



**Community Advisory Committee Meeting**

Monday, May 16, 2022

6:00pm

<https://us02web.zoom.us/j/84794506189>

Or join by phone:

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

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 +1 312 626 6799 or 877 853 5257 (Toll Free)

Webinar ID: 847 9450 6189

*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) 906-0491 or [cob@ebce.org](mailto: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.*

**C1. Welcome & Roll Call**

**C2. 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 Committee Chair may increase or decrease the time allotted to each speaker.*

**C3. Approval of Minutes from April 18, 2022**

**C4. CAC Chair Report**

- C5. Legislative Update (CAC Action Item) (20 minutes)**  
Update on recommended bill positions and EBCE's bill tracker
- C6. Amendment to Rate Setting Protocol (CAC Action Item) (20 minutes)**  
Present proposed amendment to rate setting protocol
- C7. Draft EBCE Budget FY 2022-2023 (CAC Informational Item) (60 minutes)**  
Present draft FY 2022-2023 Budget
- C8. CAC Member and Staff Announcements including requests to place items on future CAC agendas**
- C9. Adjournment to Monday, June 13, 2022 at 6:00pm**



**Community Advisory Committee Meeting**

**Draft Minutes**

Monday, April 18, 2022

6:00pm

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**C1. Welcome & Roll Call**

**Present:** Members: Franch, Hu (at 7:15pm), Landry, Liu, Lutz (at 6:12pm), Pacheco (at 6:12pm), Sutter, Swaminathan, Vice-Chair Muetzenberg, and Chair Eldred (until 7:15pm)

**Excused:** Members Hernandez, Lakshman, Talreja

**Member Pacheco arrived at the meeting at 6:12pm.**

**Member Lutz arrived at the meeting at 6:12pm.**

**Chair Eldred left the meeting at 7:15pm.**

**Member Hu served as an alternate for Chair Eldred starting at 7:15pm.**

## **C2. 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 Committee Chair may increase or decrease the time allotted to each speaker.*

**Ryan Pickering**, a solar power developer, shared a book, Shorting the Grid by Meredith Angwin, who states that renewal energy, specifically wind and solar, require firm backup power sources. Ryan Pickering confirmed that 50% of California's grid is powered by natural gas and 10% is powered by nuclear energy. Ryan Pickering stated that scientific consensus is that nuclear energy is clean energy, and given nuclear energy's safe track record and low emissions requested EBCE urge PG&E to keep the Diablo Canyon nuclear plant open so the state can achieve its decarbonization goals.

**Jessica Tovar**, on behalf of East Bay Clean Power Alliance, reiterated that they advocated for a community choice program to ensure local investments in clean energy, such as wind and solar, and local job creation. Jessica Tovar stated that nuclear energy is very destructive and the ongoing concern is community safety when it comes to nuclear power plants. Jessica Tovar stated that the true clean energy future lies in the investments in the local development.

## **C3. Approval of Minutes from March 14, 2022**

**Member Landry motioned to approve the minutes. Member Sutter seconded the motion, which passed 9/0.**

**Excused: Members Hernandez, Lakshman, and Talreja**

## **C4. CAC Chair Report (15 minutes)**

- Chair Eldred expressed her thanks for the return of board clerk Bankhead, and to board clerk Frontella for stepping in during his absence.
- Chair Eldred discussed opportunities for alternates to participate in CAC meetings and increased participation on a deeper level for all interested CAC members.
- Chair Eldred announced that J.P. Ross, leader in execution of local programs and the Local Development Business Plan, has indicated

there is positive progress towards the Metrics, and there will be an agenda item coming to CAC soon regarding that process.

**There were no speakers for public comment.**

**The Committee Discussed:**

- A Metrics working group and a plan to update the in-plan model as part of the Local Development Business Plan.
- Getting program participation data to the sales force to determine who is participating.
- A public workshop on Equity Metrics.
- Ways CAC members can be more engaged; especially alternates.

**C5. Legislative Update (CAC Action Item)**

Update on recommended bill positions and EBCE's bill tracker.

Jessica Tovar, on behalf of East Bay Clean Power Alliance, requested the name of the bill regarding competitive electrification of transportation. Jessica Tovar requested information on whether SB 1393 would provide any oversight, specifically on equity issues, and how it would affect low-income people. Jessica Tovar was concerned about SB 1287 and looked forward to hearing more about it.

**The Committee Discussed:**

- EBCE support of SB 1112, creation of a tariffed on bill investment program.
- Whether EBCE would participate in the CPUC's pilot study of tariffed on bill investments?
- Reasons for EBCE's opposition to SB 1393.
- AB 2765 with respect to who would oversee the funds this bill would create, who would set the overall dollars that go into this fund, and who opposed this bill?

**Member Sutter motioned that the CAC take a position of support for the recommended bill with the exception of AB 2765, which would be moved to a watched position. Member Landry seconded the motion.**

**There were no speakers for public comment.**

**The motion passed 7/0. Excused: Members Hernandez, Lakshman, and Talreja. Abstained: Member Pacheco and Chair Eldred.**

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**Chair Eldred turned the meeting over to Vice Chair Muetzenberg and left at 7:15pm. Alternate Hu became the third voting member for the North region.**

## **C6. Renewables Procurement (CAC Action Item)**

Path to zero emission electricity by 2030

**Vaughn** asked if the Moss Landing long-range storage is currently up and trusted to be up in the future? Vaughn asked if EBCE could count on Oroville and Shasta, who have been losing water over the years, for long-term large hydro? Vaughn asked if there was consideration of putting floating solar behind dams so it produces power whether there is water in there or not? Vaughn asked if any of the curtailment going on in California is in EBCE's area where it could be captured? Vaughn asked if lithium ferrophosphate batteries would be part of what EBCE counts on in the future and whether consideration of new technologies is included in EBCE's modeling?

**Jessica Tovar**, on behalf of East Bay Clean Power Alliance, requested that full names of acronyms are used in presentations. Jessica Tovar asked about the emissions that are associated with PCC. Jessica Tovar stated they are excited about more emphasis on projects in EBCE territory, particularly if there is more behind the meter increase over time, and they want to see that growth in the local true renewable in their community, because reliance on remote energy equals lost job opportunities and doesn't bring needed community resilience.

**Tom Kelly** urged the CAC to vote no on this item, because the IRP process is separate from much of what is discussed in this item and has nothing to do with EBCE's goals, which is to reduce emissions as quickly as possible. Tom Kelly asked if CAC was happy with 540 pounds of CO<sub>2</sub> per megawatt hour for Bright Choice when it used to be three times lower? Tom Kelly stated there must be a discussion regarding emissions intensity in combination with rates, rates must be reduced, and emissions intensity of Bright Choice must be improved. Tom Kelly stated that cities were promised their emissions would go down, but that is no longer the case, and CAC should not foster or encourage that.

### **The Committee Discussed:**

- How the 2022 IRP procurement will look significantly different than the 2020 IRP with increased behind the meter storage.
- Long-term renewable procurement and the uncertainty of large hydro, costs associated with renewable, and reliability.
- Reasons EBCE's carbon free percent dropped from 85% in 2019 to 54% in 2020.
- Long term RPS procurement and RPS renewables increases between 2022 and 2023.
- Affordability components and considerations, and anticipated impacts on affordability for customers.

- Anticipated different requirements coming for the 2022 IRP.
- Requirements for long duration storage and high-capacity products like geothermal in the 2022 IRP cycle.
- Whether EBCE is behind all the other California CCAs in terms of emission reductions.
- Whether policy choices made by the Board of Directors in terms of purchasing has also influenced the ability to purchase certain products, such as large hydro.
- With the move to 100% by 2030 whether EBCE can meet PG&E's rates, and within what percentage.
- Possible pushback by the CPUC around EBCE's aggressive schedule on moving to 100% by 2030.
- Geothermal purchases within California becoming part of EBCE's portfolio.
- Content of the PCC-2 mix and associated emissions.
- If PCIA charge is going down, could that money be used for more local investments and/or reducing rates for customers?
- Risks facing EBCE in achieving its goal of 100% renewable by 2030, such as load demand, competition, costs, and hydro.
- How local communities might benefit from planned EBCE initiatives.

**Member Sutter motioned to adopt the schedule of annual power procurement goals from renewable and carbon free electricity purchases as a path to reach zero emission electricity by 2030. Member Pacheco seconded the motion, which passed 4/2. Excused: Members Hernandez, Lakshman, and Talreja. Abstained: Members Hu, Liu, and Chair Muetzenberg**

**C7. CAC Member and Staff Announcements including requests to place items on future CAC agendas**

**Chair Muetzenberg requested Community Innovation Grants to be placed on the CAC May 2022 meeting agenda.**

**Member Pacheco requested an update on jobs created, with breakdown of local jobs and union jobs, be placed on a future CAC agenda.**

**Member Landry requested a presentation from Tom Kelly regarding Bright Choice emissions be placed on the CAC May 2022 meeting agenda.**

**C8. Adjournment to Monday, May 16, 2022**





**CAC Item C5  
Staff Report Item 13**

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

**FROM:** Melissa Brandt, Vice President of Public Policy & Deputy General Counsel

**SUBJECT:** Approval of Legislative Positions (Action Item)

**DATE:** May 18, 2022

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**Recommendation**

Take a “support” position on Assembly Bill (“AB”) AB 2765 (Santiago), take a “support if amended” position on Senate Bill (“SB”) 1020 (Laird), and move to a neutral position on AB 2070 (Bauer-Kahan).

**Background and Discussion**

At the April 20, 2022, EBCE Board Meeting, the Board decided to watch AB 2765. Subsequently, the Senate Working Group on Climate Change introduced SB 1020. Both bills address concerns about electric ratepayer rate increases and bill affordability by using newly created funds to pay for certain electric programs with broad public benefit using taxpayer revenue. The goal is to mitigate electric ratepayers’ rising rates, particularly since income taxes in California are regressive and electric rates are regressive. While CARE and FERA programs help the lowest-income customers, hardest hit are often the low-income customers just above the CARE/FERA eligibility threshold, who on average have a higher number of residents living in one household compared to middle income households, energy inefficient housing (often rentals), and correspondingly high electric bills. These customers are burdened with the high cost of housing in the Bay Area and its surrounds, coupled with high electricity bills on account of their high volumetric usage. They receive no relief if their incomes exceed the CARE/FERA thresholds which are very low versus the cost of living in the Bay Area, as CARE/FERA eligibility is based on a multiplier of the Federal Poverty Index. In addition to the regressive cost impact on customers (and associated expected customer disconnections), high electric rates are a disincentive to vehicle and building electrification, as they make fuel switching from gas to electric more expensive.

Also at the April 20, 2022, EBCE Board Meeting, at the recommendation of Staff the Board decided to support AB 2070. However, AB 2070 has since been amended to no longer include the language that led EBCE to recommend taking a support position. Specifically, the language requiring a notification to the fire protection district when the utility initiates a deenergization event has been struck, likely due to concerns that the requirement may conflict with existing California Public Utilities Commission (CPUC) notice mandates. While taking no position on the broader public policy merits of the bill as amended, the bill is no longer directly relevant to EBCE's interests or legislative principles, making a neutral position appropriate.

#### Recommended EBCE Bill Positions:

- **SUPPORT:** AB 2765 (Santiago) would establish a taxpayer-funded Public Utilities Public Purpose Programs Fund and would require the CPUC to use the fund to pay for programs currently funded through an electrical corporation's public purpose program rate component except for the California Alternate Rates for Energy (CARE) program, and other programs determined by the CPUC to provide public benefits. If the fund does not have sufficient moneys for those purposes, the bill would authorize the CPUC to permit electrical corporations to recover the costs of those programs from ratepayers, as they do today through a charge on electric service, which is collected through customer delivery rates. The CPUC must consider the continuity of the public purpose programs and minimize customer disruptions. This bill would lower the electric delivery rates for all customers including EBCE customers, helping both with customer bill affordability and lower service disconnection rates, and supporting the growth of electrification by keeping electricity costs competitive. This aligns with EBCE's legislative principle of accelerating decarbonization through electrification, as well as promoting local development through incentivizing transportation and building electrification. It would further align with our policy position on Disadvantaged Communities by supporting rate relief for our low-income customers.
- **SUPPORT IF AMENDED:** SB 1020 (Laird) would set interim targets for serving load with 100% renewable/zero-carbon energy by 2045: 90% by end-2035, 95% by end-2040, and 100% for state agencies by 2030. Given EBCE's goal of 100% clean energy by 2030, staff expects to exceed these interim targets and supporting the targets for others aligns with our legislative principle of accelerating decarbonization.

While state agencies can meet their 100% obligation through their load-serving entity's purchases, the purchases on behalf of state agencies are subject to a number of requirements including that the resource be newly developed and that the compliance obligations be separate from other load the entity serves. These requirements would not allow EBCE to simply serve its state agency load with its Renewable 100 product; rather, EBCE would have to maintain a separate procurement portfolio for its state agency load. This would be

unnecessarily bureaucratic, expensive, and risky. EBCE staff recommends seeking amendments to the state agency procurement requirements so that EBCE could enable any state agency load to satisfy its 100% clean energy requirements simply by enrolling in EBCE's Renewable 100 product.

SB 1020 additionally creates the Climate and Equity Trust Fund, to be administered by a new nonprofit benefit corporation, the California Affordable Decarbonization Authority. The Trust Fund would support the costs of decarbonization, clean energy, and wildfire mitigation activities with funding sources outside of electricity rates. The CPUC would approve the disbursement of funds from the Trust Fund for eligible costs, including disbursements to CCAs such as EBCE. The Trust Fund would consist of federal funds, state legislative appropriations, Greenhouse Gas Reduction Funds, noncompliance penalties, and any other sources identified by the legislature. Disbursements would be made as direct credits on ratepayer bills, direct rebates or incentives, or reimbursement of eligible costs incurred by load-serving entities in the form of matching funds. In order to ensure that there is no competitive disadvantage to CCAs who only have generation revenues, EBCE staff recommends seeking amendments to ensure that eligible costs incurred by load-serving entities may be reimbursed in full, not only as matching funds.

If amended as suggested, this bill has the potential to lower the electric delivery rates for all customers including EBCE customers, helping both with customer bill affordability and lower service disconnection rates, and supporting the growth of electrification by keeping electricity costs competitive. This aligns with EBCE's legislative principle of accelerating decarbonization through electrification, as well as promoting local development through incentivizing transportation and building electrification. It would further align with our policy position on Disadvantaged Communities by supporting rate relief for our low-income customers.

- **MOVE TO NEUTRAL:** AB 2070 (Bauer-Kahan) would require an electrical corporation or local publicly owned electric utility to notify a fire protection district at least 24 hours before performing scheduled, nonemergency hot work, deploying a safety and infrastructure protection team, or performing a prescribed or controlled burn within the district's jurisdiction. Bauer-Kahan is a member of EBCE's legislative delegation. The bill was amended before EBCE formally communicated its support position, so moving to neutral would mean that EBCE would simply remove its support position from its website and would not communicate a formal position to the author or committees.

### **Fiscal Impact**

AB 2765 and SB 1020 may result in lower customer utility delivery charges.

### **Attachments:**

- A. Author Fact Sheets: AB 2765 and SB 1020
- B. Presentation



ASSEMBLY MEMBER

**Miguel Santiago**

DISTRICT 53



## AB 2765: Equitable and Reduced Utility Bills

### **Bill Summary**

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[AB 2765](#) would sunset some Public Purpose Program (PPP) surcharges on utility customers and continue the programs with funding from the State's General Fund to continue supporting low-income consumers and help meet California's climate goals.

### **Existing Law**

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Establishes energy efficiency, cost saving, and rate assistance programs to help reduce energy costs for consumers (Public Utilities Code Section 381, 399.4, 739.1, 739.3; Public Resources Code Section 25710).

### **Background**

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Electric rates continue to increase dramatically in California. Inflation is hitting goods across the board, and the economic impacts of the pandemic and the Russian invasion of Ukraine are causing financial challenges for many Californians, especially at the gas pump and on their utility bills.

California's PPP includes cost-effective energy efficiency, conservation, and rate assistance programs to help meet the state's climate goals and subsidize energy costs for low-income consumers. Electric customers in investor-owned utility (IOU) territories pay for these state-mandated public benefits programs through a surcharge on their utility bill.

Although the PPP is, in part, meant to provide discounts on utility bills for low-income households, not all low-income households benefit from the utility discounts. Some low-income residential customers do not qualify for PPP low-income assistance programs, such as the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. These households are effectively low-income, don't benefit from utility relief, and still have to pay into the programs through a monthly surcharge on their utility bill. PPP surcharges for programs such as the School Energy Efficiency Stimulus Program help California reach its climate goals, but do not directly benefit the low-income residential customer.

### **Need for AB 2765**

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In California, high electric bills are hitting low-income households hard. Their utility bills are saturated with various add-on costs that don't actually reflect the cost of supplying electricity. These add-ons include subsidies for clean energy and EV charging stations, climate change adaptation costs, and more.

One of the best ways to help the working poor is by reducing their utility bills and taking some of these costs out of electricity prices to make them more closely reflect their true social cost.

Since the PPP's climate benefits accrue to everyone in California, it is more appropriate for all taxpayers to fund these programs, not just a subset of electric customers.

Furthermore, if all taxpayers paid for the PPP, then electric customers would pay lower utility bills, especially low-income households. For example, as of January 1, 2022, if the public purpose program costs considered in AB 2765 were removed from San Diego Gas & Electric's electric rates, system average rates would be about 2.6% lower.

To ensure that the cost of the PPP is equitably distributed, AB 2765 would sunset some of the PPP surcharges on utility customers and continue the programs with funding from the State's General Fund, thus reducing the cost of utility bills for low-income utility customers experiencing rising energy costs and equitably distributing the costs of achieving California's climate goals.

### **Support**

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Coalition of California Utility Employees  
California State Association of Electrical Workers  
San Diego Gas & Electric Company

### **Opposition**

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None on File.

### **For More Information**

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Tom Steel, Legislative Aide  
Office of Assembly Member Santiago  
(916) 319-2053 | [Tom.Steel@asm.ca.gov](mailto:Tom.Steel@asm.ca.gov)



# Clean Energy, Jobs and Affordability Act of 2022

(Laird, Caballero, Durazo and Atkins)

**Provides Greater Specificity to SB 100 Targets and Establishes New State Agency leadership in Clean Energy. The bill does the following:**

**1. Adds 90% by 2035 and 95% by 2040 interim zero carbon electric sector targets to the existing SB 100 framework.**

- Existing law requires that all Load Serving Entities procure at least 60% of retail sales from renewable generation by 2030 and 100% of retail sales from zero carbon resources by 2045.
  - The definition of “renewable generation” is based on eligibility rules under the Renewable Portfolio Standard (RPS) program.
  - The definition of “zero carbon resources” is more expansive and includes generation eligible under the RPS plus other non-emitting technologies such as nuclear and large hydroelectric generation.
  - State agencies have not yet aligned on a formal definition of “zero carbon” for purposes of SB 100 compliance. This bill would not provide any additional guidance relating to this definition.
- The California Public Utilities Commission (CPUC) recently adopted Integrated Resource Planning goals intended to result in 86% zero carbon resources serving customer loads by 2032. These goals apply to all Investor-Owned Utilities (IOUs), Community Choice Aggregators, and Electric Service Providers.
- The two largest Publicly Owned Utilities (POUs) have committed to achieve the SB 100 targets on an accelerated basis.
  - The Los Angeles Department of Water and Power plans to rely on 100% zero carbon electricity by 2035.
  - The Sacramento Municipal Utility District is committed to 100% zero carbon electricity by 2030.

**2. Require all state agencies to purchase 100% zero carbon electricity to serve their own needs by 2030.**

- Applies to all electricity serving state agency facilities or operations.
  - Under existing law (SB 100), state agencies are required to meet the 100% zero carbon electricity target by 2045.
- State agencies that are customers of a Load Serving Entity (IOUs, Community Choice Aggregator, or POUs) may comply in either of the following ways:
  - Installation of behind the meter zero carbon generation on owned or leased buildings.
  - Purchase of newly developed zero carbon resources through their Load Serving Entity.
- For the State Water Project (approximately 70% of total state agency electricity consumption), compliance via procurement of new zero carbon resources by the Department of Water Resources (DWR).
  - DWR currently procures electricity on behalf of the State Water Project and projects that approximately 70% of total needs will be served with zero carbon generation by the end of 2022. Absent any acceleration, DWR forecasts that contribution of zero carbon resources will be 75% by 2030.
- SB 1020 requires procurement of new zero carbon resources to serve state agency needs give preference to resource options expected to yield maximum long-term employment, stimulate new economic activity, generate local and state tax revenues, and assist with the development of new industries.

## **Establishes the Climate and Equity Trust**

### **1. Climate and Equity Trust fund**

- Establishes a separate trust fund outside of the state budget to ensure the integrity of all funds deposited into the account.
- The source of trust funds may be from the federal government, the Greenhouse Gas Reduction Fund (GGRF), state legislative appropriations, mitigation fees, noncompliance penalties assessed by the California Energy Commission (CEC)/CPUC/California Air Resources Board (CARB) and any other sources identified by the Legislature.
- Legislature must separately identify and authorize specific funding sources.
  - New long-term funding streams required to provide meaningful benefits.
  - Potential funding options include new mitigation fees, budget surplus, and a climate bond.
- Annual and multi-year spending plans/disbursements authorized by CPUC and CEC.
- Trust funds can be used for any of the following costs included in retail electricity rates (depending upon funding source):
  - Transportation/building electrification initiatives.
  - Public Purpose Programs (including energy efficiency, research and development, and low-income customer discounts).
  - Programs to promote equity and affordability for low-income customers.
  - Wildfire Mitigation Costs.
  - Other decarbonization programs.
  - Distributed Energy Resource subsidies.
- Annual funding needs vary by objective and beneficiaries:
  - Approximately \$5 billion to reduce rates for all retail customers by 2 cents/kilowatt hour (kWh) (includes IOUs and POU's).
  - Approximately \$1.75 billion to reduce residential customer rates by 2 cents/kWh.
  - Approximately \$450 million to reduce low-income customer rates by 2 cents/kWh.
- Allowable methods of disbursement:
  - Direct credits to retail customer bills (via IOU/POU billing).
  - Direct rebates/incentives to market participants, vendors, installers or customers.
  - Reimbursement of eligible costs incurred by a Load Serving Entity in the form of matching funds.

### **2. Establishment of California Affordable Decarbonization Authority (CADA) to administer the Trust fund.**

- Non-profit public benefit corporation with a board appointed by the Governor and Legislature.
- Regulated by the CEC (for disbursements to customers of POU's) and CPUC (for disbursements to customers of IOUs, Community Choice Aggregators and Electric Service Providers).
- Subject to Bagley-Keene open meeting requirements and the California Public Records Act.
- Submits annual and multi-year spending plans for review/approval by CPUC and CEC, including reasonable overhead and operations costs.

## **Coordinates State Agencies to Support Informed Transmission Planning**

### **1. Authorizes the CPUC and CEC to disclose confidential information to the California Independent System Operator (CAISO) relating to power purchase agreements to assist with transmission planning.**

- Clarifies that sharing of confidential information does not constitute a waiver of confidentiality under the Public Records Act.
- Purpose it to assist CAISO with its transmission planning process by allowing review of relevant details of contractual agreements for new resources.
- This change to state law was recommended by the CPUC, CEC, CARB and CAISO in a September 2021 report.
  - The Joint Agencies found that, absent a statutory change, legal barriers currently prevent the CPUC and CEC from sharing confidential information with the CAISO without waiving protections for market sensitive information.

1. Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy issued jointly by the CPUC, CEC, CARB and CAISO (September 2021), pages 10-11, 26.



MAY 18, 2022

# Legislative Update



# Legislative Highlights

- New Recommended Bill Positions: AB 2765, SB 1020, AB 2070

# Key Deadlines for the 2022 Legislative Year

- 1/3: Legislature reconvened
- 1/10: Governor submitted budget
- 1/31: Deadline to move 2-year bills out of 1<sup>st</sup> house
- 2/18: Bill introduction deadline
- 4/29: Policy cmtes to move fiscal bills to fiscal cmtes (1st house)
- 5/6: Policy cmtes to move nonfiscal bills to floor (1st house)
- 5/20: Fiscal cmtes must move bills to floor (1<sup>st</sup> house)
- 5/27: Last day for bills to be passed out of 1<sup>st</sup> house
- 6/15: Budget bill must be passed
- 7/1: Policy cmtes to meet and report bills (2<sup>nd</sup> house)
- 8/12: Fiscal cmtes to move bills to floor (2<sup>nd</sup> house)
- 8/31: Last day for each house to pass bills
- 9/30: Last day for Governor to sign/veto bills

# Recommended Bill Positions

Bill #	Author	Description	Sponsor	Status	Recommended EBCE Position
<a href="#">AB 2765</a>	Santiago	Creates a new taxpayer-funded fund to cover the costs of CPUC Public Purpose Programs including energy efficiency and conservation, and arrearage management, instead of continuing to rely on customer delivery rates. Reverts to utility ratepayers if fund isn't sufficiently funded by the legislature. Excludes CARE/FERA.	Sempre	Asm Approps Cmte	<b>SUPPORT</b>
<a href="#">SB 1020</a>	Laird	Sets interim targets for meeting renewable/zero-carbon goals: 90% by end-2035, 95% by end-2040; 100% for state agencies by 2030. State agencies can comply through their LSE, but LSE procurement for the state agency must meet certain criteria. Establishes new fund to support the costs of decarbonization, clean energy, and wildfire mitigation activities with funding sources outside of electricity rates. Establishes new nonprofit public benefit corporation to administer the fund.	Senate Climate Change Working Group	Sen Approps Suspense File	<b>SUPPORT IF AMENDED</b>
<a href="#">AB 2070</a>	Bauer-Kahan	Requires an electrical corporation or local publicly owned electric utility to notify the fire protection district 24+ hours before performing scheduled, nonemergency hot work, deploying a safety and infrastructure protection team, or performing a prescribed or controlled burn, or else face a \$500 penalty.		Asm Approps Cmte	<b>NEUTRAL (formerly SUPPORT)</b>

# Funding Programs Through Taxes Instead of Rates

## What is being proposed?

- Fund the costs of public purpose programs or other broad societal benefit programs with a fund using state tax revenues instead of electric utility rates

## What does it accomplish?

- Supports SB 100/electrification goals by reducing the rate of utility bill increases to prevent reaching a threshold where electrification is disincentivized
- Social policy program costs are paid for in a more progressive way, reducing the burden on lower-income customers

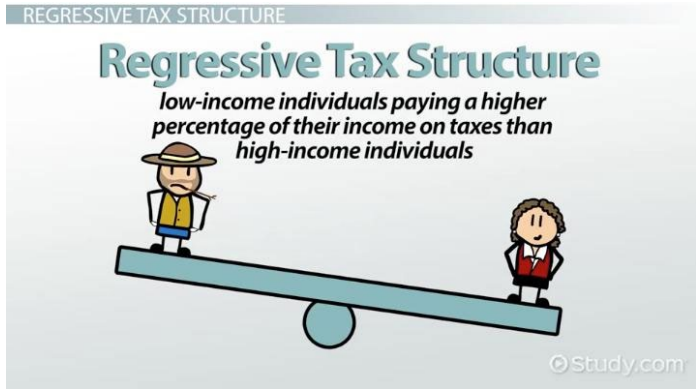
## Estimated Costs

- EBCE's estimate: Current public purpose program including CARE is ~ \$2.7B/year

# Why is it important? Equity.

## Utility rates are not equitable

- Customers who are not CARE/FERA-eligible but nevertheless lower-income are paying as much as customers who have higher incomes – this regressive rate structure lies in stark contrast to state taxes which are progressive
- When EBCE has expanded its customers' program eligibility for its own electrification programs using Area Mean Income (AMI) instead of Federal Poverty Level (FPL), it has resulted in an increase in eligibility – these customers are struggling the most to bear the cost of utility rates today



# Why is it important? Electrification.

Electric rates need to stay below a threshold to incentivize fuel-switching to electric

- Goal is to prevent electric rates from reaching a point that discourages electrification
- Gas/EV charging station signage example: Electric rates need be lower than gas or people won't buy EVs



# Bill Tracker - Assembly

Bill #	Author	Description	Sponsor	Status	EBCE Position
<a href="#">AB 1814</a>	Grayson	Authorizes CCAs to file applications for PUC programs and investments to accelerate widespread transportation electrification.	CaICCA	Author withdrawn	<b>SUPPORT</b>
<a href="#">AB 1960</a>	Villapudua	Encourages the Senate and the Governor to consider permanent residents of northern, southern and the central valley regions of the state to provide more regional diversity among CPUC commissioners.		Sen EUC Cmtc	<b>SUPPORT</b>
<a href="#">AB 2061</a>	Ting	Requires data disclosure on EV charging station availability for stations using public or ratepayer money and requires the CEC to assess reliability and equitable access issues.	Flo	Asm Approps Cmtc 5/11	
<a href="#">AB 2667</a>	Friedman	Establishes and requires CEC to administer state IDER Fund to incentivize eligible resources to support consumer adoption of clean DERs, creates a system to equitably award incentives, and establishes a process to allow an LSE to apply for incentives on behalf of a customer as part of that LSE's program to reduce its RA obligations.	NRG / EDF	Asm Approps Cmtc 5/11	<b>SUPPORT</b>
<a href="#">AB 2700</a>	McCarty	Requires IOUs and POUs to ensure that their distribution systems are upgraded to support the state's anticipated level of EV charging; requires the CPUC to develop an expedited process to ensure that IOUs can meet the requirements to upgrade, and to direct IOUs to expedite interconnection; requires CARB to share fleet data to inform electrical grid planning and requires CEC to forecast distribution needs for DERs.		Asm Approps Cmtc 5/11	
<a href="#">AB 2703</a>	Muratsuchi	Establishes reliability standards for ZEV refueling/charging stations.		Asm Approps Cmtc 5/11	



# Bill Tracker - Senate

Bill #	Author	Description	Sponsor	Status	EBCE Position
<a href="#">SB 45</a>	Portantino	Requires Dept of Res Recycling and Recovery to analyze progress in achieving organic waste reduction goals and assist local jurisdictions with funding to comply.		Asm Nat Res Cmte	
<a href="#">SB 833</a>	Dodd	Community Energy Resiliency Act of 2022: requires the CEC to develop and implement a grant program for local govts to develop community energy resilience plans and expedite permit review of DERs.	The Climate Center	Sen Approps Suspense File	
<a href="#">SB 881</a>	Min	Gives CPUC authority to monitor compliance with LSE's IRP GHG emission reductions and penalties/CPUC-ordered procurement for non-compliance.	UCS	Sen Approps Cmte 5/16	
<a href="#">SB 1112</a>	Becker	Requires energy suppliers (including CCAs) offering decarb programs to record a decarb charge notice, then notice of full cost recovery, then notice of charge removal with the project's county.		Sen Approps Suspense File	<b>SUPPORT</b>
<a href="#">SB 1158</a>	Becker	Changes the Power Source Disclosure rules to require utilities and CCAs to report comparisons of their energy and capacity purchases with their electricity demand on an hourly basis including the associated GHG emissions.		Sen Approps Cmte 5/16	
<a href="#">SB 1393</a>	Archuleta	Requires local jurisdictions to consider CEC guidance before mandating that retrofits to a bldg. must upgrade fossil appliances to electric and to file records with CEC.		Sen Approps Suspense File	<b>OPPOSE</b>
<a href="#">SB 1482</a>	Allen	Requires mandatory building standards for installation of EV charging infrastructure for parking spaces in new multifamily units.	Acterra	Sen Approps Suspense File	

# Next Steps

- Review and analyze new amendments
- Monitor bills on our watch list; determine when EBCE should formally take a position
- Send position letters for bills once EBCE formally takes a position
- Monitor Governor's Budget request, which includes \$6.1B over 5 years for Zero Emission Vehicles (ZEV)
- Engage with CalCCA on legislative efforts



**CAC Item C6  
Consent Item 9**

**TO:** East Bay Community Energy Board of Directors  
**FROM:** Kelly Brezovec, Sr. Manager of Account Services  
**SUBJECT:** Request Amendment to Rate Setting Protocol (Action Item)  
**DATE:** May 18, 2022

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**Recommendations**

Adopt an amendment to the Rate Setting Protocol to remove the community workshop requirement in a year when there is no change to the value proposition.

**Background**

The EBCE Board of Directors approved the original Rate Setting Protocol on September 26, 2018, and additional amendments on December 18, 2019, to address changes in the billing engine configuration. Public engagement is outlined in the rate setting protocol as follows presentations to the Executive Committee, Community Advisory Committee, and Board of Directors. Additionally, the protocol calls for three community workshops and a period for written comments.

**Discussion**

Staff has facilitated public engagement annually in May 2019, 2020, and 2021.

Year	Rate Setting	Written Comments	Workshop Attendance
2019	No Changes Proposed	2	5

2020	Bright Choice Discount Change: 1.5% to 1.0%  Brilliant 100 Proposed Sunset	8	15
2021	No Changes Proposed	0	2

EBCE defines the value proposition as the price differential between EBCE’s and PG&E’s generation rates. Today’s value proposition is: Bright Choice with a 1% savings compared to PG&E’s generation rate and Renewable 100 at \$0.01 per kilowatt-hour more than PG&E’s generation rate.

Staff recommends removing the requirement for workshops in a year when there are no proposed changes to the value proposition. This is supported by the limited public participation in workshops in 2019 and 2021.

Staff recommends including the option of a webinar style meeting in addition to the option of in-person, reducing the required meetings to two, and maintaining the requirements to present to the Executive Committee, Community Advisory Committee, and Board of Directors, and the period of written comments each year when there are proposed changes to the value proposition.

In years when there are no proposed changes to the value proposition, staff will continue with public outreach to encourage participation via the public comment process and public meetings when the annual budget is being discussed. Staff may also consider hosting an informal educational webinar, hosted during a similar timeframe as the value proposition meeting might have been held, as a means of maintaining the annual meeting cadence to encourage participation.

**Financial Impact**

There is no expected financial impact due to this policy change.

**Attachment**

- A. Resolution Authorizing Staff to Amend the Rate Setting Protocol to Remove the Community Workshop Requirement in a Year When there is no Change to the Value Proposition
- B. Amended Rate Setting Policy

**RESOLUTION NO. R-2022-xx**

**A RESOLUTION OF THE BOARD OF DIRECTORS**

**OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING STAFF TO AMEND THE RATE SETTING PROTOCOL TO REMOVE THE COMMUNITY WORKSHOP REQUIREMENT IN A YEAR WHEN THERE IS NO CHANGE TO THE VALUE PROPOSITION**

**WHEREAS** The East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

**WHEREAS**, on September 26, 2018, the Board approved by motion a Rate Setting Protocol;

**WHEREAS**, on December 17, 2019, the Board approved an amendment to the Rate Setting Protocol to allow for rate setting by vintage;

**WHEREAS**, it is in the interest of EBCE to maintain customer engagement in establishing the value proposition; and

**WHEREAS**, it is in the interest of EBCE to operate efficiently, streamlining requirements as the organization learns from past experiences.

**WHEREAS**, the Rate Setting Protocol requires that EBCE host a community workshop with each rate setting;

**WHEREAS**, limited public participation in community workshops in years where there is no change to the EBCE value proposition indicates that there may not be a need for these workshops in those years;

**WHEREAS**, EBCE would like to streamline its process to eliminate this unnecessary requirement in years where there is no change to the value proposition; and

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The Board hereby adopts the Amended and Restated Rate Setting Policy which (among other things) eliminates the requirement for a community workshop in years where there is no change to the value proposition.

ADOPTED AND APPROVED this 18<sup>th</sup> day of May, 2022.

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Dianne Martinez, Chair

ATTEST:

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Adrian Bankhead, Clerk of the Board



Amended Rate Setting Protocol

**AMENDED AND RESTATED RATE SETTING POLICY**

From original protocol approved by motion on 9/26/18 and amended on 12/18/19

Policy Number 14.2

May 18, 2022

Item #

**I. Purpose**

This policy serves to provide direction to EBCE staff on actions related to electric rates.

**II. Rate Actions**

**a. Rate Setting**

EBCE Staff must receive Board approval to revise the service level value propositions (e.g. offering a greater or lesser discount on Bright Choice).

**b. Rate Setting Process**

EBCE's Implementation Plan and Statement of Intent (August 2017) states that "EBCE will review its rates at a minimum once a year".

The rate review and setting process is as follows:

1. **Executive Committee meeting.** Staff will provide a staff report containing analysis of PG&E rates and preliminary recommendations for changes to EBCE's value proposition, if any.
2. **Community workshops.** In a year when there is a proposed change to the value proposition, staff will conduct community workshops. Based on feedback received at the Executive Committee meeting, staff will revise analysis if needed, and solicit comments from the community. This will be achieved through a minimum of two (2) community meetings in geographically diverse locations, or online in a webinar-style format. Staff will consolidate feedback from these meetings into a supporting document that will be presented to the Board.
3. **Written comments.** Each year when there is a proposed change to the value proposition, written comments will be accepted in lieu of, or in addition to, verbal comments made during these workshops. A period of time will be designated for written comments. A specific email address will be provided to the public to submit comments, along with a clear deadline for submission.
4. **Community Advisory Committee meeting.** The CAC will receive a presentation from staff and discuss the staff recommendation.
5. **Board meeting.** Staff will present analysis, findings, and recommendations derived from feedback from an Executive Committee meeting, Community Workshops, and a Community Advisory Committee meeting. The Board will have the opportunity to vote on staff recommendations. If Board requests further analysis, the process will return to the Executive Committee. The Executive Committee can then make a final recommendation that will be brought to the next Board meeting.

**c. Rate Modification**

EBCE Staff is authorized to adjust EBCE's rates to maintain the approved value proposition for each service level. If there are changes to PG&E generation rates or fees that result in a more beneficial value proposition for customers, EBCE Staff is authorized to not adjust the rates.





CAC Item C7  
Staff Report Item 14

**TO:** East Bay Community Energy Board of Supervisors  
**FROM:** Nick Chaset, CEO  
**SUBJECT:** Draft EBCE Budget Fiscal Year 2022-2023 (Informational Item)  
**DATE:** May 18, 2022

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### **Recommendation**

Receive and review the draft budget for fiscal year 2022-2023.

### **Background and Discussion**

EBCE's fiscal year is from July 1 through June 30. Staff is presenting a proposed draft budget for fiscal year 2022-2023.

This budget presents changes to EBCE's value proposition by recommending an increase from 1% to 3% discount relative to PG&E rates for EBCE's Bright Choice product and decreasing the premium of the Renewable 100 product from \$0.01 to \$0.0075.

This budget also presents a large net position surplus as a base-case scenario. Staff is recommending a method to manage this surplus to increase EBCE's value to the community through four processes:

1. Significant contributions to working capital and reserves to ensure agency solvency in the event of possible risk contingencies
2. Increase value proposition customer discount and establish on-bill credits as levels of net position surplus are realized through the year
3. Increase renewable procurement with short and long-term investments
4. Meaningful increases to Local Development programs and donation of a local public health grant to treat a common ailment of fossil fuel combustion—asthma.

This presented budget is based on feedback from a draft version presented at the Finance, Administrative, and Procurement Committee on April 15, 2022. The budget outlines staff's best expected estimates for costs and revenues anticipated for the next fiscal year based on load, market prices, and PCIA charges.

## Summary of Draft EBCE Budget FY 2022-2023

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
<b>OPERATING ACTIVITY</b>			
<b>REVENUE &amp; OTHER SOURCES</b>			
<b>GASB 62 Unrecognized Revenue Balance</b>	15,814,000	15,814,000	15,814,000
<b>Operating Revenue</b>			
Electricity Sales	895,427,000	508,636,000	551,368,000
Uncollectables	(17,908,000)	(8,939,000)	(10,045,000)
Other Operations Revenue	(6,229,000)	0	7,448,000
<b>Total Operating Revenue</b>	<b>871,290,000</b>	<b>499,697,000</b>	<b>548,771,000</b>
<b>EXPENSES &amp; OTHER USES</b>			
<b>Energy Operating Expenses</b>			
Cost of Energy	565,675,000	442,337,000	463,253,000
Energy Operating Services	11,262,000	12,240,000	11,478,000
<b>Total Energy Operating Expenses</b>	<b>576,937,000</b>	<b>454,577,000</b>	<b>474,731,000</b>
<b>Overhead Operating Expenses</b>			
Personnel	15,712,000	10,171,000	8,204,000
Marketing & Communications	2,876,000	1,686,000	1,294,000
Legal, Policy, & Regulatory Affairs	1,988,000	1,592,000	1,173,000
Other Professional Services	2,292,000	850,000	901,000
General & Administrative	3,884,000	2,961,000	2,465,000
Depreciation	180,000	60,000	59,000
<b>Total Overhead Operating Expenses</b>	<b>26,932,000</b>	<b>17,320,000</b>	<b>14,096,000</b>
<b>Total Operating Expenses</b>	<b>603,869,000</b>	<b>471,897,000</b>	<b>488,827,000</b>
<b>NON-OPERATING ACTIVITY</b>			
<b>Total Non-Operating Revenue</b>	<b>277,000</b>	<b>1,692,000</b>	<b>2,649,000</b>
<b>NON-OPERATING EXPENSES</b>			
Borrowing Interest	1,440,000	898,000	907,000
Local Development Funding	20,600,000	8,475,000	8,475,000
Grant	15,000,000	0	0
Capital Expenditures	7,000,000	5,500,000	8,519,000
<b>Total Non-Operating Expenses</b>	<b>44,040,000</b>	<b>14,873,000</b>	<b>17,901,000</b>
<b>NET NON-OPERATING ACTIVITY</b>	<b>(43,763,000)</b>	<b>(13,181,000)</b>	<b>(15,252,000)</b>
<b>TOTAL REVENUES</b>	<b>871,567,000</b>	<b>501,389,000</b>	<b>551,420,000</b>
<b>TOTAL EXPENSES</b>	<b>647,909,000</b>	<b>486,770,000</b>	<b>506,728,000</b>
<b>NET INCREASE(DECREASE) IN POSITION</b>	<b>223,658,000</b>	<b>14,619,000</b>	<b>44,692,000</b>
<b>RESERVE BALANCE</b>			
Beginning Reserve Balance	TBD	90,218,000	90,218,000
<b>Operating Target (50%)</b>	<b>323,955,000</b>	<b>243,385,000</b>	<b>253,364,000</b>

**Fiscal Impact**

This establishes the forecast of EBCE's fiscal position for the next 12 months with a positive net position.

**Attachments**

- A. Presentation of the Draft EBCE Budget FY 2022-2023

MAY 18, 2022

# Draft Budget Review for Fiscal Year 2022-2023

PRESENTED BY:

NICK CHASET, CEO



# Executive Summary

- In the face of rising energy costs, EBCE is able to continue to serve our local community and customers with cost competitive & cleaner energy while providing local jobs and equitable programs.
- Rates are up and PCIA is down, driven by a historic increase in market energy prices starting in 2021 and forecasted to persist in 2022-2023.
- With EBCE rates indexed to PG&E rates, we are forecasting significant headroom to operate and a strong financial surplus, helping to offset calendar 2021, which operated at a loss.
- Draft budget includes the following:
  - Significant contributions to working capital and reserves
  - Improvements to the Value Proposition (increased discount and bill credits)
  - Increased renewables procurement (short-term and new long-term investments)
  - Meaningful increase to local development budget and local public health grant
  - Expand on staff expertise, build more depth, and scale operations further
  - Investment in EBCE's new headquarters in a downtown Oakland DAC

# Summary Draft Budget for Fiscal Year 2021-2022

Notes:

YTD\* reflects actuals through March 31, 2022

Net Position through FY March 31, 2022: **(\$22.8MM)**

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
<b>OPERATING ACTIVITY</b>			
<b>REVENUE &amp; OTHER SOURCES</b>			
GASB 62 Unrecognized Revenue Balance	15,814,000	15,814,000	15,814,000
<b>Total Operating Revenue</b>	<b>871,290,000</b>	<b>499,697,000</b>	<b>548,771,000</b>
<b>EXPENSES &amp; OTHER USES</b>			
Total Energy Operating Expenses	576,937,000	454,577,000	474,731,000
Total Overhead Operating Expenses	26,932,000	17,320,000	14,096,000
<b>Total Operating Expenses</b>	<b>603,869,000</b>	<b>471,897,000</b>	<b>488,827,000</b>
<b>NET OPERATING POSITION</b>			
<b>NON-OPERATING ACTIVITY</b>			
Total Non-Operating Revenue	277,000	1,692,000	2,649,000
Total Non-Operating Expenses	44,040,000	14,873,000	17,901,000
<b>NET NON-OPERATING ACTIVITY</b>	<b>(43,763,000)</b>	<b>(13,181,000)</b>	<b>(15,252,000)</b>
<b>TOTAL REVENUES</b>	<b>871,567,000</b>	<b>501,389,000</b>	<b>551,420,000</b>
<b>TOTAL EXPENSES</b>	<b>647,909,000</b>	<b>486,770,000</b>	<b>506,728,000</b>
<b>NET INCREASE(DECREASE) IN POSITION</b>	<b>223,658,000</b>	<b>14,619,000</b>	<b>44,692,000</b>
<b>RESERVE BALANCE</b>			
Beginning Reserve Balance	TBD	90,218,000	90,218,000
<b>Operating Target (50%)</b>	<b>323,955,000</b>	<b>243,385,000</b>	<b>253,364,000</b>

# Draft Budget Base Case Assumptions

## Revenues

- Increase to customer value proposition by
  - Bright Choice from 1% to 3% discount to PG&E
  - R100 from \$0.01 to \$0.0075 above PG&E
  - Estimated revenue reduction of \$18.6MM
- \$50 bill credit applied to all CARE & FERA customers in Q1/Q2 of FY 22-23, totaling an estimated \$6.25MM in one time bill savings
- Assumes current rates and PCIA are unchanged through 2022
- Rates and PCIA for 2023 are non-stressed, or as forecasted, energy rates
- 2.0% uncollectable rate
- No recognition of GASB 62 revenue (\$15,814,000)
- Non-operating revenue assumes 0.25% interest earned on treasury backed cash balance accounts

## Energy Costs

- Costs are derived from a blend of contracted and open positions for all energy, attributes, and RA
  - Open prices are non-stressed, or as forecasted
- Renewable Energy has additional 5% above recent board approved calendar 2022 and 2023 Bright Choice targets.
  - 2022: Renewables 45% --> 50%; CF 63% --> 68%
  - 2023: Renewables 49% --> 54%; CF 66% --> 71%
  - Adds \$3.3MM to costs (Each 1% is ~\$667,000)

## Other Costs

- Additional staffing requirements of 19 FTE
- New building use date assumed in January 2023
  - \$7MM capital improvement costs
- Program funding increased by 143% to \$20.6MM
- \$15MM for UCSF Children's Hospital Grant

# Draft Budget Proposed Surplus Allocations

Net Position Estimated at \$223.7MM

Proposed Budget Surplus Waterfall Allocation:

- 1) Working Capital Needs: \$50MM\*
- 2) Reserve Account Funding: \$75MM\*
- 3) 50/50% split of any excess to:\*\*
  - Incremental Long-Term Renewable Energy/Clean Energy Storage Investments: ~\$50MM
  - One-time On-Bill Credits to Customers: ~\$50MM

*\*Allocations to be made after the end of the fiscal period ending June 30, 2023*

*\*\*Assuming a budget surplus that is materially consistent with this forecast, staff would plan for an even allocation. Formal action would be brought forth to the board in Q3 of the fiscal year (Jan-Mar 2023) to formally adopt in conjunction with a mid-year budget update. This timing would allow for staff to have good visibility into calendar 2023 rates and forecasted surplus.*



# Energy Price Risk Scenarios

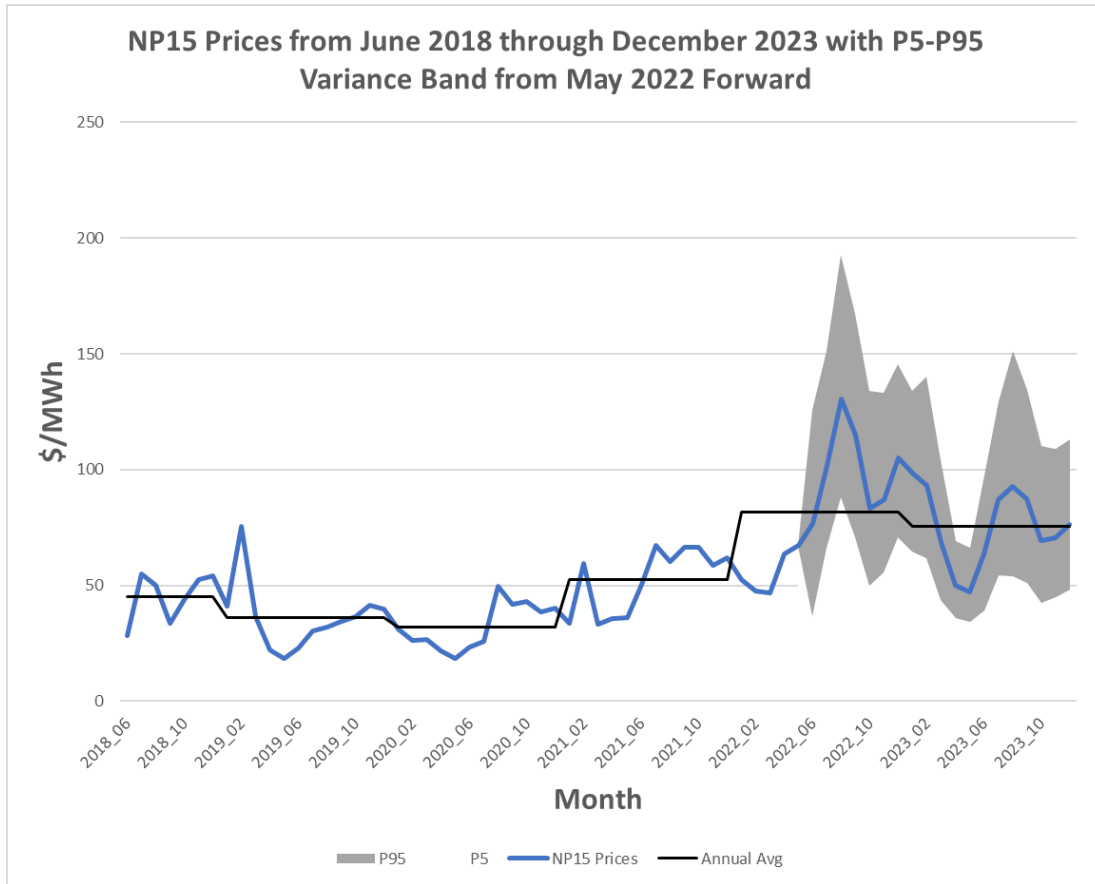
- In a rising energy cost environment, indexing to PG&E rates, creates more headroom for EBCE to operate. However, in addition to customer energy costs increasing, it increases EBCE energy costs, reserve requirements, and general operating risk
- In a low energy price environment, indexing to PG&E rates, reduces headroom for EBCE to operate. Customer energy costs are going down and EBCE faces considerable competitive rate pressure.
- From a budgeting perspective, a mismatch of forecast and actuals presents considerable risk:
- Scenario 1: Rate forecasts are low and actual energy prices are high
  - Hedges perform well but open position is costly
  - Rates/PCIA will adjust favorably next year but we have a very significant working capital drain bc rates may not be sufficient to cover energy costs, creating near-term liquidity risk.
- Scenario 2: Rate forecasts are high and actual energy prices go down
  - Hedges perform poorly but open position is at a low cost
  - Rates/PCIA will adjust unfavorably next year. Near term liquidity and net position are strong, but we have to reserve for future corrections due to overcollections.

# Draft Budget Energy/Rate/PCIA Scenarios

- While no forecast proves to be fully reliable, EBCE evaluates a number of short and long-term forward price curves through 3rd parties and further computationally simulates risk on multiple curves. The curves reflect a variety of renewable generation, storage adoption, climate, and policy scenarios.
- The current base case draft budget is based on forward energy costs over the fiscal period averaging at \$78.39
- If prices were to decrease approximately to simulated P5 levels, which average to \$55.52, the forecasted net position would reduce by about \$154.2MM
- If prices were to increase to simulated P95 levels, which average to \$126.40, the forecasted net position would increase by about \$63.1MM
- Under a highly stressed scenario, if rates and PCIA were set at the forecasted P5 scenario, but then actualize at P95 actuals, the estimated net position could go as low as much as negative \$135.2MM

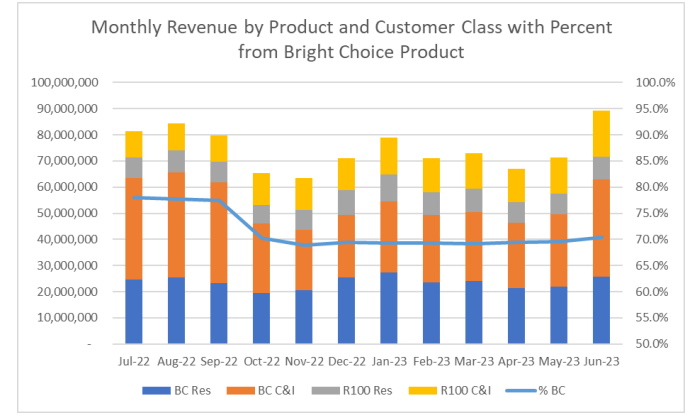
	Base	P5	P95	Stress
Net Revenues	871,290,000	614,622,000	1,036,589,000	614,622,000
Energy Costs	565,675,000	463,173,000	667,830,000	667,830,000
All Other Costs	81,957,000	81,957,000	81,957,000	81,957,000
Net Position	223,658,000	69,492,000	286,802,000	(135,165,000)

# Energy Prices and Risk Bands (P5-P95)



# Draft Budget Operating Revenues

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
<b>REVENUE &amp; OTHER SOURCES</b>			
<b>GASB 62 Unrecognized Revenue Balance</b>	15,814,000	15,814,000	15,814,000
<b>Operating Revenue</b>			
Electricity Sales	895,427,000	508,636,000	551,368,000
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Other Operations Revenue	(6,229,000)	0	7,448,000
<b>Total Operating Revenue</b>	<b>871,290,000</b>	<b>499,697,000</b>	<b>548,771,000</b>



- Increase to value proposition
  - Bright Choice from 1% to 3% discount to PG&E
  - Renewable 100 from \$0.01 to \$0.0075 above PG&E
  - \$50 bill credit to all CARE & FERA customers in July-Sept 2022, shown as Other Operations Revenue reduction
- Assumes current rates and PCIA are unchanged through 2022
- Rates and PCIA for 2023 are non-stressed, or as expected, energy rates
- 2.0% uncollectable rate
- No recognition of GASB 62 revenue (\$15,814,000)
- Current Year Other Operations Revenue is CAPP payments

# COMPARISON OF CCA RATES OVER TIME

**Base Product** comparison to IOU for prominent residential rate

CCA	2020	2021	2022	2022 w/new value proposition
EBCE	-1.00%	-1.00%	-1.00%	-3.00%
MCE Clean Energy	2.94%	18.30%	-12.69%	
CleanPowerSF	-1.00%	2.25%	0.00%	
San Jose Clean Energy	-1.00%	-0.25%	0.00%	
Clean Power Alliance	3.99%	18.41%	22.59%	

**100% Renewable Energy Product** comparison to IOU for prominent residential rate

CCA	2020	2021	2022	2022 w/new value proposition
EBCE	8.51%	9.13%	6.79%	4.85%
MCE Clean Energy	10.96%	27.06%	-5.90%	
CleanPowerSF	7.51%	11.38%	6.79%	
San Jose Clean Energy	7.51%	8.69%	8.00%	
Clean Power Alliance	23.98%	28.68%	22.52%	

# Value Proposition Changes

- The proposed changes to the value proposition are intended to:
  - Establish a discount rate that is sustainable through future market cycles, which is essential in establishing a clear and consistent value proposition to our customers
  - Prioritize CARE/FERA customer with pre-emptive bill credits (\$6.25MM immediate savings)
  - Cautious fiscal management by ensure a budget surplus before issuing a more expansive customer-wide bill credit

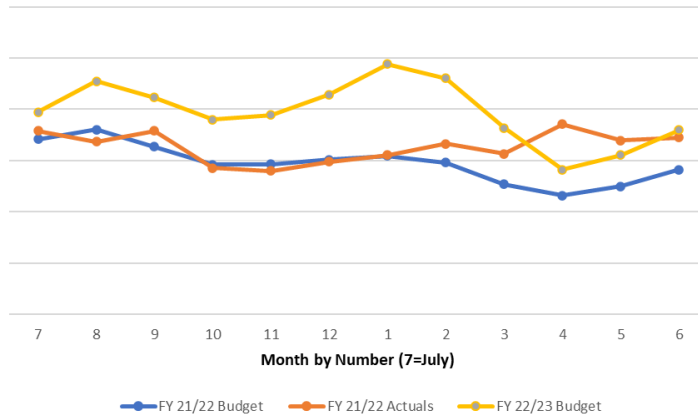
Change in Value Proposition Relative to PG&E					
Bright Choice Discount	Customer Savings (MM)	Renewable 100 Premium	Customer Savings (MM)	Total Savings (MM)	
1%	\$7.10	\$0.0075	\$4.40	<b>\$11.50</b>	
2%	\$14.20	\$0.0050	\$8.80	<b>\$23.00</b>	
3%	\$21.30	\$0.0025	\$13.20	<b>\$34.50</b>	
4%	\$28.40	\$0.0000	\$17.60	<b>\$46.00</b>	

# Draft Budget Energy Expenses

## Energy Operating Expenses

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
Cost of Energy	565,675,000	442,337,000	463,253,000
Data Management/Customer Service	7,847,000	8,645,000	8,002,000
PG&E Service Fees (Billing/Metering)	2,719,000	2,752,000	2,712,000
CAISO Scheduling Coordinator	696,000	843,000	764,000
Energy Operating Services	11,262,000	12,240,000	11,478,000
<b>Total Energy Operating Expenses</b>	<b>576,937,000</b>	<b>454,577,000</b>	<b>474,731,000</b>

Relative Monthly Average Energy Costs



## Energy Costs

- Costs are derived from a blend of contracted and open positions for all energy, attributes, and RA
  - Open prices are non-stressed, or as forecasted
  - FY 22/23 are 30% higher than FY 21/22 on average
- Renewable Energy has additional 5% above recent board approved calendar 2022 and 2023 Bright Choice targets.
  - 2022: Renewables 45% --> 50%; CF 63% --> 68%
  - 2023: Renewables 49% --> 54%; CF 66% --> 71%
  - Adds \$3.2MM to costs (Each 1% is ~\$620,000)
- Note: We are in a period of historically high energy pricing and significant uncertainty/volatility
  - Forecasted market energy costs in 2022 and 2023 are approximately double the historical 12-year average

# Draft Budget Overhead Expenses

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
<b>Overhead Operating Expenses</b>			
Personnel	15,712,000	10,171,000	8,204,000
Marketing & Communications	2,876,000	1,686,000	1,294,000
Legal, Policy, & Regulatory Affairs	1,988,000	1,592,000	1,173,000
Other Professional Services	2,292,000	850,000	901,000
General & Administrative	3,884,000	2,961,000	2,465,000
Depreciation	180,000	60,000	59,000
<b>Total Overhead Operating Expenses</b>	<b>26,932,000</b>	<b>17,320,000</b>	<b>14,096,000</b>

- Personnel costs will be discussed more in-depth on the next slide
- Increase in Marketing costs is Local Development marketing activity needs
- Increase in Legal, Policy , & Regulatory affairs is due to a couple of factors
  - Possible membership expansion (Stockton)
  - Additional volume of consulting/vendor agreements and power contracts
- Larger staffing demand, from Personnel costs, increases in Professional Services with HR/recruiting and additional project support
- Increase to G&A is primarily driven by expected increase operating expenses related to the new building
- Depreciation increases due to new building use expected in January, 2023



# Draft Budget Overhead Expenses—Personnel

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
Salaries & Wages	11,598,000	7,058,000	6,468,000
Retirement	1,544,000	993,000	879,000
Health Care/Benefits	2,292,000	1,196,000	614,000
Payroll Expenses	277,000	174,000	131,000
Total	15,711,000	9,421,000	8,092,000

- **FY 2020-21 Budget** was established at 37 FTE
  - No COLA was allocated that fiscal year
  - Personnel transitions left vacancies
- **FY 2021-22 Budget** was initially approved at 43 FTE and expanded mid-year to 49
  - 2.5% COLA and up to 5% merit-based/promotional compensation allotted
  - Currently at 45 FTE and interviewing for an additional 4 roles
- **FY 2022-23 Budget** seeks to increase to 68 FTE to accommodate additional work requirements in all areas. Additional headcount will expand on internal expertise/skills, build more depth, and scale operations:
  - 3.5% COLA and up to 10% merit-based/promotional compensation pool
  - 5 Marketing, 4 Local Programs, 3 Operations, 3 Technology, 2 Power Resources, 2 Legal

# Draft Budget Overhead Expenses—Marketing & Account Services

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
Data Manager	100,000	185,000	65,000
Required Mailings	520,000	395,000	515,000
Advertising	986,000	569,000	497,000
Promotional Items	25,000	10,000	23,000
Communications	1,233,000	455,000	386,000
<b>Total</b>	<b>2,864,000</b>	<b>1,614,000</b>	<b>1,486,000</b>

- **Data Manager:** Change orders to data management system, reduced through contract negotiations this year
- **Required Mailings:** Joint Rate Mailer w/ PG&E, Power Content Label, New Account Noticing
- **Advertising:** Active community presence activities, sponsorships, local events
- **Promotional Items:** Give away items
- **Communications:** Public relations, media, newsletters, consultants, minor software needs (like for website maintenance and updates)
- \$1.4MM of the \$2.9MM is Local Development Marketing needs and is distributed across the categories

# Draft Budget Overhead Expenses—Legal, Policy, & Regulatory Affairs

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
Legal Consultants	1,635,000	1,315,000	1,315,000
Legislative Consultants	132,000	132,000	132,000
Other Consultants	144,000	120,000	105,000
Sponsorships & Memberships	75,000	25,000	25,000
<b>Total</b>	<b>1,986,000</b>	<b>1,592,000</b>	<b>1,577,000</b>

- **Legal Consultants:** Outside general counsel for procurement, analysis, and general operations
- **Legislative Consultants:** Retainer for Weideman Group legislative advocacy
- **Other Consultants:** Economic analysis in regulatory and legislative cases and communications consultant
- **Sponsorships & Memberships:** Occasional sponsorships for policy related events and Bar dues

# Draft Budget Overhead Expenses—Other Professional Services

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
Accounting	265,000	250,000	258,000
Human Resources Consulting	1,000,000	100,000	33,000
IT Consulting	75,000	40,000	68,000
Consultants	953,000	460,000	444,000
Total	2,293,000	850,000	803,000

- **Accounting:** Accounting and auditing for financial compliance
- **Human Resources Consulting:** Support for additional HR demand for increased staffing recruitment, professional development, and training
- **IT Consulting:** Technical network assistance
- **Other Consultants:** Technical consulting for Power Resources and Technology & Analytics; as well as operational compliance support and other various tasks

# Draft Budget Overhead Expenses—General & Administrative

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
Operational Expenses	1,048,000	877,000	818,000
Software, Subscriptions, SaaS	2,099,000	1,406,000	1,297,000
Small Equipment	210,000	107,000	56,000
Rent & Utilities	330,000	471,000	521,000
Conferences & Prof. Development	130,000	40,000	29,000
Board & Director Fees	65,000	60,000	40,000
<b>Total</b>	<b>3,882,000</b>	<b>2,961,000</b>	<b>2,761,000</b>

- **Operational Expenses:** Service fees, supplies, membership dues, operational services, and other relevant G&A
- **New Building Expenses:** Expected costs to operating within the new building, such as general maintenance, insurance requirements, and additional stocking materials
- **Software, Subscriptions, SaaS:** Increase covers additional software needs for Power Resource and Technology operations, as well as essential subscriptions for ongoing operations
- **Rent & Utilities:** Decrease because paying rent for only part of year, but expect some increase in utilities with new building space
- **Conferences & Professional Development:** Trainings, conferences, and related expenses
- **Board & Director Fees:** Monthly stipends for board members

# Draft Budget Non-Operating Activity

	FY 2022-23 DRAFT BUDGET	FY 2021-22 BUDGET	FY 2021-22 YTD* + EST
<b>NON-OPERATING REVENUE</b>			
Interest Income	262,000	798,000	150,000
Grants	0	894,000	2,173,000
Other Non-Operating Revenue	15,000	0	326,000
<b>Total Non-Operating Revenue</b>	<b>277,000</b>	<b>1,692,000</b>	<b>2,649,000</b>
<b>NON-OPERATING EXPENSES</b>			
Borrowing Interest	1,440,000	898,000	907,000
Local Development Funding	20,600,000	8,475,000	8,475,000
Grant	15,000,000	0	0
Capital Expenditures	7,000,000	5,500,000	8,519,000
<b>Total Non-Operating Expenses</b>	<b>44,040,000</b>	<b>14,873,000</b>	<b>17,901,000</b>
<b>NET NON-OPERATING ACTIVITY</b>	<b>(43,763,000)</b>	<b>(13,181,000)</b>	<b>(15,252,000)</b>

- **Non-Operational Revenue:** Interest earned on Treasury backed cash account balances (estimated at 0.25%) and BlocPower loan (5.5% on \$1.0MM)
- **Other Non-Operational Revenue:** SaaS services provided to SVCE
- **Borrowing Interest Expenses:** Expected costs associated with expanded credit facility
- **Local Development Funding:** Capital transfer to Local Development Fund
- **Grant:** Proposed grant to UCSF Benioff Oakland Children’s Hospital for EBCE Pediatric Asthma partnership
- **Capital Expenditures:** New building improvement costs to allow for use

# Grant to Establish a World Class Pediatric Asthma Program to Serve the East Bay

**The Problem:** Across the communities EBCE serves, a staggering 18% of children suffer from asthma - 33% above the statewide average. The highest rates (up to 21% in Ashland and Cherryland) are concentrated along the 880 and 580 corridors. In West Oakland, 1 in 2 new cases of pediatric asthma is attributable to high levels of air pollution from fossil fuel combustion in cars and trucks.

**Why EBCE:** Since our founding, addressing the legacy of fossil fuel pollution has been one of our foundational goals. EBCE has invested tens of millions into new, local clean energy projects - from wind turbines to rooftop solar + storage to electric vehicle to mitigate pollution. And now is the right time to consider other opportunities to systematically address the effects of air pollution on our most vulnerable neighbors.

**The Opportunity:** Partner with UCSF Benioff Children's Hospital Oakland (BCH Oakland) - the East Bay's only Children's Hospital - to invest \$15M to fund the development of a world class pediatric asthma program focused on serving children across the East Bay (and beyond)



# Grant to Establish a World Class Pediatric Asthma Program to Serve the East Bay

Through the creation of the **East Bay Community Energy Asthma Program**, UCSF Benioff Children's Hospital Oakland will secure the staff, equipment and spaces needed to reach deep into our community and provide underserved families with world-class asthma care and education.

More specifically, the program will:

- More powerfully connect BCH Oakland's existing asthma care delivery channels - including the Pulmonology Clinic, primary care, inpatient care, emergency department and new allergy services - into a well-coordinated and easily accessible program that connects families with more preventative and timely treatment services.
- Provide patients with access to the social workers, mental health care providers and patient navigators they need to effectively manage their condition.
- Expand education and community outreach, including through local schools and local primary care providers, to connect patients to better care and additional management resources.
- Prioritize prevention through BCH Oakland's multi-disciplinary team, by pre-empting common triggers such as allergies and mental health challenges.



# Grant to Establish a World Class Pediatric Asthma Program to Serve the East Bay

This investment will also endow the **East Bay Community Energy Distinguished Professorship in Asthma**. This endowed professorship would allow UCSF Benioff Children's Hospitals to appoint a nationally recognized physician scientist to play a leadership role in the East Bay Community Energy Asthma Program.

Specifically, the Distinguished Professor will:

- Collaborate with leading experts from across UCSF's pulmonology, allergy and immunology divisions to conduct research focused on improving outcomes for children with asthma across the East Bay.
- Conduct research in underexplored priority areas. The exact focus will depend on the physician scientist appointed/recruited. Possible areas of investigation may include the association and interaction of asthma and sickle cell disease; and how environment, stress and genetics contribute to the higher rates and worse outcomes of Black children affected by asthma.

**Next Steps:** If the East Bay Community Energy Board of Directors approves the allocation of funding towards this new initiative, EBCE staff will engage with UCSF Children's Hospital Oakland to develop a detailed proposal and associated grant agreement that will be brought back to the Board for review and approval at some point in 2022 (or 2023 at the latest).



# Draft Budget: Local Development Fund

- 2022-2023 Local Development budget set at **\$20.6M**
- Allocating budget for capital intensive infrastructure development projects
- Allocating EBCE capital to reduce cost of ownership for building and vehicle electrification
- Initiating programs to accelerate heavy and light duty vehicle adoption as well as eMobility
- Increased funding for Community Grants
- \$1.4M in Program marketing in the MAS budget
- Unspent Local Development budget carries forward year to year

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>	<u>FY 2019-2020</u>
<b>BEGINNING BALANCE</b>	13,470,962	10,067,572	4,870,737	0
<b>REVENUE &amp; OTHER SOURCES</b>				
Transfer from Operating Fund	20,600,000	8,475,000	6,340,000	6,275,000
Grants/Credits	-	-	395,000	-
<b>Total Revenues &amp; Other Sources</b>	<b>20,600,000</b>	<b>8,475,000</b>	<b>6,735,000</b>	<b>6,275,000</b>
<b>EXPENSES &amp; OTHER USES</b>				
Actual Program Expenses	-	1,571,610	1,538,165	1,404,263
Expected Remaining Expenses	34,070,962	3,500,000	-	-
<b>Total Expenses &amp; Other Uses</b>	<b>34,070,962</b>	<b>5,071,610</b>	<b>1,538,165</b>	<b>1,404,263</b>
<b>ENDING BALANCE</b>	-	13,470,962	10,067,572	4,870,737

Local Development Areas of Emphasis Budget Allocation	
Transportation Electrification	\$12.75M
Building Electrification	\$4.7M
Energy Efficiency	No Direct EBCE Cost
Community Resilience/Local RE	\$660k
Community Grants	\$2.25M (granted over 3 years)
Sponsorships/Memberships	\$250k

# Transportation Electrification

- Transportation is the largest source of emissions of GHG and particulate matter from Light, Medium and Heavy-duty vehicles
- EBCE is developing publicly available charging infrastructure tailored to renters and low-income communities to ensure these residents can transition to EVs (currently developing the first 3 charging hubs)
- Goods movement is particularly important with Port impacts to communities and access through the territory and into the Central Valley
- EBCE will continue assisting Cities to electrify fleets; providing fleet electrification technical assistance and offering to develop and operate charging infrastructure for Cities with "Charging as a Service" product
- With more vehicle models becoming available EBCE will develop programs to facilitate the buying process and make EVs accessible across all customer income levels
- Partner with local agencies and local business to increase access to eMobility solutions
- Provide capital to reduce cost of ownership through credit enhancements across multiple vehicle classes

# Charging Infrastructure Deployment

## Development Capital for Charging Infrastructure

- **Equitable Public Fast Charging Hubs(\$3M)**
  - Funds to support EBCEs efforts to build a network of public fast chargers across the communities we serve with an emphasis on siting these chargers close to high densities of multi-family housing where home charging is often not accessible
- **Medium/Heavy Duty Charging Station pilot (\$1M)**
  - Funds to support investments in fast chargers infrastructure to support goods movement electrification with an emphasis supporting electrification of trucking and drayage
- **Municipal Fleet Charging as a Service Projects (\$2M)**
  - Funds to support municipal fleet electrification through provision of Charging as a Service

## Fleet Technical Assistance

- Municipal Fleet TA (\$250k)
- M/H Duty Fleet TA (\$500k)

# Electric Vehicle and eMobility Innovation Fund

## Invest in vehicle adoption and eMobility

- Lower costs and improve experience to accelerate EV adoption with emphasis on access for low and moderate income consumers (\$2M)
  - Funds to support one or more projects to drive consumer adoption of EVs. Ex: supporting electrification of rideshare services to direct consumer leasing/purchase of EVs
- Heavy duty loan loss reserve / credit enhancement to reduce barriers to electric Drayage ownership (\$2M)
  - Funds to support one or more projects to directly support conversion of older diesel drayage to all electric
- Partner with local transit agencies and local businesses to increase access to microMobility and eMobility solutions (\$2M)
  - Funds to support one or more projects to increase access to electric microMobility/eMobility

The specific details of each of these initiatives are under development and will be brought to the Board as they are ready to implement

# Community Resilience

Continue to deploy Energy Resilient Public Facilities across EBCE communities

- Independent Engineer for Phase 2 Municipal Critical Facility Projects (\$500k)
- EBCE PPA development and negotiation for Phase 1 Procurement (\$100k)
- Salesforce PPA billing capability (\$60k)

Phase 1 Update: EBCE is finalizing the Phase 1 portfolio of projects and will be issuing RFO for Resilience projects in June. Initiating Phase 2 enrollment with other Cities to build on Phase 1 success and deliver more resilience across the community.

# Energy Efficiency

## Launch and run CPUC Funded Energy Efficiency Program

- Launch Commercial pay for Performance Program Pending approval of EBCE AL
- 3-year Program budget of \$13.5M (\$4.5M/year)
- Expected CPUC Approval July/August
- Planned program launch within 6 months of CPUC approval
- Incentives paid on measured, cost-effective savings
- Higher payments during peak periods
- Program will target combined demand response and energy efficiency installations

Commercial P4P Pilot learnings: Pilot program over-subscribed, incentives to be paid 12 months after project completion. Implementors awaiting additional EE funds.

# Building Electrification

Electrifying buildings is key to meeting climate action plans and improving indoor air quality.

## LMI Electrification

- Year 2 of BlocPower funding commitment (\$650k)
- Scaling BlocPower program upon phase 1 success (\$500k)

## Clean Cooking with Induction

- Induction lending Program - (\$200k)
- EBCE HQ Clean Cooking Demonstration Center - (\$500k)
- Local point of sale partnership for residential adoption (\$200k)
- Commercial electrification Technical Assistance (\$150k)

## Accelerating Building Electrification

- Municipal Electrification TA (\$250k)
- Building Electrification Credit enhancement (\$2M)
- BE Workforce Development (\$250k)



# Community Grants

EBCE will continue working with community-based organizations and local businesses to deliver benefits across the EBCE service area

- Community Grants (\$2.25M over 3 years)

- Staff will work with BOD and CAC to determine funding priorities and manage grants

Funding Category	Transportation Electrification	Building Electrification	Community Resilience	Energy Efficiency
Program Enrollment				
Workforce Development				
Education / Awareness				

# Thank You!



Questions? Give us a call:  
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