



Staff Report Item 9

TO: East Bay Community Energy Board of Directors

FROM: JP Ross

SUBJECT: Approve Fourth Amendment with Frontier Energy to Update Scope, Add to Budget for Support with Energy Efficiency Program Implementation and Additional Regulatory Guidance, and Fleet Electrification Advisory Services, and Extend the CSA term.

DATE: February 15, 2023

Recommendation

Approve a Resolution Authorizing the CEO to execute a Fourth Amendment with Frontier Energy to (1) add additional services to the scope of work for regulatory guidance and program implementation support for the commercial energy efficiency program; (2) add services to the scope necessary to assist with completion of fleet electrification assessments and deployment plans in the medium- and heavy-duty sector including for EBCE's municipal fleets, (3) extend contract through November 2024, and (4) add \$928,301 in compensation (\$178,301 energy efficiency; \$750,000 fleet electrification) for a total amount not to exceed 1,738,249.00.

Background and Discussion

Energy Efficiency: EBCE's 2018 Local Development Business Plan (LDBP) outlines a series of recommendations to advance local investments, including a strategy to develop energy efficiency programs. EBCE's Energy Efficiency ("EE") portfolio is designed to align with the CPUC's EE portfolio rules, while leveraging customer data to ensure targeted and effective marketing and tracking of program impacts. EBCE is committed to EE as an organizational priority, targeting and reducing EBCE's most expensive loads to deliver enhanced customer experiences while maintaining low and stable rates.

In September 2022, the CPUC approved EBCE's AL-28-E-A in Resolution E-5215 to administer a ratepayer funded Commercial Pay-for-Performance Energy Efficiency Program. The program will target EBCE's high usage commercial customers. Commercial customers make up ~10% of all accounts, but account for nearly 50% of the entire load.

Frontier Energy played a significant role in supporting EBCE to secure EE funding for this program. Frontier assisted EBCE in the development of a Tier 3 Advice Letter, which is the official mechanism to request funding under the "elect to administer" approach. Frontier also brought on a subcontractor, kW Engineering, with ample experience in meter-based energy efficiency program approaches and running cost-effectiveness tests required by the CPUC. kW Engineering successfully advised EBCE on energy efficiency measures to provide cost-effective calculations and estimated savings impacts in line with CPUC requirements.

Transportation Electrification: EBCE's 2018 LDBP also prioritized several transportation electrification initiatives throughout the service territory including making investments that enabled the transition to on-road zero-emission medium-and heavy-duty ("MD/HD") vehicles. However, until recently on-road zero-emission MD/HD vehicles and the financial incentives necessary reduce the cost of these vehicles for EBCE's commercial, industrial, and public-sector customers have not been widely available in the market. In turn, EBCE has focused its efforts on the deployment of charging infrastructure to meet the needs of light-duty passenger electric vehicles. This includes, but is not limited to, providing fleet electrification technical assistance to EBCE's JPA members which has resulted in the completion of municipal fleet electrification assessments for nearly all EBCE's local government partners.

Since 2020, Frontier Energy has played a critical role in providing cities and the county with the information needed to begin planning and budgeting for the transition of their light-duty fleet portfolios to EVs. During this timeframe, the California Air Resources Board's ("CARB") has developed a broad strategy to deploy zero-emission MD/HD vehicles everywhere feasible, and original equipment manufacturers (automobile makers) have committed to delivering model options for vehicle use cases that have not previously been market ready.

As part of CARB's overall approach to accelerate a large-scale transition to zero-emission MD/HD vehicles the Advanced Clean Trucks ("ACT") regulation was approved March 2021 to help ensure that zero-emission Class 3-8 vehicles are brought to market. Building off the ACT, and in response to meeting the goals of the [Governor's Executive Order N-79-20](#), in 2022 CARB proposed the [Advanced Clean Fleets](#) ("ACF") regulation. The primary goal of the ACF regulation is to accelerate the market for

zero-emission MD/HD trucks, vans, and buses by requiring fleets that are well suited for electrification, transition to zero-emission vehicles where feasible. This includes ensuring that fleets, businesses, and public entities that own or direct the operation of MD/HD vehicles in California purchase and operate zero-emission vehicles to achieve a smooth transition by 2045 everywhere feasible, specifically to reach:

- 100 percent zero-emission drayage trucks, last mile delivery, and government fleets by 2035
- 100 percent zero-emission refuse trucks and local buses by 2040
- 100 percent zero-emission capable utility fleets by 2040

Under the proposed ACF regulation, local government fleets, including some of EBCE's JPA members, will be required to ensure 50 percent of MD/HD vehicle purchases are zero-emission beginning in 2024 and 100 percent of vehicle purchases are zero-emission by 2027. Some private sector fleets, especially those engaged in the movement of consumer goods, will also need to begin transitioning their trucks and vans to zero-emission MD/HD vehicles in the next 2-3 years.

Today there are ~150 zero-emission MD/HD vehicle models available for order or pre-order by commercial, industrial, and public sector fleets. Many of these are likely capable of meeting the daily needs of most vocational uses. However, there are going to be scenarios where a zero-emission MD/HD vehicle will not meet a fleet's needs and is not available for purchase. In these cases, the proposed ACF regulation includes an exemption.

The biggest existing gap among EBCE's customers is a need for expert technical assistance to plan for meeting current and pending regulatory requirements. Unlike most large fleet operators who already have internal resources for planning, including large transit authorities, EBCE's municipal partners, and small and medium sized commercial business customers operating MD/HD fleets do not have the expertise, staff, or bandwidth to understand:

- Which market ready zero-emission vehicles are able to meet their daily operational needs
- How to finance vehicles and when based on current procurement schedules, and
- What the total cost of ownership will be including maintenance, insurance, taxes, and charging infrastructure.

Completion of fleet electrification assessments will enable this critical planning to begin today and EBCE is well suited to provide this expanded support to its customers operating MD/HD vehicles through the Frontier Energy CSA.

Proposed Amendment with Frontier Energy

Energy Efficiency: To support the launch of the Commercial Energy Efficiency Program, EBCE seeks to amend its existing agreement with Frontier Energy to add additional services to the scope and additional compensation to the budget for energy efficiency related program support services. Frontier will assist EBCE with two main areas: regulatory tracking and reporting and regulatory guidance;

- **Regulatory tracking and reporting:** As an elect-to-administer CCA, EBCE is subject to CPUC reporting requirements, including monthly program costs reports, quarterly savings claims reports, and annual reports. The CPUC uses CEDARS (<https://cedars.sound-data.com/>) as the official data and reporting system for EE program funds. Frontier Energy will support EBCE in ensuring that all necessary program data is documented, reviewed, and uploaded in the correct format to comply with CPUC requirements. Frontier Energy will also provide feedback on EBCE's program implementation manual and maintain a progress tracking system to ensure the program is on track to hitting its goals.
- **Regulatory guidance:** The Commercial P4P EE Program is EBCE's first EE program administered under the auspices of the CPUC. Because of this, it is important that EBCE stay abreast of regulatory changes that may impact program administration. Frontier Energy attend CPUC reporting meetings on behalf of EBCE and will share with any changes in CPUC reporting protocols that may affect the program or flag new funding opportunities that may benefit the program.

Frontier Energy currently provides similar services to MCE, Lancaster Choice Energy, Clean Power SF, and San Jose Clean Energy. As a trusted partner, with over 30 years of experience working on energy efficiency programs, EBCE hopes to leverage their expertise to ensure the Commercial P4P EE program is compliant and achieves cost-effective savings for customers.

Transportation Electrification: To support the completion of MD/HD fleet electrification assessments, EBCE seeks to amend its existing agreement with Frontier Energy to add additional services to the scope and additional compensation to the budget, which was approved by the Board in 2022, for expanded fleet electrification assessments in the MD/HD sector. Frontier will assist EBCE with the following:

- **Fleet Advisory Services:** Each fleet will participate in a vehicle inventory and facility assessment to inform a fleet electrification analysis and transition plan. This includes a total cost of ownership analysis and technical support in applying for funding and/or rebate programs.

- ***Outreach and Engagement:*** Frontier will work with EBCE to conduct outreach to target fleets and host webinars aimed at directing customers to EBCE's fleet advisory services.

Fiscal Impact

This fourth amendment shall increase the contract amount by \$928,301, for a total NTE of \$1,738,249.00.

Attachment

- A. Resolution Authorizing CEO to Execute Third Amendment with Frontier Energy

RESOLUTION NO. R-2023-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO EXECUTE A FOURTH AMENDMENT TO THE CONSULTING SERVICES AGREEMENT WITH FRONTIER ENERGY, INC.

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 July 18, 2018, the Board approved the Local Development Business Plan (“LDBP”) and budget. The LDBP identifies a series of local development early actions, outlines a series of policy principles, and defines a set of metrics to measure the impact on EBCE’s service area;

WHEREAS, in 2019, EBCE entered into a Consulting Services Agreement with Frontier Energy to provide municipal fleet electrification advisory services for light-duty vehicle portfolios;

WHEREAS, in 2020 and 2021 the Board approved Second and Third Amendments to the Consulting Services Agreement with Frontier to 1) accommodate expanded scope of services that enabled additional fleet electrification assessments to be completed on behalf of EBCE’s local government partners, 2) provide energy efficiency professional services, 3) extend the termination date, and 4) update the schedule;

WHEREAS, through these amendments EBCE was able to provide fleet electrification advisory services to all 15 of its local government partners;

WHEREAS, in 2022 the California Air Resources Board proposed the [Advanced Clean Fleets](#) (“ACF”) regulation with the goal accelerating the market for zero-emission medium and heavy-duty (“MD/HD”)trucks, vans, and buses by requiring fleets that are well suited for electrification, transition to zero-emission vehicles where feasible;

WHEREAS, under the proposed ACF regulation, local government fleets, including some of EBCE’s local government partners, will be required to ensure 50 percent of MD/HD vehicle purchases are zero-emission beginning in 2024 and 100 percent of vehicle purchases are zero-emission by 2027, while some of EBCE’s commercial and industrial customers that operate fleets will also need to begin

transitioning their trucks and vans to zero-emission MD/HD vehicles in the next 2-3 years;

WHEREAS, in 2022 EBCE was approved for a \$13 million ratepayer funded commercial energy efficiency program administered under the auspices of the CPUC and subject to CPUC compliance requirements;

WHEREAS, Frontier Energy is qualified to offer regulatory guidance and implementation services for energy efficiency program administration and provides similar services to other CCAs across California;

WHEREAS, EBCE seeks to amend the Agreement with Frontier Energy to add additional services to the scope and to add additional compensation for 1) their energy efficiency program implementation and regulatory expertise services and 2) expansion of their fleet electrification advisory services to meet the needs of targeted customers with MD/HD vehicles.

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

Section 1.

Approve a Resolution Authorizing CEO to execute a Fourth Amendment with Frontier Energy to (1) add additional services to the scope for regulatory guidance and program implementation support for the commercial energy efficiency program; (2) add services to the scope necessary to assist with completion of fleet electrification assessments and deployment plans in the medium- and heavy-duty sector including for EBCE's municipal fleets, (3) extend contract through November 2024, and (4) add \$928,301 in compensation (\$178,301 energy efficiency; \$750,000 fleet electrification) for a total amount not to exceed 1,738,249.00.

ADOPTED AND APPROVED this 15th day of February, 2023.

Jen Cavanaugh, Acting Chair

ATTEST:

Adrian Bankhead, Clerk of the Board