



CAC Item C3

Staff Report Item 18

TO: East Bay Community Energy Board of Directors

FROM: JP Ross, Vice President Local Development, Electrification and Innovation

SUBJECT: Local Programs Update

DATE: November 16, 2022

Recommendation

Accept the informational update on Local Programs

Background:

EBCE has been active in developing and implementing programs approved in the '22-'23 Local Programs budget. Several of these programs have recently been initiated through public solicitations, including:

- Energy Efficiency and Grid Services Request for Proposals
- EBCE Ride Electric E-Bike Program Request for Proposals
- Zero Emissions Medium and Heavy Duty Goods Movement Electrification Loan
- Municipal Electrification Loans (to be developed)

Staff will be evaluating proposals and program design for the programs listed above. Final program details and contracts will be brought back to the Board of Directors for approval in the coming months.

Program Details:

Energy Efficiency and Grid Services Programs

EBCE has “elected” to administer energy efficiency programs on behalf of EBCE customers. EBCE’s Energy Efficiency Program Plan and Advice Letter were certified by the CPUC in Resolution E-5215 in September 2022. The Resolution allocates a budget

of \$13,463,049 in funding collected from EBCE's customers for EBCE to administer a commercial energy efficiency program.

This program will leverage emerging pay-for-performance (P4P) program approaches to offer cost-effective projects for large, non-residential, customer accounts. Projects will focus on high-potential opportunities for peak load management and building electrification. The primary objectives of this program are to: 1) Deliver cost-effective energy savings to commercial customers, 2) Cross-promote demand response to maximize peak load reductions for energy efficiency projects, and 3) Encourage electrification of existing natural gas end uses to achieve GHG reductions.

EBCE is targeting commercial customers for this program given they consume 58% of the entire load and make up 6% of all accounts. Commercial customers are responsible for a significant amount of EBCE's total electric load, and the time of day that customers use this energy contributes to the price they pay, the burden on the grid, and the associated GHG emissions. Within this segment, EBCE will target customers with high peak usage due to the cost-effective nature of use reduction and price signals from time-of-use (TOU) rates. Total savings from the Energy Efficiency program is estimated to be 30GWh.

EBCE is also requesting proposals for grid services to reduce demand during morning and evening peak hours. Building flexible load management capabilities requires planning and clear pricing signals to customers and the market. EBCE grid services program establishes a clear pricing signal over 5 years for measurable peak load reductions.

Planned Next Steps:

December '22: Proposals submitted

January '23: Shortlist and interview vendors, negotiate Services Agreement

February '23: Request BOD approval of Vendor agreement(s)

March '23: Launch Program

Ride Electric e-Bike Program

EBCE is seeking to provide a comprehensive e-Bike Program to increase adoption of zero-emission micromobility options that are safe, affordable and reduce motor vehicle trips across our service area. The EBCE Ride Electric e-Bike Program will provide EBCE's customers with the opportunity to get hands-on experience using e-Bikes and reduce the cost of ownership.

EBCE allocated \$2 million dollars for micromobility in the FY'23 budget and is planning to allocate an additional \$2 million dollars in both the FY'24 and FY'25 budgets for a total of \$6 million over 3 years. The e-Bike Program will have **two components, including:**

1. **e-Bike Incentive Program:** EBCE plans to allocate \$4M over three years to an e-Bike incentive that is intended to increase adoption and ownership of electric bikes in EBCE's service territory. Incentives will be available to all customers, with 40% of incentives dedicated to low income customers on EBCE's CARE electricity rate.
2. **e-Bike Lending Program:** EBCE plans to allocate \$2M over three years to stimulate e-Bike ownership beyond the financial limits of EBCEs ability to provide incentives. EBCE is soliciting proposals for an e-Bike Lending Program that will allow residents to check out e-Bikes for a to-be-determined period of time. Borrowing an e-Bike will enable EBCE's customers to gain hands-on experience to determine if an e-Bike could meet the needs of their daily activities. The intent of the e-Bike Lending Program will be to increase awareness and enthusiasm for e-Bikes, resulting in residents eventually purchasing e-Bikes. The Lending Program will be coordinated with the Incentive Program as long as incentive funds last.

EBCE is aware there may be other local, regional, state and federal funding available for e-Bikes in 2023. Proposals that leverage these external funding sources are encouraged and will be evaluated according to how they increase e-Bike Program availability, participation, and community benefit.

Next Steps

January '23: Deadline for proposals, Shortlist vendors, negotiate Services Agreement

February '23: Request BOD approval of Vendor agreement(s)

July '23: Launch EBCE Ride Electric Program

Zero-emission Medium And Heavy-duty Goods Movement Project Loans

EBCE is seeking to stimulate development of medium and heavy duty vehicle electrification projects in our Service Territory. Diesel particulate emissions from medium and heavy duty vehicles have a disproportionate effect on low income and disadvantaged communities. Electrification of these vehicles can reduce environmental burdens on our most impacted residents.

Electrification of goods movement is still in the early stages and capital can be challenging to raise for these types of projects. EBCE believes that the provision of lower cost capital for deploying electrification projects can stimulate investment in this sector.

EBCE is offering up to \$3M in loans at 5% interest for up to ten years to support zero-emission goods movement vehicle procurement and associated charging infrastructure. For this RFO, zero-emission vehicle technologies are defined as class 3-8 vehicles that generate zero tailpipe emissions. Eligible projects shall be powered by EBCE RE100 and must be registered, domiciled and operate on routes within EBCE's service territory and come online by July 2024. EBCE loans must be leveraged by a minimum of 3:1 with additional external investment capital.

Loans in standalone zero-emission MD/HD goods movement vehicle electrification or supporting charging infrastructure projects will be considered, but EBCE prefers projects that integrate both vehicle deployments and associated charging together. EBCE is prioritizing projects that reduce diesel fuel combustion in low income and disadvantaged communities and/or are within 2 miles of major highways as well as projects that support operators of small fleets (<10 vehicles).

Next Steps

November '22: Diligence on shortlisted projects

December '22: Negotiate loan agreement

January '23: Request BOD approval of loan agreement

Municipal Electrification Loan Program

Electrification of buildings is necessary to meet our climate neutrality targets. EBCE has been providing technical assistance to our Cities through our Municipal Electrification Assistance program and is interested in continuing support for electrification projects.

EBCE is aware that member agencies are planning to electrify municipal buildings in pursuit of climate action priorities. Electrification projects can be capital intensive and though municipalities can raise low cost debt, the process can be cumbersome and may restrict electrification projects. Therefore, EBCE is planning to make \$2M in no/low cost project capital available to member agencies to facilitate deployment of electrification projects.

EBCE is aware that cities may be constrained on taking on debt for these types of projects. EBCE will engage with member agency staff to determine the best way to

make the capital easily accessible to member agencies. Once the terms of the program have been defined EBCE will issue a call for projects to allow Cities, or the County, to submit funding requests for electrification projects.

The City of Piedmont is interested in utilizing EBCE funding to support a ~\$500k electrification project. Staff plans to work with Piedmont to determine how EBCE can support the project with the proposed EBCE loan fund. EBCE has allocated \$2M in the FY '23 budget to support municipal electrification loans. If member agencies have project capital requests that exceed the \$2M allocated, EBCE will return to the Board to request an increase in funds up to \$6M.

Q4 '22: Develop loan product with City feedback

December '22: seek BOD approval for Piedmont electrification loan

2023: Issue call for electrification projects

Fiscal Impact

Energy Efficiency and Grid Services

EBCE will receive \$13.5M in funding from the CPUC to implement the Energy Efficiency program. Revenue losses from the reduction in energy sales will be offset by the savings associated with lower energy procurement required during peak hours. The grid services program will be cost neutral.

Ride Electric e-Bike Program

EBCE allocated \$2M for micromobility in the FY'23 budget which will support the first year of the ride electric program. EBCE will request additional funds in FY'24 and FY'25 annual budgeting process to support the three year Ride Electric program.

Zero Emission Goods Movement Loans

EBCE budgeted \$2M to support medium and heavy duty goods movement projects in FY'23 and has an additional \$1M from previous budget to allocate to this program. EBCE anticipates earning \$900,000 in interest payments on this investment over the 10 year period. EBCE anticipates additional revenue associated with the medium/heavy duty vehicle charging.

Municipal Electrification Loans

EBCE allocated \$2M in the FY'23 budget for municipal electrification loans. If member agencies request more funding for loans EBCE will return to the Board of Directors to request an additional appropriation of funds to support this program.

Attachments

1. PowerPoint presentation

NOVEMBER 16, 2022

EBCE Local Development Update

PRESENTED BY:

JP ROSS

VP LOCAL DEVELOPMENT, ELECTRIFICATION AND INNOVATION



Background

EBCE Board approved \$22.5M local programs budget for FY'23. The following update describes some recent and upcoming solicitations to deliver benefits to EBCE customers. Staff will return to the Board to request approval of contracts resulting from these solicitations.

Programs Summary

- Energy Efficiency and Grid Services
- EBCE Ride Electric e-Bike Program
- Zero Emissions Goods Movement Electrification Loan
- Municipal Loan Program

Goal: CPUC funded program to deliver cost-effective energy savings to commercial customers, Encourage electrification of existing natural gas end uses. Deploy EBCE funded demand management program to obtain additional peak reductions

Commercial P4P EE Program

- CPUC ratepayer funded; \$13M
- Target large, non-res high-usage projects
- Incentives based on meter impacts for one year; kicker incentives between 4-9pm
- 4-year contract (including M&V)
- Implementer budget: \$11M

Additional Grid Services Program

- EBCE funded; tied to additional procurement value
- Incentives based on meter impacts and paid over 5 years @ \$95 - \$115/MWh during morning and afternoon peak periods
- Incentives may stack with other residential and non-residential projects within service territory

EBCE Ride Electric E-Bike Program

Goal: Allocate the \$2M budgeted to provide a comprehensive e-Bike Program to increase adoption of zero-emission micromobility options that are safe, affordable and reduce motor vehicle trips across our service area. Propose to allocate \$2M/yr from Local Development budget in FY'24 & FY'25 for a 3 year, \$6M program. EBCE will look to leverage other possible funding sources.

Summary:

- **e-Bike Incentive Program:** \$4M to increase adoption and ownership of electric bikes. 40% of incentives will be dedicated to low-income customers on CARE.
- **e-Bike Lending Program:** \$2M to stimulate e-Bike ownership beyond the financial limits of EBCEs ability to provide incentives. Residents will be able to check out e-Bikes, enabling resident to gain hands-on experience to determine if an e-Bike could meet the needs of their daily activities and ultimately purchase e-Bikes. The lending and incentive programs will be coordinated to maximize impact.

Zero Emission Medium & Heavy Duty Project Loan

Goal: Accelerate deployment of local medium/heavy duty vehicle electrification projects in EBCE territory.

Summary

- Offer low-cost capital to support projects that can deliver zero emission goods movement in EBCE service territory while accelerating and scaling business models to electrify transportation
- EBCE is offering \$3M @5% in loans for zero-emission Medium and Heavy Duty goods movement projects EBCE territory that can deliver 3:1 investment ratio
- Installation work is required to be prevailing wage
- Projects need to be in service by July 2024

Municipal Electrification Financing Program

Attachment Staff Report Item 18A

Goal: Assist Cities in electrifying municipal building by creating an easily accessible loan fund for electrification projects.

Summary

- Utilize the \$2M in the FY'23 Budget to fund Municipal Electrification projects
- Provide funds through no/low interest financing to municipalities to pursue electrification projects with cities able to submit project proposals to EBCE for projects that commence construction within next 12 months
- City of Piedmont has near term opportunity to leverage \$500k of these funds to support electrification of municipal pool and is seeking EBCE commitment of funds before end of 2022
- Staff proposes to begin working with Piedmont to structure \$500k of financing while in parallel launching 'call for projects' that is open to all EBCE member cities. If EBCE receives more than \$1.5m in project additional project financing proposals, staff recommends increasing the budget for this program - up to an NTE of \$6m

Programs Timeline

Program	October	November	December	January	February	March	Program Launch
EE/Grid Services Program	Issue RFP			Shortlist / Negotiate	Request BOD Approval	Program Launch	
E-Bike Program	Issue RFP			Shortlist / Negotiate	Request BOD Approval		July '23 Program Launch
ZE – M/H Duty Loans	Issue RFP	Shortlist	Negotiate	Request BOD Approval			July '24 Project COD
Muni Electrification Loans		Develop Offer			Open Call for Projects		
			Piedmont Pool BOD Approval				