjournment to Friday, June 10, 2022, at 10:00 am



**Finance, Administration, Procurement Subcommittee
Meeting**

Draft Minutes

Friday, November 12, 2021

12:00pm

<https://us02web.zoom.us/j/81690389009>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 929 205 6099 or
+1 301 715 8592 or +1 312 626 6799 or 888 475 4499 (Toll Free)

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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.

1. Welcome & Roll Call

Present: McCarthy (Piedmont), Narum (Pleasanton), and Chair Hannon (Newark)

Excused: Directors Valle (Alameda County), Marquez (Hayward)

2. 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 Board Chair may increase or decrease the time allotted to each speaker.

There were no speakers for public comment.

3. Approval of Minutes from September 10, 2021

Chair Hannon (Newark) motioned to approve the Minutes. Director

Narum (Pleasanton) seconded the motion.

Director McCarthy abstained from voting, as she did not attend the meeting of 9/10/21.

Chair Hannon directed that Approval of Minutes would be heard at the end of the meeting, as there were currently not enough members to vote.

There were no speakers for public comments on the minutes.

4. PCIA and Rate Forecast (Informational Item)

Provide an informational update on the latest PCIA filing and forecast for 2022

Jim Lutz, on behalf of Local Clean Energy Alliance, stressed that EBCE should be challenging the PCIA rate calculations, PCIA exit fees to PG&E, and contracts applying PCIA to new loads that were not forecasted when the contracts were written.

5. Energy Hedge Review

Provide an informational update on 2021 hedge performance and 2022 hedge levels

The Committee discussed:

- Being mindful that limiting the sources of energy would impact EBCE's capacity constraint and affect customers, and how to manage that.
- Methods to ensure sufficient capacity when moving toward electrification and away from natural gas.

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

Director Hannon requested that Agenda Item 3, Approval of Minutes from September 10, 2021, be continued to the next FAP meeting on February 4, 2022, and requested Committee members convey agenda item requests for FAP's February 4th meeting to staff within 30 days of the meeting.

7. Adjournment to Friday, February 18, 2021 from 10am-12pm.

APRIL 2022

Project Permitting Review



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

Oberon Project Summary



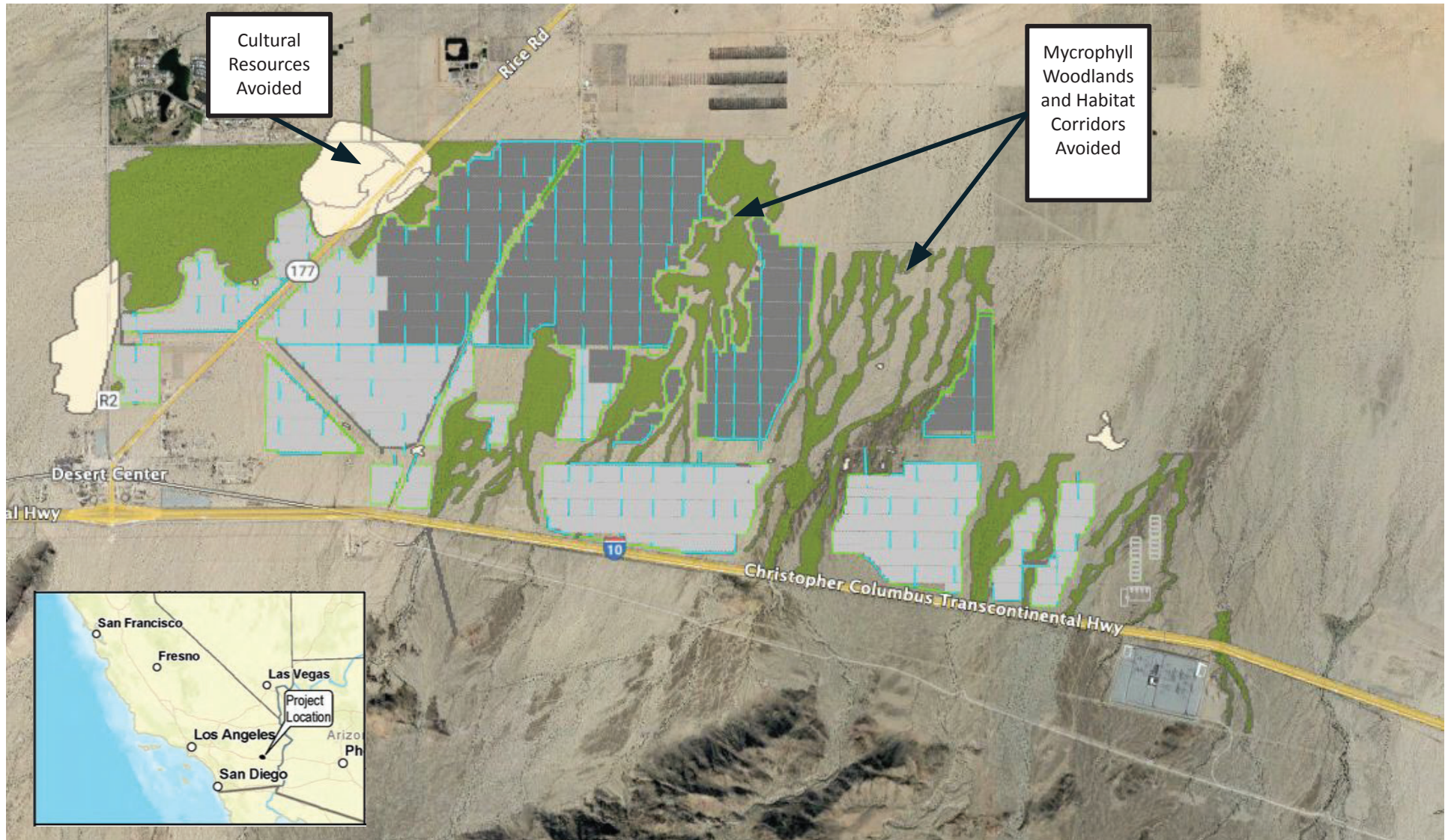
The Oberon project represents a long-earned payoff of the DRECP process, as it is one of the first projects to be approved under the DRECP, along with two other projects also just recently approved.

- 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

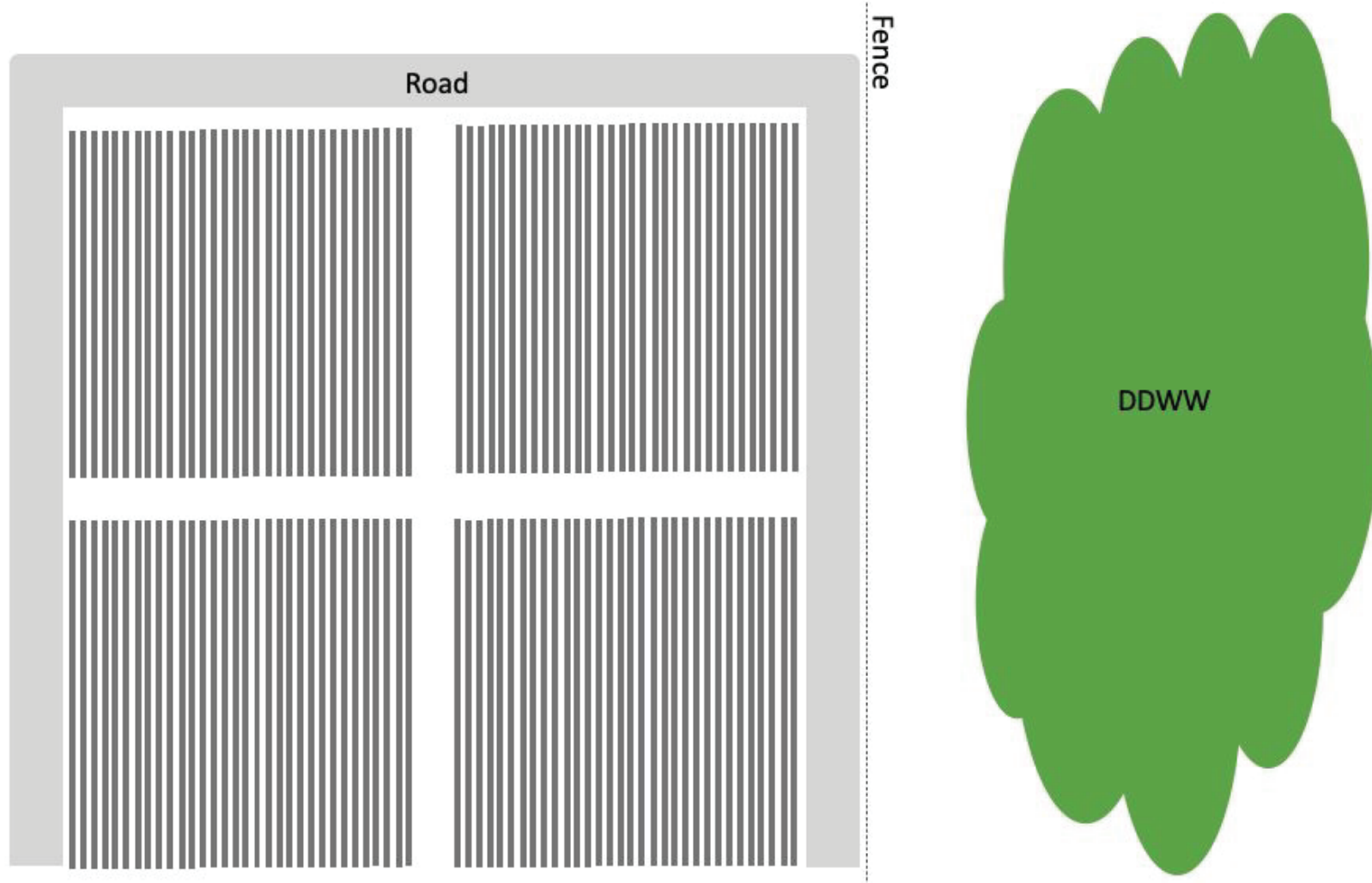


Environmental Design Process

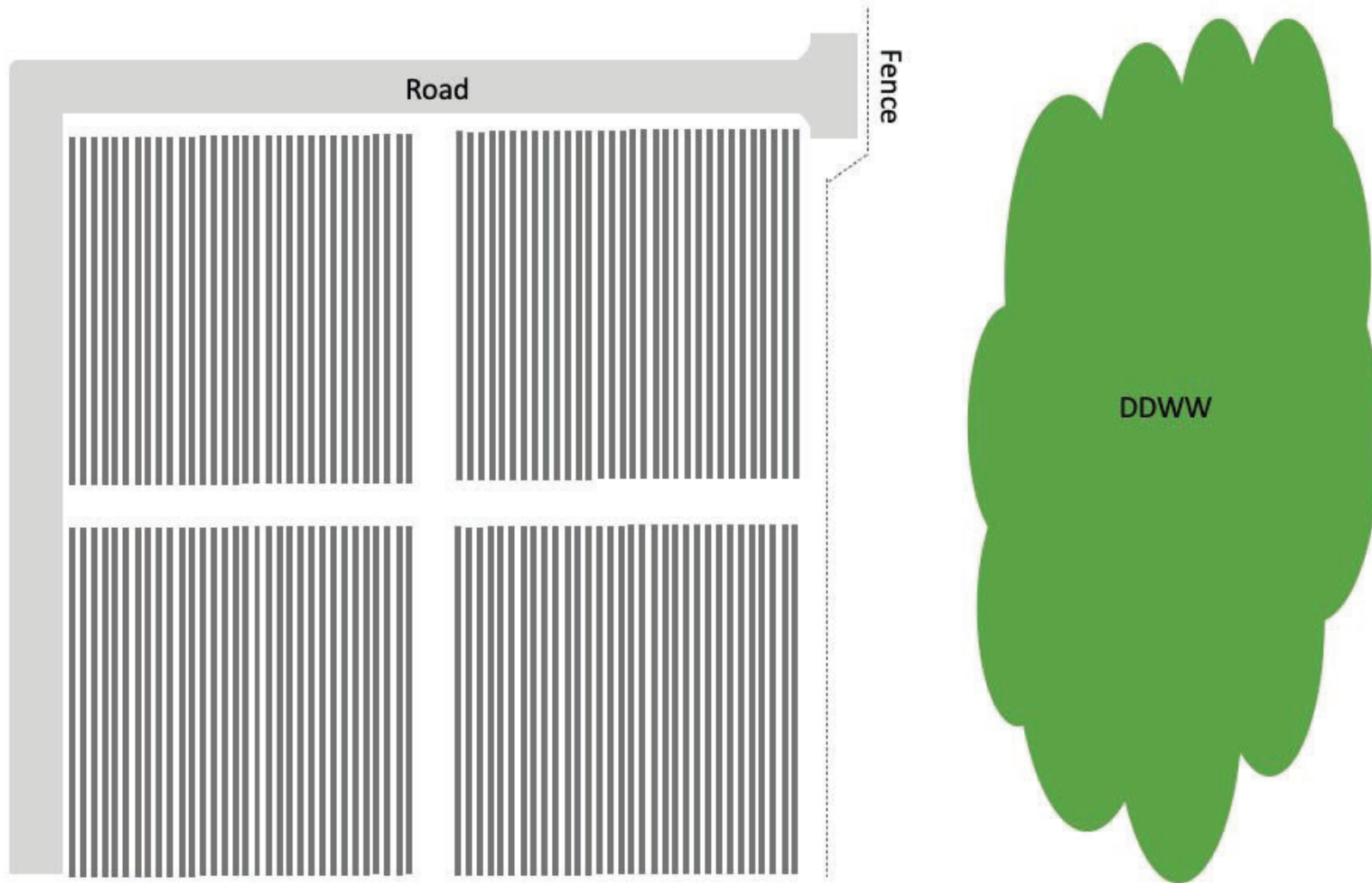


- Over the course of two years, engaged directly with a coalition of NGOs including Audubon Society, NRDC, Sierra Club, Center for Biological Diversity, California Native Plant Society, The Wilderness Society, National Parks Conservation Association, Defenders of Wildlife, and others to address some 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



APRIL 2022

Finance and Budget Development Schedule



April 15, 2022

Items included in this meeting are:

1. Current calendar year items (tentative) and schedule

All meetings are on Friday at 10am to Noon

- February 18
- April 15
- June 10
- September 16
- October 14

2. Presentation of Budget Development schedule

Additional Meetings & Expected Items

April Meeting:

1. Preliminary Budget details
2. Prepay Follow-on

June Meeting:

1. Credit Facility RFO
2. Budget Review
3. Arrearage Management Update

September Meeting:

1. Audit progress update

October Meeting:

1. Audit preview prior to Board

3. Budget Development Schedule

EBCE Fiscal Years are from July 1st through June 30th

Budget cycle includes Budget Approval, Quarterly Reports, Mid-Year Check In, and next year's Budget Development

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



Thank You!



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



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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	<u>211,880,141</u>
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	<u>37,475,142</u>
Total assets	<u>249,355,283</u>

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	<u>72,538,796</u>

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	<u>15,814,000</u>
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NET POSITION

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

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)S
Six Months Ended December 31, 2021

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

	Quarter	Year-to-Date
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	\$ 5,543,830	\$ 11,675,523

EBCE DRAFT BUDGET FAP MEMO

FISCAL YEAR JULY 1, 2022 – JUNE 30, 2023

FY 2022/23 DRAFT BUDGET AND PREVIOUSLY APPROVED ANNUAL BUDGETS

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2020-21 BUDGET	FY 2019-20 BUDGET
OPERATIONS				
REVENUE & OTHER SOURCES				
GASB 62 Unrecognized Revenue Balance	15,814,000	15,814,000	12,680,000	0
Operating Revenue				
Electricity Sales	808,495,000	508,636,000	401,405,000	487,014,000
Uncollectables	(10,350,000)	(8,939,000)	(9,902,000)	(2,447,000)
Other Operations Revenue	0	0	0	0
Total Operating Revenue	798,145,000	499,697,000	391,503,000	484,567,000
EXPENSES & OTHER USES				
Energy Operating Expenses				
Cost of Energy	521,668,000	442,338,000	358,078,000	386,904,000
Energy Operating Services	11,261,000	12,240,000	11,146,000	9,664,000
Total Energy Operating Expenses	532,929,000	454,578,000	369,224,000	396,568,000
Overhead Operating Expenses				
Personnel	16,712,000	10,171,000	7,429,000	6,703,000
Marketing & Communications	1,476,000	1,686,000	1,544,000	2,263,000
Legal, Policy, & Regulatory Affairs	1,752,000	1,592,000	1,297,000	1,586,000
Other Professional Services	936,000	850,000	1,345,000	1,214,000
General & Administrative	3,256,000	2,961,000	2,146,000	2,290,000
Depreciation	180,000	60,000	60,000	61,000
Total Overhead Operating Expenses	24,312,000	17,320,000	13,821,000	14,117,000
Total Operating Expenses	557,241,000	471,898,000	383,045,000	410,685,000
NON-OPERATIONS				
Total Non-Operating Revenue	229,000	1,692,000	1,506,000	578,000
NON-OPERATING EXPENSES				
Borrowing Interest	1,440,000	898,000	804,000	1,229,000
Local Development Funding	22,000,000	8,475,000	6,340,000	6,275,000
Capital Expenditures	6,000,000	5,500,000	0	0
Total Non-Operating Expenses	29,440,000	14,873,000	7,144,000	7,504,000
NET NON-OPERATING POSITION	(29,211,000)	(13,181,000)	(5,638,000)	(6,926,000)
TOTAL REVENUES	798,374,000	501,389,000	393,009,000	485,145,000
TOTAL EXPENSES	586,681,000	486,771,000	390,189,000	418,189,000
NET INCREASE(DECREASE) IN POSITION	211,693,000	14,618,000	2,820,000	66,956,000
RESERVE BALANCE				
Beginning Reserve Balance	TBD	90,218,000	90,218,000	40,514,000
FY Contribution	TBD	TBD	0	49,704,000
Reserve Balance	TBD	90,218,000	90,218,000	90,218,000
Percent of Expenses		18.5%	23.1%	21.6%
Minimum Target (25%)	146,670,000	121,693,000	97,547,000	104,547,000
Operating Target (50%)	293,341,000	243,386,000	195,095,000	209,095,000
Maximum Target (75%)	440,011,000	365,078,000	292,642,000	313,642,000

EXECUTIVE SUMMARY

The base case budget for Fiscal Year July 1, 2022 to June 30, 2023 is forecasted to reflect very strong financial performance. This is primarily driven by a rising energy cost environment. In a rising cost environment, PG&E rates generally increase and PCIA decreases, creating more operating headroom for EBCE given that we index our rates to PG&E. There is an additional effect from calendar year 2021 that also compounds this effect, because actual energy prices significantly exceeded forecasted levels. The effect is that while calendar year 2021 resulted in a net loss, there is a favorable PCIA adjustment that further reduces calendar year 2022 PCIA levels, which further strengthens calendar 2022 operating headroom. Because of our mid-year fiscal cycle our annual financials are able to offset some of this year-to-year volatility.

Calendar 2022 financials will perform very strongly to offset calendar 2021 losses based on the current rates and PCIA levels that are in place. The high energy cost environment is currently forecasted to persist in calendar year 2023. Energy cost increases are driven by a combination of drought conditions, a significant increase in natural gas prices, more extreme weather patterns driving increased loads in CAISO, supply chain disruptions, and retirements of dispatchable generation. Because 2022 and 2023 hedges were executed in a softer energy price environment, this results in very strong financial performance for FY 22-23. However, the calendar 2023 rates and PCIA are subject to significant volatility as we've seen energy prices increase over 80% on average between 2020 and 2022. One of the risks that we will need to manage is that as we put on higher priced energy hedges in the current environment, if prices soften in 2023 and onwards, we may face tight operating headroom, similar to calendar year 2021. While we strive to lower energy costs as a whole for our customers, this is a financial risk.

With this as background, the current financial outlook is very strong for FY 22-23 which will require significant discussion on what reserve levels to target, how to adjust the customer value proposition, what level of renewables to procure, and how to invest further in local programs. Staff is proposing allocating budget to all of these areas in a fiscally prudent manner, which would include:

- 1) An increase to the customer value proposition in the form of a customer rebate at the end of the fiscal year. This would allow for certainty on how our financial performance is realized in light of energy price volatility/uncertainty.
- 2) A significant contribution to the operating reserve of \$100-150MM that would allow EBCE to approach the target level of 50% of operating expenses.
- 3) An increase in renewable energy procurement – but to primarily do so by reserving funds towards long-term procurement, which invests in incremental resources rather than just short-term procurement of existing resources. This would be done in conjunction with our current evaluation of an active renewables and storage RFO that is in process.
- 4) An increase in local development budget by ~\$13MM for the fiscal year and to establish a separate local development capital investment fund that can provide debt, equity, or performance guarantees towards establishing long-term programs.

BASE CASE ASSUMPTIONS

Revenues

- Assumes current rates and PCIA are unchanged through 2022
- Rates and PCIA for 2023 are set to non-stressed, or forecasted energy rates as of 4/1/22
- 1.5% uncollectable rate for remainder of 2022 then 1.0% in 2023
- No recognition of GASB 62 revenue (\$15,814,000)
- Non-operating revenue Assumes 0.25% interest earned in cash balances in accounts

Energy Costs

- Consists of all costs related to serving load including hedges, open position, CAISO management, capacity, carbon free procurement, renewable energy, long-term PPA's, and other additional attributes
- Significant increase in costs is due primarily to rising energy rates and premiums on attributes

Energy Service Costs

- Data Management fees are lower due to negotiation of new contract with provider

Overhead Costs

- No significant change most overhead functional areas
- Increase in Depreciation is due to expected residence in the new building in January, 2023
- Increase in personnel due to hiring of eighteen additional positions in local programs, marketing, technology, and backfilling two existing positions, as well as COLA, retention incentives, and other increases and adjustments.

Non-Operating Costs

- Borrowing interest increased due to expected upsizing of credit facility cost with commitment fee
- \$6M for capital expenditures is for necessary operating improvements on the new building
- Program funding increased 42% to \$12M

Reserve Funds

- In the current year, EBCE is operating with about 18.6% of projected operating expenses held in reserves
- In FY 2020-21, EBCE did not contribute to operating reserves. Staff is expecting net position will be available this year for contribution to reserves, the exact amount is TBD at this time
- To reach the Board approved operating target for next year, an additional \$198M is required
- To reach the Board approved minimum target for next year, an additional \$54M is required

RISKS DISCUSSION

EBCE is exposed to a variety of risks in this coming fiscal year. Below is a representative list of key risks, though it is not comprehensive in reflecting all risks.

Energy Market Risk:

- EBCE currently has approximately 30-35% of its energy portfolio with some exposure to the market. Short term energy prices can see volatility of 10-20% on a regular basis based on typical supply/demand dynamics that are heavily influenced by weather and electricity infrastructure. With volatility we estimate that energy costs could increase reasonably as much as \$50-65MM, though this could also result in a similar reduction in energy costs. We are in a rising cost environment with increased volatility relative to historical periods. Energy prices in 2022 and 2023 are forecasted to be approximately 80% above the historical avg over since 2010.
- PCIA and rate impacts from energy market volatility are also necessary to consider. The PCIA actually serves as a form of risk mitigation based on the portfolio of resources under PG&E. An increase in energy market prices is partially offset by a decrease in PCIA the following calendar year. A decrease in prices would conversely result in an increase in PCIA which could materially reduce revenues in 2023 as EBCE experienced in the 2021 calendar year. Should prices revert to historical averages, net revenues are expected to be significantly reduced in 2023 resulting in net negative position in 2023, as show in the following table.

	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	FY 2022-23 BUDGET
OPERATIONS					
REVENUE & OTHER SOURCES					
Total Operating Revenue	246,823,000	201,010,000	103,908,000	97,632,000	649,373,000
EXPENSES & OTHER USES					
Total Energy Operating Expenses	139,082,000	119,457,000	113,416,000	95,498,000	467,453,000
Total Overhead Operating Expenses	6,048,000	6,048,000	6,108,000	6,108,000	24,312,000
Total Operating Expenses	145,130,000	125,505,000	119,524,000	101,606,000	491,765,000
NON-OPERATIONS					
Total Non-Operating Revenue	26,000	28,000	45,000	45,000	144,000
Total Non-Operating Expenses	8,860,000	8,860,000	5,860,000	5,860,000	29,440,000
NET NON-OPERATING POSITION	(8,834,000)	(8,832,000)	(5,815,000)	(5,815,000)	(29,296,000)
TOTAL REVENUES	246,849,000	201,038,000	103,953,000	97,677,000	649,517,000
TOTAL EXPENSES	153,990,000	134,365,000	125,384,000	107,466,000	521,205,000
NET INCREASE(DECREASE) IN POSITION	92,859,000	66,673,000	(21,431,000)	(9,789,000)	128,312,000

Uncollectables/Write-offs:

- EBCE increased expected exposure to uncollectable accounts from 0.5% to 2.5% of revenue for the COVID crisis in the 2020-2021 fiscal year. During the current fiscal year, staff has reduced the expected exposure to 2.0% in the first half of the 2022 calendar year. Staff is expecting this risk to reduce in the coming year. However, it will not dissipate entirely. EBCE is reducing the uncollectable estimation from 2.0% to 1.5% for the first half of the fiscal year, then to 1.0% for the second half. These estimates are at the higher end of the range compared to other CCAs based on our regional income demographics. To mitigate this risk, we are pursuing an increase in CARE/FERA enrollments, Arrearage Management Plan (AMP) enrollments, other community programs efforts, such as DAC-GT and community solar, and other forms of debt relief that are currently under analysis. Staff is monitoring true uncollectable rates closely, upon which these recommendations are based.
- As of April 1, EBCE has received about 81% of eligible CAPP money. The remaining amount is expected to be delivered before the end of the fiscal year.

Opt-out risk:

- Customer opt-outs are generally an ongoing risk to EBCE. However, we do not anticipate an increased risk of opt-outs for the fiscal year for established communities under normal conditions. There is currently no active discussion of DA expansion that would take effect in 2023, beyond what has already been in process.
- Change of product decisions may increase opt-outs, but this is difficult to estimate at this time based on the discussions among cities to opt up customers to Renewable 100.

SURPLUS OPTIONS

Given the potentially large net position in this next fiscal year, and after understanding the risks, it is important to discuss the various ways in which the surplus can be put to work. Some of the key areas of focus are:

- **Reserve Contribution:** EBCE has recently received an A-Stable credit rating from S&P. This rating is premised upon establishing strong reserves in the near term. Contributing to reserves should be considered in conjunction with other options presented.
- **Increasing Renewable Content:** Clean energy is part of EBCE's mandate. EBCE can procure more renewable energy to reach targets quicker.
- **Increasing the Value Proposition for Customers:** EBCE tightened the value proposition when the PCIA was high and reducing revenues, and COVID was expected to incur more uncollectables. EBCE can increase the Value Proposition and provide methods to lower consumer costs.
- **Increase funding to Local Development:** The current draft budget already has a historically large contribution to the Local Development Fund. Increasing funding has its trade-offs which are discussed.

RENEWABLE CONTENT DISCUSSION

Providing clean energy is part of EBCE's mandate. Currently about 21% of EBCE's customer load is on the Renewable 100 (R100) product which is comprised of 100% renewable energy content. The remaining 79% of load is on the Bright Choice (BC) product. The renewable content for total BC is planned at 45%

for the 2022 calendar year and 49% for 2023. To increase both these values by 1% costs approximately \$635,000 in renewable content purchases.

VALUE PROPOSITION DISCUSSION

Providing a value proposition to customers with rates less than PG&E is another part of EBCE’s mandate. EBCE tightened this value proposition to a 1% discount to PG&E from a 1.5% discount in fiscal year 2020-2021 to keep a positive net position for the year as PCIA rates were at all time highs. With the lowering of PCIA in 2022 and expected moderate increase in PCIA in 2023, it may be prudent to increase the value proposition. The large net position for the year provides the opportunity to give back to the community. Staff is currently working on a number of possible options revolving around a combination of increasing the value proposition now to recognize projections and bill credits later to recognize the results as they occur.

LOCAL DEVELOPMENT DISCUSSION

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>	<u>FY 2019-2020</u>
BEGINNING BALANCE	13,821,067	10,067,572	4,870,737	0
REVENUE & OTHER SOURCES				
Transfer from Operating Fund	22,000,000	8,475,000	6,340,000	6,275,000
Grants/Credits	-	-	395,000	-
Total Revenues & Other Sources	22,000,000	8,475,000	6,735,000	6,275,000
EXPENSES & OTHER USES				
Actual Program Expenses	-	1,221,504	1,538,165	1,404,263
Expected Remaining Expenses	35,821,067	3,500,000	-	-
Total Expenses & Other Uses	35,821,067	4,721,504	1,538,165	1,404,263
ENDING BALANCE	-	13,821,067	10,067,572	4,870,737

Local Development was established as a fund separate from the general operating fund by the Board in the 2019-2020 fiscal year. Programs are currently expected to carry a balance forward this year of approximately \$13.8M. Additional funding for next fiscal year is increased from the current year by 42% to \$12M. Carry-over funds from previous years are required for established programs and are earmarked for specific purposes but have not yet had costs actualized. These costs may occur in this coming fiscal year and should not be seen as above budget spending, but as pre-approved carry-over spending. The total approved spending requested is the total beginning balance plus transfers from the operating fund.

APRIL 2022

Prepay Energy Update



Existing Prepay Overview

Recap:

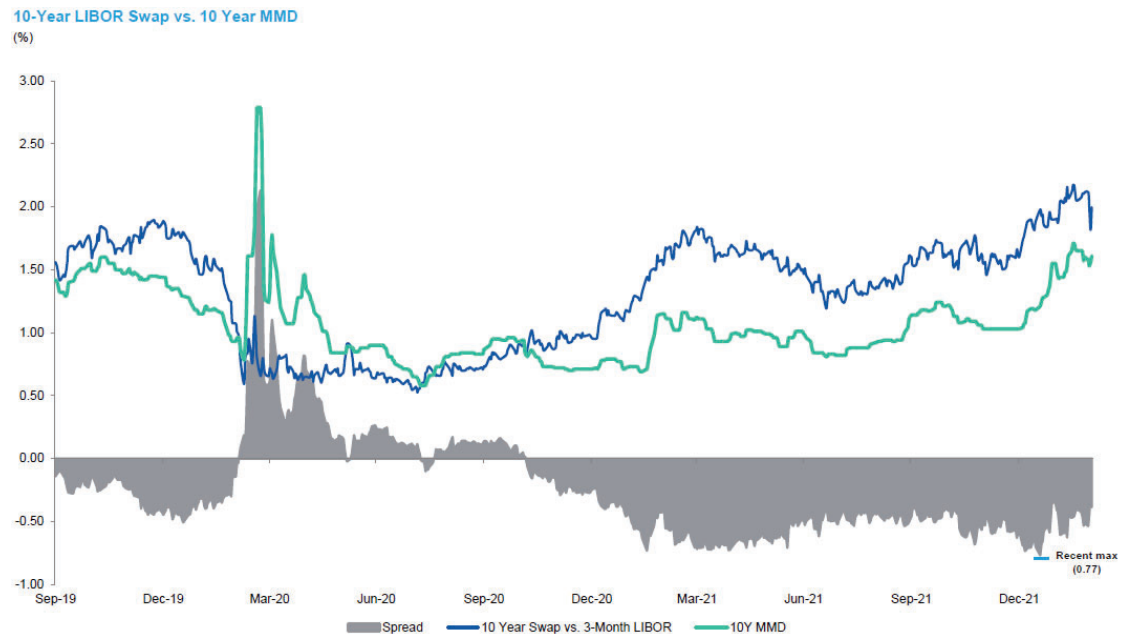
- Closed: Sept. 23, 2021
- Total Bond Proceeds: \$1.48 Billion
- Rating: A1, “Green Bond” Certified
- Volume to EBCE: 59 MW Around-the-Clock Carbon-Free Energy
- Power Supply Start: January 1, 2022
- Savings, Years 1-10: \$2 Million / year

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



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:

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

Appendix - 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, 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)

Appendix - Key Elements of a Prepay Transaction

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:
1-833-699-EBCE (3223)



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APRIL 2022

Board and CAC Stipend Review



Introduction

- EBCE provides a stipend to participating Board members and Committee members
- The stipend for Board members was established in section 4.7 of the JPA at \$100 per meeting attended, and may be adjusted for inflation but has been unchanged.

“Directors shall receive a stipend of \$100 per meeting, as adjusted to account for inflation, as provided for in the Authority's Operating Rules and Regulations.”
- A stipend for the Community Advisory Committee is permitted by the JPA and was established at \$50 per meeting through Board resolution R-2018-17 in April of 2018, and been in place and unchanged since.

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

Board Director Stipend Options

- Increase stipend to \$200 per meeting. An increase of this nature would likely require JPA amendment
- Increase stipend to inflation adjusted amount. Would require Board guidance on adjustments and resolution. Depending upon guidance, an example of retroactive adjustments from 2018 at 2.5% would increase the stipend to \$110.38.
- Leave stipend unchanged at \$100. No additional action required.

Proposed Options - CAC

CAC Member Stipend Options

- Increase stipend to \$100 per meeting. An increase of this nature would require the adoption of a new resolution at a board meeting.
- Increase stipend to inflation adjusted amount. Would require Board guidance on adjustments and resolution.
- Leave stipend unchanged at \$50. No additional action required.

Thank You!



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