



# CITY OF HAYWARD

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## Cover Memo

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**DATE:** March 14, 2016

**TO:** Council Sustainability Committee

**FROM:** Director of Utilities and Environmental Services

**SUBJECT**

Update on East Bay Community Energy

**RECOMMENDATION**

That the Committee reviews and comments on this report.

**BACKGROUND**

In June 2014, the Alameda County Board of Supervisors, allocated \$1.3 million to explore the possibility of establishing a community choice aggregation (CCA) program, which is being called East Bay Community Energy (EBCE). If established, EBCE would be a joint powers authority that aggregates electricity demand within participating Alameda County jurisdictions in order to procure more sustainable electricity for its customers. Pacific Gas & Electric Company would continue to provide customer billing, transmission, and distribution services.

On December 8, 2015, the Board of Supervisors authorized a contract with a consultant team led by MRW and Associates for preparation of the technical study, which will include analysis of possible energy portfolio scenarios, related greenhouse gas emissions and projected rates. Staff provided its most recent update to the Committee on December 10, 2015. The Alameda County CCA Steering Committee has thirty-nine members. It is comprised of elected officials, six staff members from Alameda County jurisdictions, several residents, and representatives from organized labor, environmental groups, and community groups.

**DISCUSSION**

Since December, the Steering Committee has met on January 6, February 3, and March 10, 2016.

January 6, 2016 - At the January meeting, it was announced that MRW had started to analyze load data and Mark Fulmer of MRW presented an overview of their coming work. A new, more aggressive timeline was presented (see Attachment I), which noted a new goal of launching EBCE in the spring of 2017 and the following points:

- Because of the aggressive timeline, the formation of the Joint Powers Authority (JPA) needs to start before the technical study is completed and before a decision can be made whether or not to

actually launch the program.

- County staff will draft the JPA agreement and an ordinance in the first quarter of 2016.
- Public outreach and education would begin in the spring of 2016.
- The Alameda County Board of Supervisors hopes to adopt the JPA and ordinance in June 2016.
- A tentative deadline of September 1 for cities to join the JPA was set.
- The first JPA Board meeting would be in October.

Some meeting attendees expressed serious concern that there will not be a plan in place when the County is trying to get public buy-in for EBCE. One Steering Committee member noted that the timeline is not realistic because there will need to be significant education and discussion before city councils are asked to vote to join the program.

*February 3, 2016* - At the February meeting, the Steering Committee received a presentation about the formation of the JPA (see Attachment II). Slides five through eight of the presentation include recommendations regarding the structure, powers and expectations for the JPA. The recommendations include:

- The Board would be served by one member and one alternate from each member agency. The primary Board member would be an elected official.
- Voting would be by simple majority for most votes, except that members may call for weighted voting based on a city's population.
- The JPA would have the power to contract, employ, incur debt, and issue bonds.
- Member agencies would not be expected to contribute to start-up costs.
- Member agencies would not be liable for agency debt unless otherwise specified in writing.

Our Steering Committee Member noted that he supported all the recommendations in the presentation. Another member asked if cities can join the JPA and then, before the program becomes operational, choose to opt out. The County indicated that, given that there will be some time between adoption of the JPA and the finalizing of program details, cities will have the chance to opt out before the program launches.

County staff presented a revised set of program goals and priorities (see Attachment III), which included revisions based on responses to a survey that Steering Committee members responded to in October/November 2015. According to the survey results, Committee members ranked the following policy issues as the most important: "East Bay Community Energy should offer..."

- An electric supply portfolio with a lower greenhouse gas (GHG) intensity than PG&E.
- An electric supply portfolio that has a higher renewable energy content than is offered by PG&E and also meets or exceeds the State's renewable portfolio standard.
- An electric supply portfolio and CCE program offerings that support the achievement of city and county Climate Action Plan goals.

The following two issues roughly tied for fourth:

- Overall rates and customer bills that are lower than or competitive with those offered by PG&E.
- An administering Agency that is financially sustainable, responsive to County and regional priorities, and well managed.

A communications and outreach plan (see Attachment IV) was presented. The first phase will focus on presentations to local governments and key stakeholder organizations, work on branding, and development of a website. A consultant will be retained for phases two and three, which will include tabling at events, community meetings, direct mail, radio and print advertising, and customer notices.

March 2, 2016 - At the March meeting, the County's consultant, MRW & Associates, provided an update on progress of the technical study and included information about the State's Renewable Portfolio Standard and other policy mandates that influence energy supply decisions. MRW is currently forecasting PG&E rates and is researching the energy prices that EBCE would likely need to pay. Preliminary findings of the technical study will be presented at the April Steering Committee meeting.

There are many communities in California working on and in various stages of establishing CCAs. They include:

- Humboldt County (Redwood Coast Energy Authority)
- City of San Jose. Decided on March 1 to issue a RFP for a technical study.
- Silicon Valley Clean Energy. First JPA Board meeting is scheduled for April.
- Peninsula Clean Energy. Launching in October with 50% renewable default product and some cities using a 100% renewable default product.
- Lake County. Issued an RFP in February.
- City of Davis and unincorporated Yolo County are currently exploring.
- Santa Barbara County is leading a tri-county JPA with Ventura and San Luis Obispo Counties.
- Contra Costa County is looking into joining Marin Clean Energy, forming its own CCA, or maybe joining EBCE. Board of Supervisors will consider options on March 15.
- Monterey Bay (includes Monterey, Santa Cruz, and San Benito Counties). Expecting technical study in mid-March. Hoping to launch in summer 2017.
- Los Angeles County. Technical study is complete. Sixty-two of eighty cities are participating.
- San Bernadino & Riverside Counties. The Western Riverside Council of Governments recently issued an RFP for a study.
- San Diego is currently exploring the idea of establishing a CCA.

Default Option for Renewables - Finally, the cities of Berkeley and Albany have asked the County to study the possibility of having their customers join EBCE with 100% renewable energy as the default option. Customers would have the option of opting down to a less green, but more cost-competitive option

(maybe 50% renewable) or they could opt out of the program completely. Staff would like the Committee's thoughts on this idea and what Hayward's position should be.

*PG&E's Solar Choice Program* - In February, 2016, PG&E began offering Solar Choice, which may be seen as a competitor to a community choice energy program. PG&E was required to establish this program per Senate Bill 43, which established the Green Tariff Shared Renewables Program in 2013. Solar Choice allows customers to choose electricity that is either 50% or 100% from solar sources to choose either "PG&E's Solar Choice" (electricity from a pool of solar projects in Northern and Central California) or "Regional Choice" (where customers can choose from a specific project within PG&E's service territory). The rate premium will range from \$0.0358 per kWh for residential customers to \$0.028 per kWh for small commercial customers.

### **NEXT STEPS**

The County expects to send the draft JPA agreement to cities in March. County staff and consultants will make a presentation to Council during a work session on April 5, 2016. Staff may bring the draft JPA agreement and ordinance to Council for adoption in July or September. Staff will continue to provide regular updates to the Committee including a review of the draft JPA agreement at the May meeting.

*Prepared by:* Erik Pearson, Environmental Services Manager

*Recommended by:* Alex Ameri, Director of Utilities and Environmental Services

Approved by:



Fran David, City Manager

Attachments:

Attachment I	2016-2017 Timeline
Attachment II	JPA Overview & Recommendations
Attachment III	EBCE Priorities
Attachment IV	Communications and Outreach Plan