



Staff Report Item 6

TO: Ava Community Energy Authority Executive Committee

FROM: Alex DiGiorgio, Sr. Manager, Public Engagement

SUBJECT: **Proposed Amendments to Policy on Member Requests to Change the Default Rate Product for Certain Customers**

DATE: March 6, 2024

Recommendation

Review and provide feedback on proposed amendments to Ava’s Default Rate Product Change Policy regarding Joint Powers Authority (JPA) member requests to change the default rate product for certain customers within their jurisdiction.

The proposed amendments include 1) adjusting the timeline for Board approval and agency implementation of JPA member requests within this Policy; and 2) administrative updates reflecting the Ava brand/agency name change.

Background and Discussion

On March 17, 2021, Ava’s Board of Directors approved the agency’s Policy on Member Requests to Change the Default Rate Product for Certain Customers (“Policy” - attached). This action came in response to the City of Dublin’s request (expressed via City Council Resolution) to have Ava’s Renewable 100 become the new default electric service for all residential accounts within the City’s jurisdiction (aside from those on discount programs, such as CARE/FERA and/or Medical Baseline). Previously, Ava’s Bright Choice option had been Dublin’s default electric service for all customer accounts since the City’s initial enrollment—as was the case for the vast majority of Ava’s JPA member-jurisdictions.

Since the Policy’s passage, seven (7) of Ava’s JPA member-jurisdictions have implemented it to have Renewable 100 become the default service option for both residential and commercial customers.¹ These jurisdictions include the cities of Albany, Berkeley, Dublin², Emeryville, Hayward, Pleasanton, and San Leandro.

Additional jurisdictions are currently exploring if/when to implement the policy (to make Renewable 100 the default service for some or all customer account types). The table below summarizes the default service option by customer account type (i.e., Residential, Commercial/Industrial, and Municipal accounts) for JPA member-jurisdictions currently served by Ava.³ The highlighted rows indicate jurisdictions that have implemented the Policy.

Table 1: Default Ava Service Option by JPA Member & Customer Type

Jurisdiction	Residential	Commercial	Municipal	CARE/FERA & Med Baseline
Albany	R100	R100	R100	Bright Choice
Berkeley	R100	R100	R100	Bright Choice
Dublin	R100	R100	R100	Bright Choice
Emeryville	R100	R100	R100	Bright Choice
Fremont	Bright Choice	Bright Choice	R100	Bright Choice

¹ The City of Piedmont chose to have Renewable 100 become the default service option for Residential accounts (excluding those on CARE/FERA and Medical Baseline) during its initial enrollment in 2018 and before the current policy had been established. Similarly, the cities of Albany, Hayward, and Pleasanton all chose to have Ava’s Brilliant 100 service (which was closed and no longer available to customers) as the default service during their initial enrollments.

² The City of Dublin implemented the policy on two separate occasions: first to make Renewable 100 the default service for all Residential accounts (apart from CARE/FERA and Medical Baselin), and then to make it the default service for all Non-Residential accounts (i.e., Commercial, Industrial and Muniiciipal accounts).

³ The cities of Stockton and Lathrop are scheduled to begin Ava service in January of 2025. Staff currently anticipates Bright Choice to be the initial default service option for all customer types within both cities.

Hayward	R100	R100	R100	Bright Choice
Livermore	Bright Choice	Bright Choice	R100	Bright Choice
Newark	Bright Choice	Bright Choice	Bright Choice	Bright Choice
Oakland	Bright Choice	Bright Choice	Bright Choice	Bright Choice
Piedmont	R100	Bright Choice	R100	Bright Choice
Pleasanton	R100	R100	R100	Bright Choice
San Leandro	R100	R100	R100	Bright Choice
Tracy	Bright Choice	Bright Choice	Bright Choice	Bright Choice
Union City	Bright Choice	Bright Choice	Bright Choice	Bright Choice

Policy Implementation

To implement the Policy, a city or county’s elected leadership (i.e., the City Council or County Board of Supervisors) must communicate its desire to do so by official action, typically by passing a Resolution to this effect. Thereafter, Ava’s Board of Directors must approve the jurisdiction’s request before staff may implement it.

To help ensure 1) a smooth transition for customers; and 2) adequate time for Ava to procure sufficient volumes of wholesale power resources, the Policy provides a six-month implementation “runway” from the time of Board approval to the subsequent enrollment/transition of customer accounts. As originally drafted, the Policy provided *two* timelines by which member-jurisdictions could seek Ava Board approval and implementation for default service transitions. These are summarized in the Policy via the table below:

Table 2: Current Ava Policy for Citywide Service Plan Transitions

Ava Board Approval By	Implementation By
April 30 of Year A	October 31 of Year A
September 30 of Year A	March 31 of Year A+1

To help further streamline the implementation process—and facilitate strategic, cost-effective, long and short-term power procurement—staff is proposing to amend the Policy to have one timeline by which member-jurisdictions may change their default service option(s). This proposed, single timeline would require **Ava Board approval by May 31 of a given year, with implementation to occur by either January 30 or March 31 of the following year**. As such, the Policy’s table above would be adjusted as follows:

Table 3: Proposed Ava Policy Options for Citywide Service Plan Transitions

Ava Board Approval By	Implementation By
April 30 May 31 of Year A	October 31 January 30 <u>or</u> March 31 of Year A + 1
September 30 of Year A	March 31 of Year A+1

Committee feedback requested: Implementation of new default enrollments/service transitions in January or March?

By limiting the Policy to a single, annual Board approval deadline of May 31, Ava’s staff will continue to have adequate “runway” to plan and procure for approved JPA member requests to transition to new citywide/countywide default service options. An outstanding question—and one which would benefit from Board/Committee feedback—is which month of the following year (i.e., January or March) would be preferable for enrolling customers in their new service option.

The table below provides a summary of certain considerations associated with enrolling customers in January vs. March of the following year:

Table 4: Considerations of a January vs. March Default Service Plan Transition

Consideration	January	March
Ease of outreach/communication	Customer notifications sent during Q4/holiday season	Customer notifications sent during Q1

Customer bill impacts	Winter bills tend to be high, may also be aligned with a PG&E rate change	Seasonal rates are lower, as is typical customer usage. However, summer bills are higher in inland communities.
Accounting/Power Procurement	<p>Straightforward 12 months for Renewable Energy Credits (RECs) and Carbon Free (CF) portfolio planning/purchasing</p> <p>Temperature/climate tends to be universally lower/less variable during January. This typically makes 24-hour energy scheduling easier to plan</p>	<p>Cost risks may increase with shorter timeframe for REC and CF procurement</p> <p>Jurisdictions w/higher temperatures/less moderate weather (e.g. San Joaquin County jurisdictions) may have greater impact on Ava's overall energy profile. Thus, 24-hour energy scheduling implications may be harder to anticipate if they begin later in the year.</p>
City/County Climate Action Plan Commitments	Annual accounting may be simplified	Climate action planning may be somewhat more difficult/less straightforward

Fiscal Impact

There is no cost to amending the Policy on Member Requests to Change the Default Rate Product for Certain Customers.

Limiting the Policy to a single/annual implementation timeline may help streamline internal processes that result in operational efficiencies.

Committee Recommendation

No prior Committee recommendations

Attachments

- A. Clean version of Policy on Member Requests to Change the Default Rate Product for Certain Customers
- B. Redlined version of Policy on Member Requests to Change the Default Rate Product for Certain Customers

EAST BAY COMMUNITY ENERGY
DEFAULT RATE PRODUCT CHANGE POLICY

The purpose of this Default Rate Product Change Policy is to specify a process for a Joint Powers Authority (JPA) member agency (“Member”) to change its Default Rate Product¹ and to ensure that East Bay Community Energy (EBCE) is provided with sufficient notice and time to prepare for the change.

When approving a request from a Member to change the Default Rate Product (“Default Rate Product Change”) after the Member’s initial service enrollment, the EBCE Board (“Board”) and Member shall adhere to this Policy, which requires specific cooperation from the Member. This Policy shall not apply to a change in the Default Rate Product which is the result of a rate product closure.

Under this Policy, the Default Rate Product Change request from a Member and subsequent implementation must comply with the following requirements:

1. **Timeline for Board Approval and Implementation:** Any request for a Default Rate Product Change must be approved by the Board. The Board will consider Members’ requests for Default Rate Product changes in the spring and the fall, based on the following schedule:
 - a. If the Board approves a Member’s request for a Default Rate Product Change by April 30 the Default Rate Change will be implemented in October of the same year.
 - b. If the Board approves a Member’s request for a Default Rate Change by September 30, the Default Rate Change will be implemented in March of the following year.
 - c. Notwithstanding the foregoing, the EBCE Chief Executive Officer (“CEO”) and the Member may mutually agree upon a different implementation schedule, provided that the CEO provides the Board with notification of the agreed-upon schedule.

Board Approval By	Implementation By
April 30 of Year A	October 31 of Year A
September 30 of Year A	March 31 of Year A+1

2. **Exceptions to Implementation of Default Rate Product Change:** Notwithstanding anything contained in this Policy, in no event shall a Member’s Board-approved Default Rate Product Change affect the following:

¹ For purposes of this Policy, the “Default Rate Product” is the EBCE rate product option that each Member selected as the default for EBCE customers within the Member’s jurisdiction.

- a. Prior customer enrollment actions. Any customer account that has affirmatively taken action to change its rate product will remain on the selected product.
 - b. Prior customer opt-out actions. Any customer account that has affirmatively taken action to opt out of EBCE service will remain opted out.
3. **Frequency of Default Rate Product Change by a Member:** A Member may not change its Default Rate Product more than one (1) time every two (2) years.
4. **EBCE Agency Requirements:** Upon the Board's approval of a Member's request for a Default Rate Product Change, EBCE staff may engage in any of the following activities:
 - a. Purchase or prepare to purchase the appropriate amount of resources to meet the expected change in demand associated with the Default Rate Product Change;
 - b. Complete or prepare to complete additional regulatory compliance and reporting requirements, if any;
 - c. Coordinate with EBCE's data and call center services manager to make necessary operational adjustments;
 - d. Evaluate fiscal impacts of the Default Rate Product Change;
 - e. Examine EBCE rates and any rate impacts;
 - f. Coordinate and work with PG&E on billing considerations, if any;
 - g. Prepare for and deploy customer communication efforts;
 - h. Identify and address any other operational impacts or issues and take steps to mitigate those impacts/issues; or,
 - i. Take any other action necessary to effectuate the Member's approved Default Rate Product Change.
5. **Member Requirements:** The Member requesting a Default Rate Product Change must commit to the following conditions for the change to be implemented:
 - a. Collaboration. The Member shall work with EBCE staff to develop and implement a customer communication plan;
 - b. Co-Branding. The Member must agree to co-brand customer notifications with the Member's seal; and,
 - c. Cost Coverage. EBCE will cover the cost of any operational adjustments and the required customer notices, as detailed in Section 6.a, for the Member's first approved Default Rate Product Change. Costs associated with any subsequent Default Rate Product Changes will be charged to the Member.
6. **Customer Communication:** EBCE will notify customers subject to a Member's approved Default Rate Product Change. EBCE will lead, with support from the Member, the development and dissemination of customer notices.
 - a. Required Notifications. Any customer accounts subject to a Member's approved Default Rate Product Change shall be sent a minimum of two

(2) notifications. A minimum of one (1) notice shall be sent prior to the change going into effect.

- b. Optional Additional Notifications. In addition to the two (2) required notices referenced in Section 6.a., above, EBCE staff will coordinate with a Member who wishes to develop and distribute additional customer notices and/or conduct additional communications such as social media campaigns, jurisdictional newsletters, Member press release, etc. The Member shall be responsible for the costs of such additional communications.
7. A customer may take an enrollment action to change their EBCE rate product, to opt in to EBCE service, or to opt out of EBCE service at any time by notifying EBCE through the standard channels of phone, interactive voice recording, or online form.

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EAST BAYAva COMMUNITY ENERGY
DEFAULT RATE PRODUCT CHANGE POLICY

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The purpose of this Default Rate Product Change Policy is to specify a process for a Joint Powers Authority (JPA) member agency (“Member”) to change its Default Rate Product¹ and to ensure that East BayAva Community Energy (EBCEAva) is provided with sufficient notice and time to prepare for the change.

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When approving a request from a Member to change the Default Rate Product (“Default Rate Product Change”) after the Member’s initial service enrollment, the EBCEAva Board (“Board”) and Member shall adhere to this Policy, which requires specific cooperation from the Member. This Policy shall not apply to a change in the Default Rate Product which is the result of a rate product closure.

Commented [AD1]: Staff is seeking Executive Committee/Board guidance on which of these two implementation deadlines to adopt. There are pros and cons to each.

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Under this Policy, the Default Rate Product Change request from a Member and subsequent implementation must comply with the following requirements:

Commented [AD2]: Based on my conversations with Annie, it sounds like Nick would like to have these decisions made and implemented on an annual basis (i.e., within the same calendar year). So the simplest approach would be to limit the consideration of default rate requests to the April/Oct schedule (and no longer offer the Sept/March schedule).

1. **Timeline for Board Approval and Implementation:** Any request for a Default Rate Product Change must be approved by the Board. The Board will consider Members’ requests for Default Rate Product changes in the spring and the fall, based on the following schedule:
 - a. If the Board approves a Member’s request for a Default Rate Product Change by ~~April 30~~ May 31 the Default Rate Change will be implemented ~~in October of the same~~ by [January 31 OR March 31] of the following year.
 - b. ~~If the Board approves a Member’s request for a Default Rate Change by September 30, the Default Rate Change will be implemented in March of the following year.~~
 - c. Notwithstanding the foregoing, the EBCEAva Chief Executive Officer (“CEO”) and the Member may mutually agree upon a different implementation schedule, provided that the CEO provides the Board with notification of the agreed-upon schedule.

Commented [KB3R2]: I interpreted annual basis as a January start - so we’d need to know about the change by June for a January start? @Annie Henderson ?

Commented [AD4]: Based on feedback from the 2/7 Monthly MAS meeting, staff is proposing to recommend Board approval by the May Board meeting; and leave it to the Board to decide whether implementation/R100 default enrollments should occur in January vs March of the following year. January makes better financial sense (and is intuitive bc on calendar year), while March likely makes for a better customer experience (e.g., seasonally lower bills, avoids mailers during Nov elections, etc.)

Board Approval By	Implementation By
April 30 <u>May 31</u> of Year A	October 31 <u>January 31 or March 31</u> of Year A+1
September 30 of Year A	March 31 of Year A+1

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Commented [AD5]: Based on conversations with members of the PR team (Izzy & Scott, primarily), it sounds like the six month runway (i.e., the timeframe from when the Board approves a citywide default rate change and when it is implemented/customers are enrolled) is sufficient. The more pressing issue they’ve expressed is how this may correspond to large C&I customers requesting to opt up late in the calendar year. This latter concern could be addressed in a separate Board policy, or integrated into this one if it is repurposed to apply to R100 enrollments specifically

2. **Exceptions to Implementation of Default Rate Product Change:** Notwithstanding anything contained in this Policy, in no event shall a Member’s Board-approved Default Rate Product Change affect the following:

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¹ For purposes of this Policy, the “Default Rate Product” is the EBCEAva rate product option that each Member selected as the default for EBCEAva customers within the Member’s jurisdiction.

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a. Prior customer enrollment actions. Any customer account that has affirmatively taken action to change its rate product will remain on the selected product.

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b. Prior customer opt-out actions. Any customer account that has affirmatively taken action to opt out of EBCEAva service will remain opted out.

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3. **Frequency of Default Rate Product Change by a Member:** A Member may not change its Default Rate Product more than one (1) time every two (2) years.

Commented [AD6]: Confirm w/PR team/Nick to keep this as is

4. **EBCEAva Agency Requirements:** Upon the Board's approval of a Member's request for a Default Rate Product Change, EBCEAva staff may engage in any of the following activities:

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a. Purchase or prepare to purchase the appropriate amount of resources to meet the expected change in demand associated with the Default Rate Product Change;

b. Complete or prepare to complete additional regulatory compliance and reporting requirements, if any;

c. Coordinate with EBCEAva's data and call center services manager to make necessary operational adjustments;

d. Evaluate fiscal impacts of the Default Rate Product Change;

e. Examine EBCEAva rates and any rate impacts;

f. Coordinate and work with PG&E on billing considerations, if any;

g. Prepare for and deploy customer communication efforts;

h. Identify and address any other operational impacts or issues and take steps to mitigate those impacts/issues; or,

i. Take any other action necessary to effectuate the Member's approved Default Rate Product Change.

5. **Member Requirements:** The Member requesting a Default Rate Product Change must commit to the following conditions for the change to be implemented:

a. Collaboration. The Member shall work with EBCEAva staff to develop and implement a customer communication plan;

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b. Co-Branding. The Member must agree to co-brand customer notifications with the Member's seal; and,

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c. Cost Coverage. EBCEAva will cover the cost of any operational adjustments and the required customer notices, as detailed in Section 6.a, for the Member's first approved Default Rate Product Change. Costs associated with any subsequent Default Rate Product Changes will be charged to the Member.

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6. **Customer Communication:** EBCEAva will notify customers subject to a Member's approved Default Rate Product Change. EBCEAva will lead, with support from the Member, the development and dissemination of customer notices.

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- a. Required Notifications. Any customer accounts subject to a Member's approved Default Rate Product Change shall be sent a minimum of two (2) notifications. A minimum of one (1) notice shall be sent prior to the change going into effect.
 - b. Optional Additional Notifications. In addition to the two (2) required notices referenced in Section 6.a., above, EBCEAva staff will coordinate with a Member who wishes to develop and distribute additional customer notices and/or conduct additional communications such as social media campaigns, jurisdictional newsletters, Member press release, etc. The Member shall be responsible for the costs of such additional communications.
7. A customer may take an enrollment action to change their EBCEAva rate product, to opt in to EBCEAva service, or to opt out of EBCEAva service at any time by notifying EBCEAva through the standard channels of phone, interactive voice recording, or online form.

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