

**CITY COUNCIL MEETING
THURSDAY, OCTOBER 13, 2016**

PRESENTATION

**WS #16-061
EAST BAY COMMUNITY ENERGY UPDATE**



Community Choice Energy for Alameda County

City of Hayward
October 13, 2016



Topics to be Covered Today



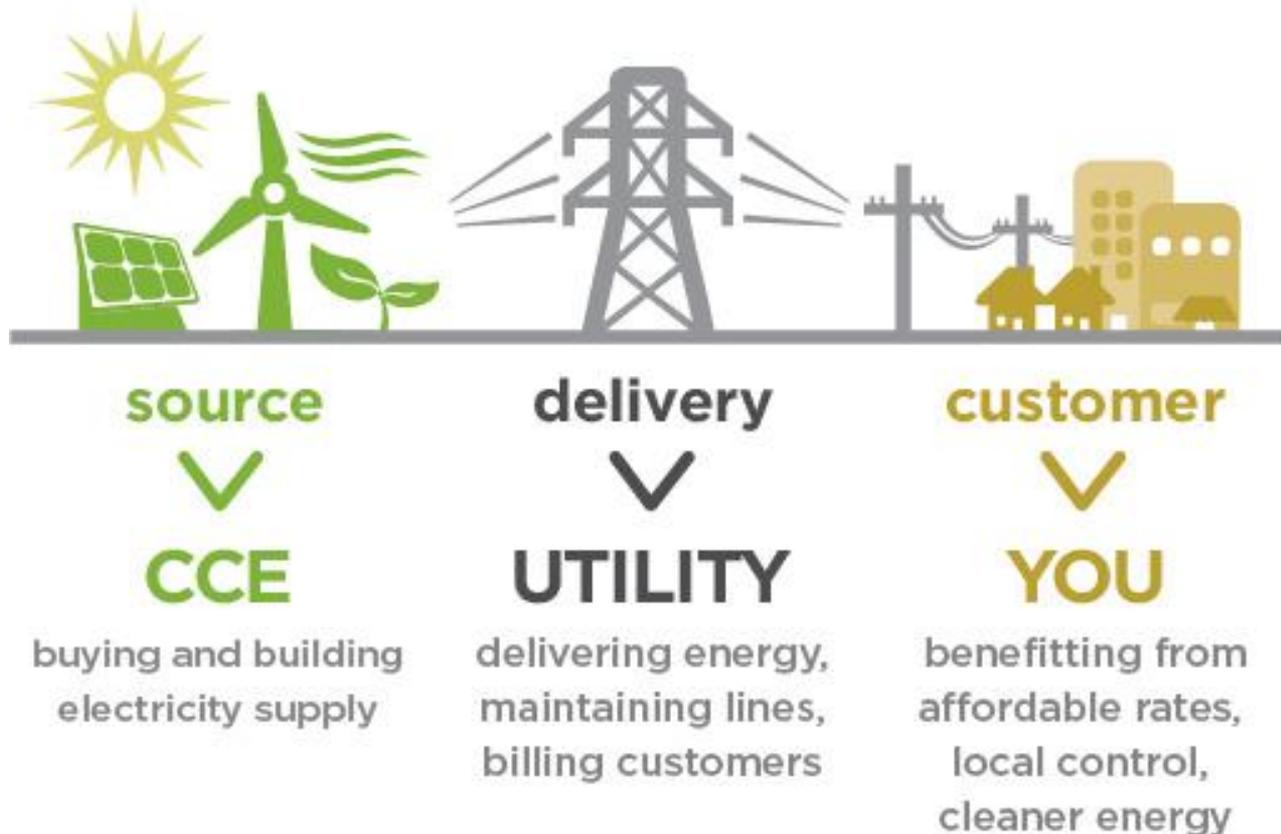
- Background & Review of Technical Study Results
- Status of other Bay Area CCAs
- JPA Agreement Status
- Questions and Concerns
- October 4 Board of Supervisors Meeting

Community Choice Energy Refresher



CCE enables local governments to procure and/or develop power on behalf of their public facilities, residents and businesses. It has proven to increase renewable energy and lower greenhouse gases while providing competitive electricity rates.

How Community Choice Energy Works



Recent Board of Supervisors Action



- On October 4, County Board of Supervisors:
 - Received CCE Technical Study
 - Approved Resolution for JPA Agreement
 - Conducted First Reading of CCE Ordinance
 - Approved Funding for Phases 2 and 3 – Program Implementation
- Additional \$2,410,000 allocated to launch the program
- Asking interested cities to join the JPA and pass CCE ordinances by December 2016.
- Targeting program launch and Phase 1 customer enrollment in late Fall 2017

Overview of Tech Study Results



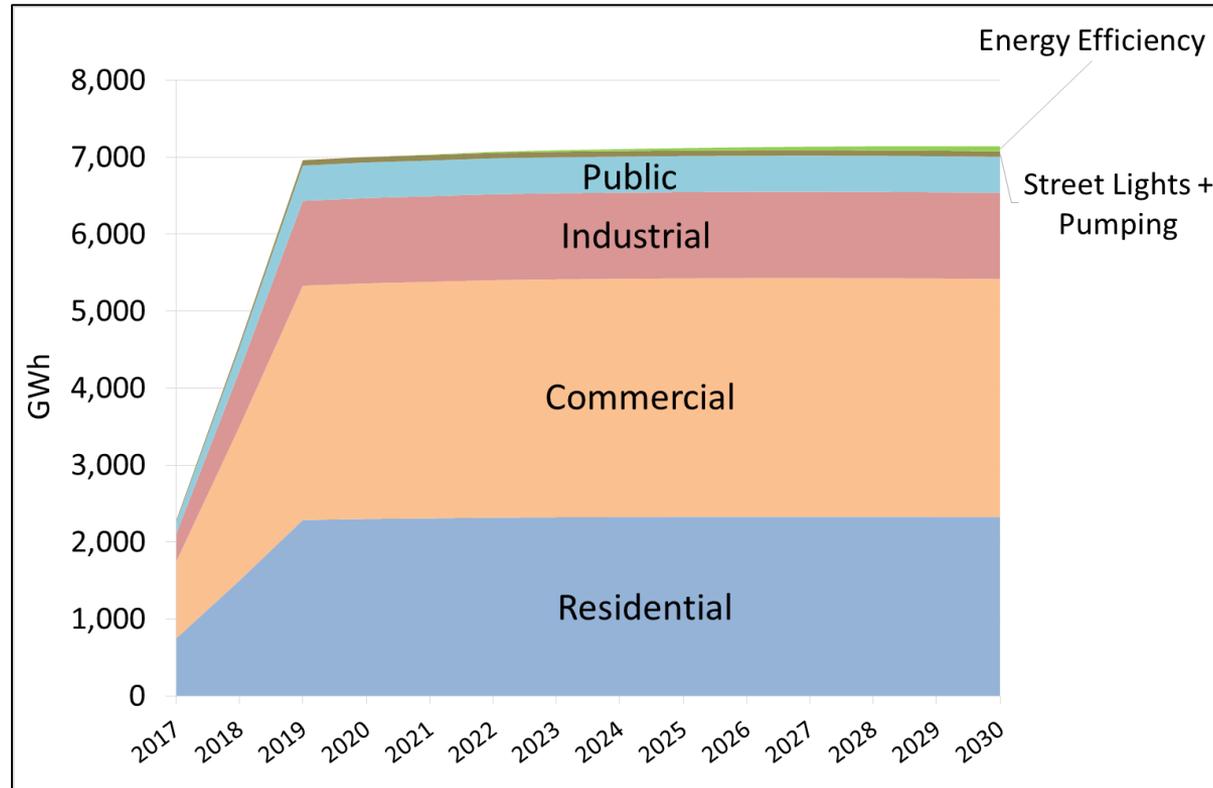
- **All** scenarios were **LESS** expensive than PG&E over the forecast period.
- A sensitivity analysis that projected lower than expected PG&E rates and higher than expected exit fees validated these conclusions.
- Only under a ‘perfect storm’ of negative conditions was the rate higher.
- Homes and businesses in Alameda County could save between 1-9% on their electricity bill, depending on supply scenario and rate class.
- In Scenarios 2, 3 and 4, greenhouse gas emissions can be substantially reduced.
- There are positive economic development impacts for the region/County
- CCA in Alameda County could successfully start-up at about 6.5 – 7% of the total load, and be comfortably viable with JPA signatories representing 10-15% of all customer load.

EBCE Would Be Largest in State



CCE Program	Customers	Sales (GWh)
<i>East Bay Community Energy/ Alameda County</i>	<i>~600,000</i>	<i>~6,500</i>
Silicon Valley Clean Energy/ Santa Clara County	~210,000	~3,400
Clean Power SF/San Francisco	~340,000	~3,200
Peninsula Clean Energy/ San Mateo County	~250,000	~3,300
Marin Clean Energy - includes Marin, Napa, parts of Contra Costa	170,000	1,800
Sonoma Clean Power	190,000	2,100

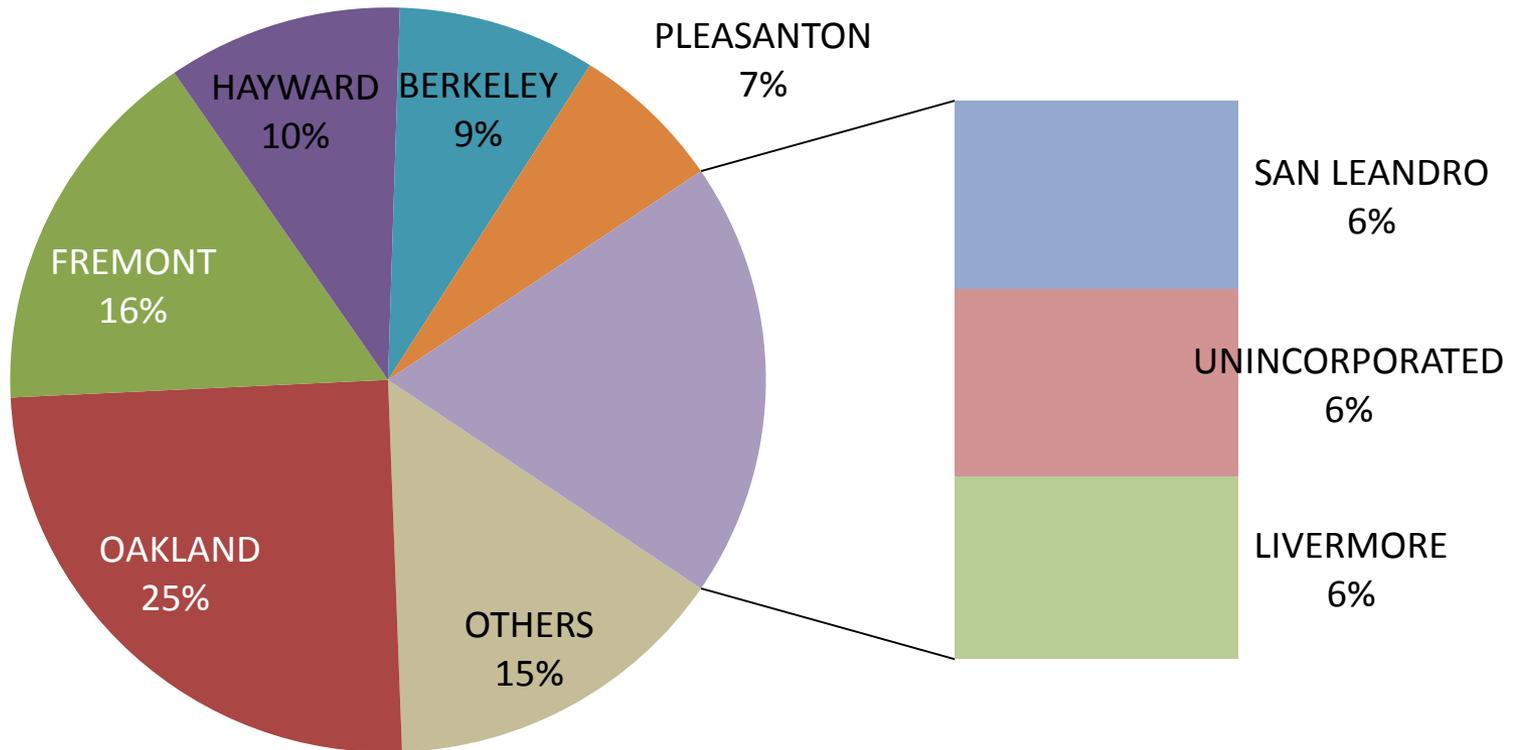
The County's Energy Load



Overall load for the program, assuming all cities join and with customer phasing*

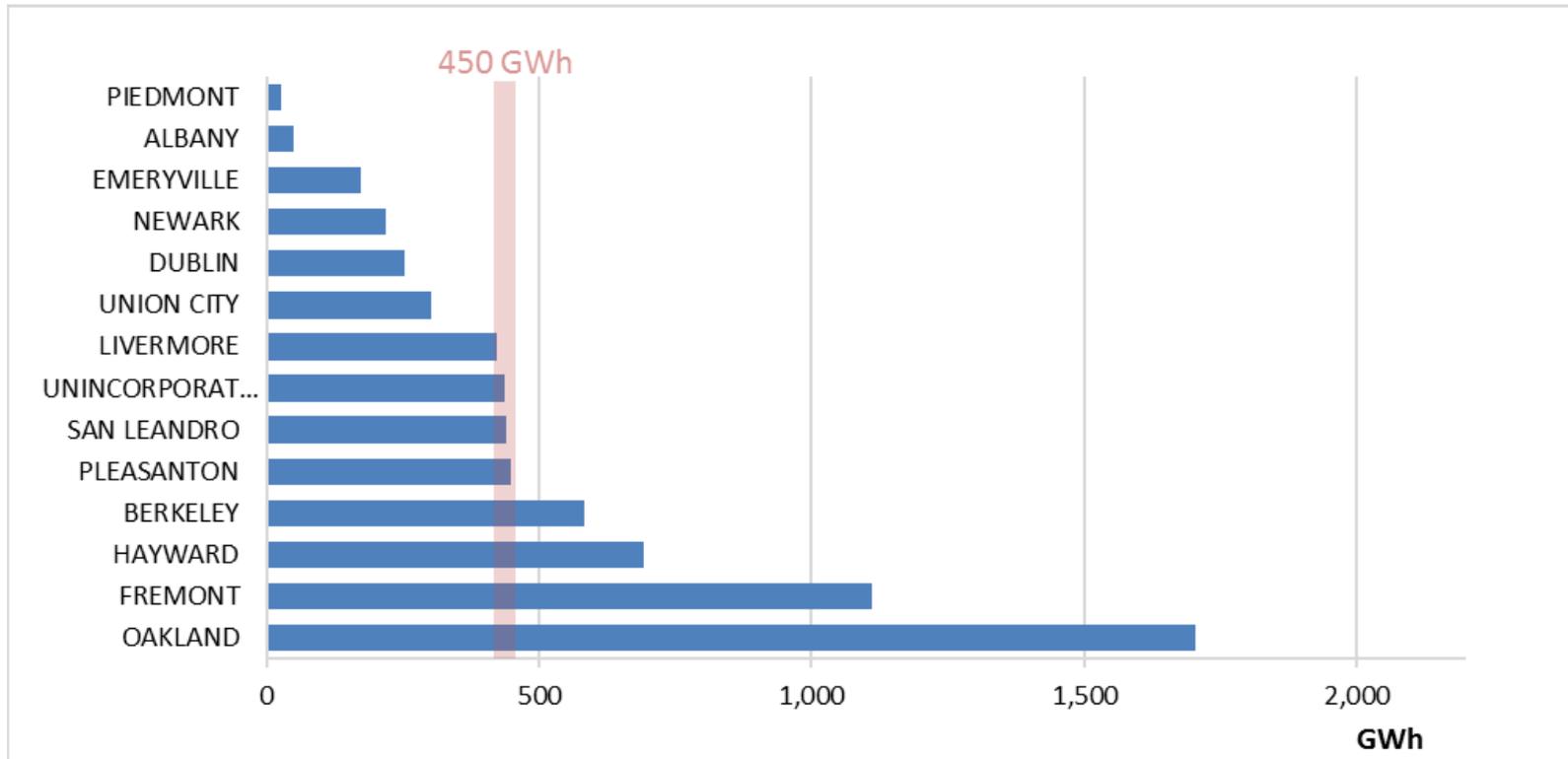
**Assumes County and all cities except City of Alameda which is served by its own utility; Customers served under other programs not included*

County Load by Jurisdiction



Minimum Size for Viability

- Minimum size set by the coverage of fixed costs
- Alameda Co. would need about 7% of the potential load

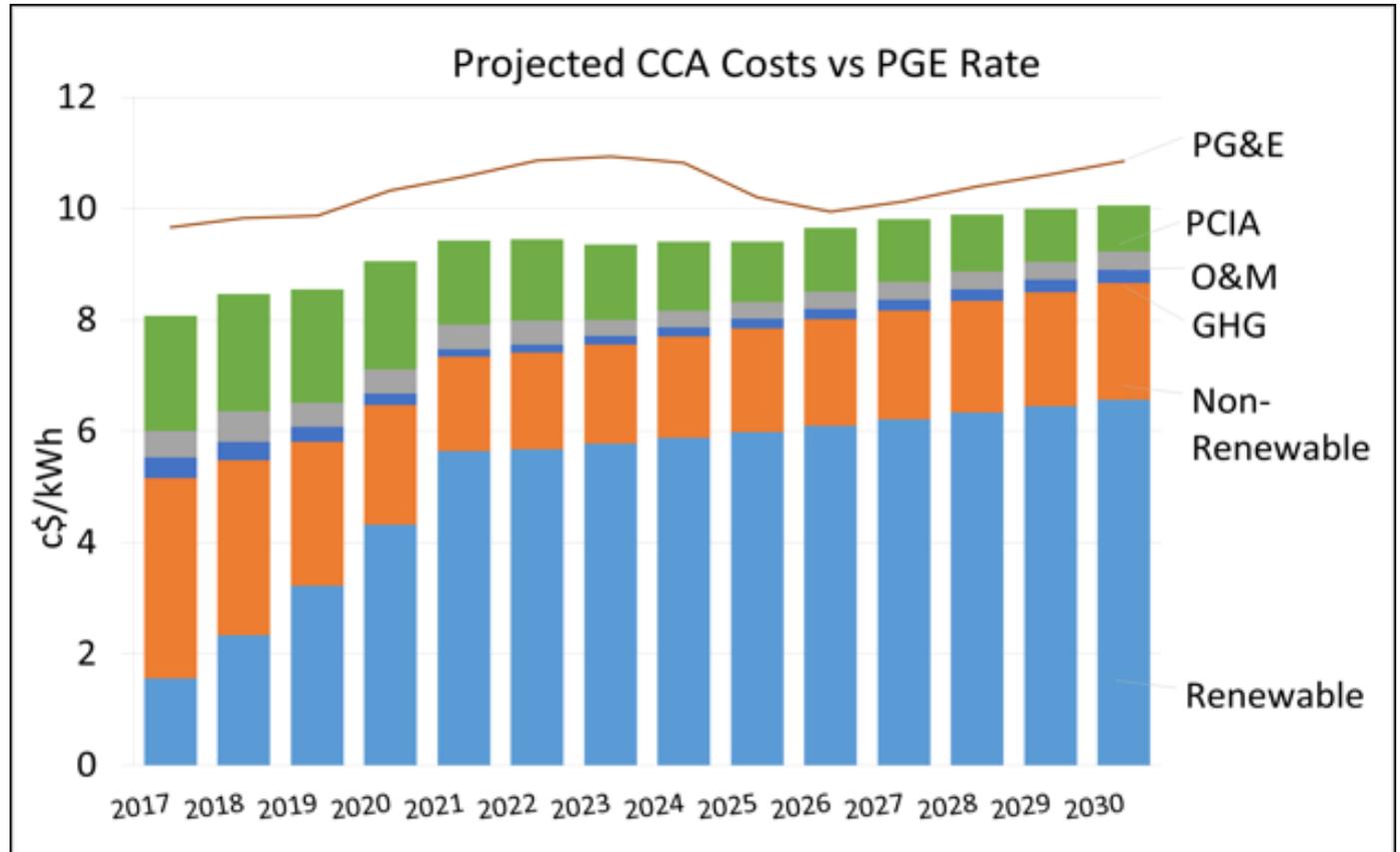


1. Minimum RPS Compliance: 33% \Rightarrow 50% qualifying renewables
2. More Aggressive: Initially 50% RPS with lower GHG emissions
3. Ultra-Low GHG: 50% \Rightarrow 80% RPS by year 5
4. Scenario 2 with $\frac{1}{2}$ of renewables coming from local projects (by 2030)

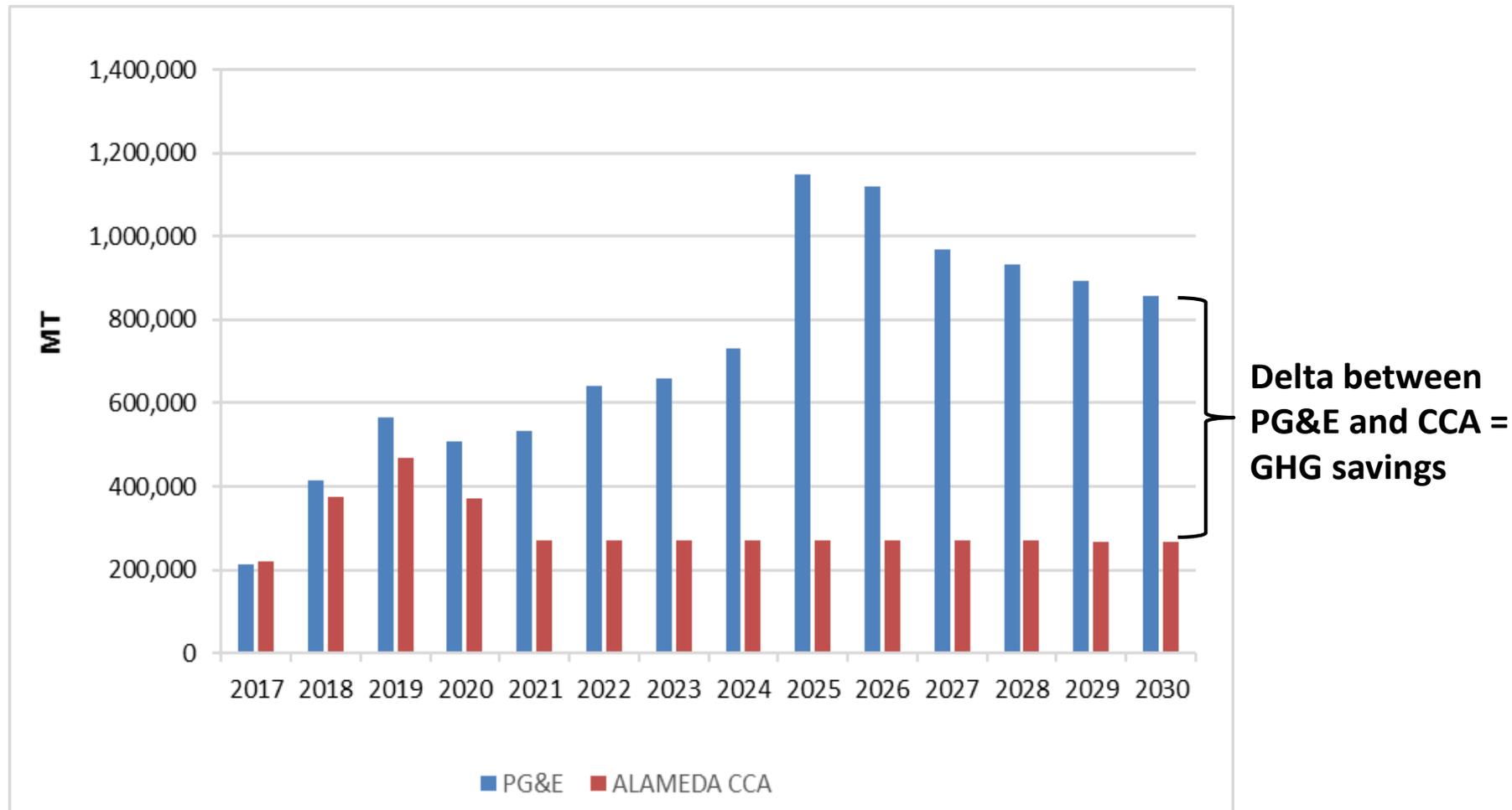
Potential Rate Savings: Scenario 3



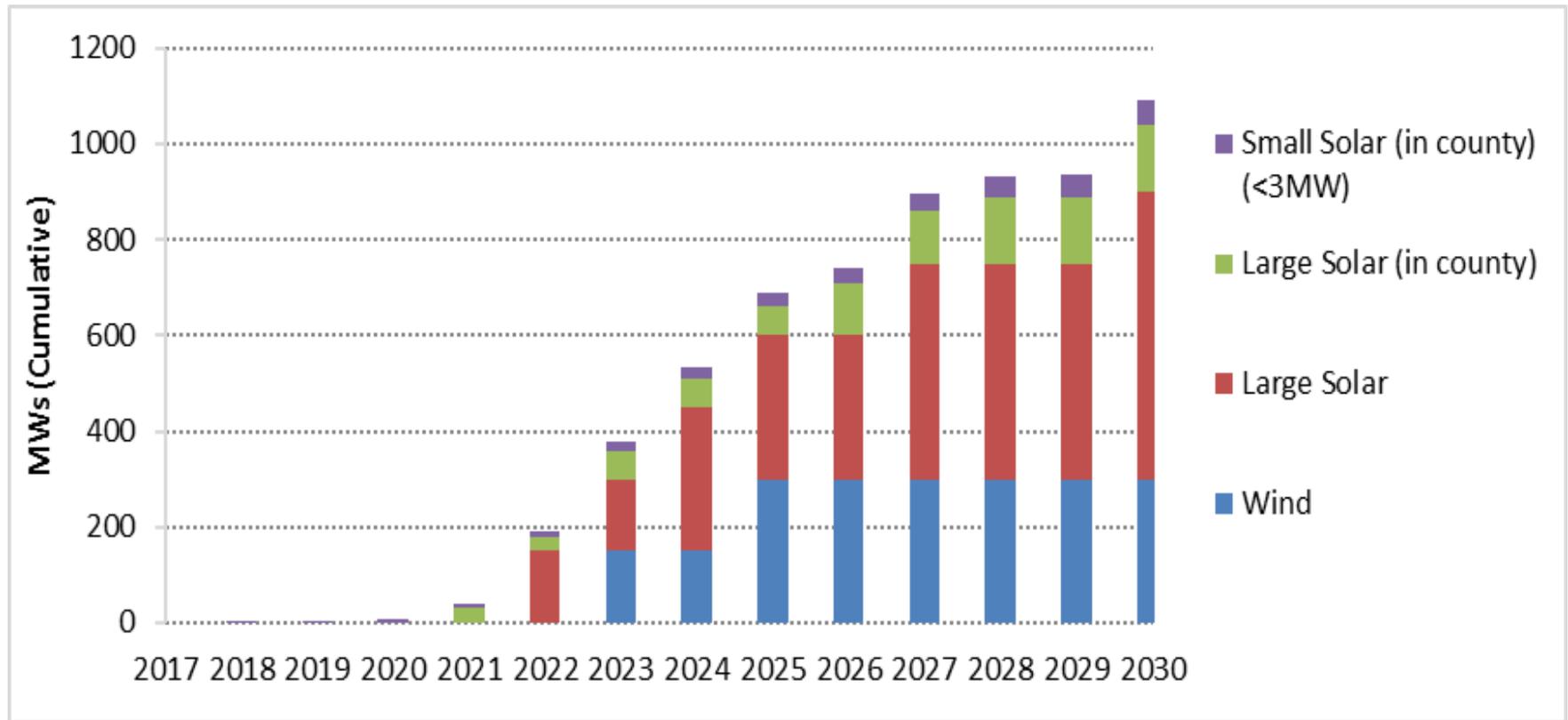
The potential delta – 1.6 cents/kWh for Scenario 3



Greenhouse Gas Reductions: Scenario 3



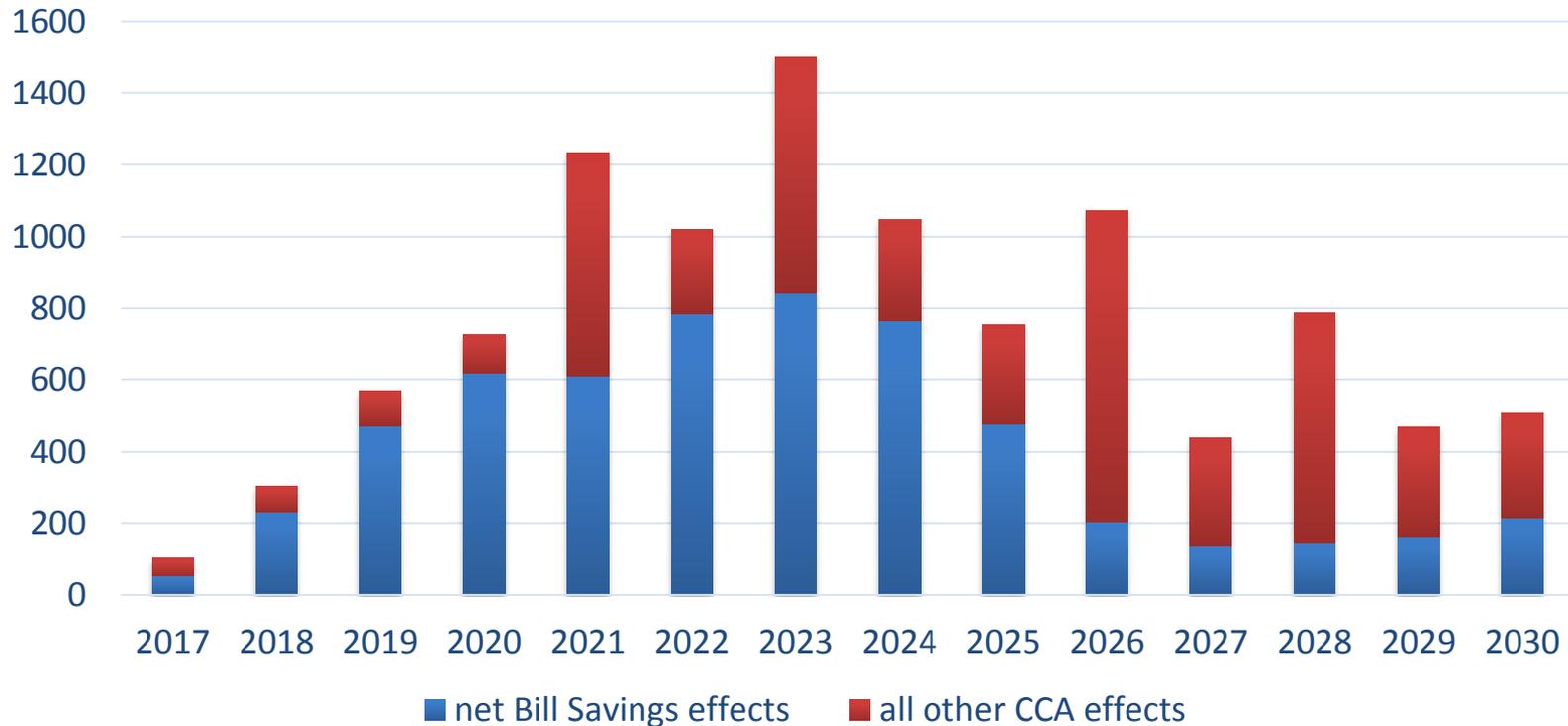
Local Power Potential: Scenario 3



Scenario 3: Potential Job Impacts



Scenario 3 Total Jobs Impacts by Source



- Trade-off between **direct jobs (construction)** and **jobs generated from bill savings**
- No Alameda County PG&E jobs lost

Other Community Choice Programs



CCA	2016 Rates	Portfolio	Opt Outs
	1% below PG&E	35% Renewable 100% Renewable Option	Less than 2%
	5% below PG&E	50% Renewable 75% GHG Free 100% Renewable Option	Less than 1%
	(2017 Target) 1% below PG&E	(2017 Target) 50% Renewable 100% GHG Free 100% Renewable Option	TBD/Launching in April 2017

JPA Agreement- Update



- EBCE Agreement adapted from existing CCE JPA Agreements (San Mateo and Santa Clara Counties)
- Process led by County Counsel's office; City Attorneys have participated in discussions; most differences resolved by consensus
- Creates separate legal entity; no City liability
- Includes commitment to long-term program goals in its recitals
- Includes repayment of County loan

JPA Agreement - Changes



- *Local Development Business Plan*
- *Unbundled Renewable Energy Credits (RECs)*
- *Community Advisory Committee/Board Composition*
 - Compromise: Form a separate Community Advisory Committee and have 1 ex-officio non-voting seat on the Board (to be filled by CAC Chair/Vice Chair)
- *Voting*
 - First Tier --Percentage vote (1 vote per member; majority carries)
 - Second Tier - Voting Shares Vote (vote based on load size)
 - Requires three members to invoke; used for affirmative percentage votes only; if more than 50% (majority of load) affirms percentage vote, the original motion carries; otherwise, fails.

Stakeholder Concerns and Responses



Issue	Result
<p>Local Development Business Plan</p> <p>Would require the JPA to create a local development business plan</p>	<ul style="list-style-type: none">• Requirement to do business plan within eight months after JPA Board is seated
<p>Use of Category 1-3 Renewable Energy Credits</p> <p>Would eliminate use of category 3 RECs to achieve California RPS compliance.</p>	<ul style="list-style-type: none">• JPA Agreement allows 50% of maximum allowed by State Law. State RPS is currently at around 30% and allows 10% RECs, which means under current JPA language EBCE can use around 1.5% RECs total.• Current plan is for EBCE to focus on Category 1 RECs and <i>not</i> use Category 3, but there is a desire to maintain future flexibility if market conditions change and cost competitiveness is adversely impacted.

Stakeholder Concerns and Responses



Issue	Result
<p>Agency shall remain neutral if its employees wish to unionize.</p> <p>Agency shall take steps to minimize adverse impacts on current energy workforce and promote a “just transition” to a clean energy economy</p>	<ul style="list-style-type: none">• The Coalition’s language was retained• The union neutrality language was moved to the body of the JPA Agreement• Due to concerns about liability and risk to the Agency, the “just transition” language was left in the recitals
<p>Integrated Resource Plan (IRP)</p>	<ul style="list-style-type: none">• Coalition’s language was retained with modifications that acknowledge CPUC jurisdiction over the IRP and its relationship to the CA RPS and customer rate competitiveness• Approved by Committee

Stakeholder Concerns and Responses



Issue	Result
<p>Voting Shares Vote</p> <p>How many votes shall be required to trigger a weighted voting shares vote?</p>	<ul style="list-style-type: none">• Options ranged from 2-4 votes required to trigger weighted shares vote. Large cities favor 2 while small cities favor 4. County staff recommended 3 as a compromise solution.• Result of steering committee straw poll is to retain current JPA language which stipulates <u>three votes</u> to trigger a weighted voting shares vote.• This issue remains a concern for some cities

Project Timeline



Phase 1: Initial Assessment and Tech Study

- ✓ BOS funds allocated
- ✓ Load data request into PG&E
- ✓ Steering Committee (SC) formed
- ✓ Webpage and stakeholder database developed

- ✓ Final study scope reviewed by SC
- ✓ RFP issued and Study completed
- ✓ Targeted stakeholder mtgs;
- ✓ JPA Agreement and CCE ordinance drafted
- **BOS – Go/No-Go Decision**

Phases 2-3: Program Implementation and Launch

- City Ordinances and JPA Agreement
- JPA Agency forms
- Technical, marketing and data mgmt. contracts
- Expanded website and community outreach
- Implementation Plan submitted

- Agency Financing
- Marketing/outreach
- Energy supply contract(s)
- Call center live; opt-out notices
- Utility bond and service agreement
- Phase 1 Launch
- Complimentary energy programs

Oct
2016

Phase 2-3
Approvals

Q4
2016

JPA Formed

Q1/2
2017

Imp. Plan &
Energy Svcs

Q3/4
2017

Phase 1
Program
Launch



Thank you!

For further information, please contact:
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