



DATE: January 16, 2018

TO: Mayor and City Council

FROM: Director of Utilities & Environmental Services

SUBJECT: East Bay Community Energy Program Overview: Presentation from
CEO Nick Chaset

RECOMMENDATION

That the Council receives the presentation and provides comments.

SUMMARY

East Bay Community Energy's CEO, Nick Chaset, will attend this Council meeting and make a presentation to update the Council on the progress made in 2017.

BACKGROUND

In December 2016, Hayward joined ten other cities in Alameda County and the County of Alameda to establish a joint powers authority to form East Bay Community Energy (EBCE) with the intent to provide electricity at competitive prices, reduce greenhouse gas (GHG) emissions, and to create local green jobs. The cities of Newark and Pleasanton did not join and the City of Alameda is served by its own electric utility. The EBCE Board of Directors had its first meeting on January 30, 2017 and has since held regular meetings. EBCE Board meeting packets are available at <http://ebce.org/archive/>. All previous City Council and City Council Sustainability Committee reports regarding EBCE are available at <http://www.hayward-ca.gov/cce>.

DISCUSSION

EBCE's CEO, Nick Chaset, will make a brief presentation during the Council meeting to provide an overview and an update on the status of the program. Mr. Chaset is expected to include background information on the formation of EBCE, its key objectives, and how it will operate. Mr. Chaset will talk about the products that will be offered, how the program will be marketed, and the activities leading up to the launch. The program is expected to begin serving municipal and commercial customers in June 2018 and residential customers in September 2018.

This work session will also be an opportunity for Council to ask Mr. Chaset about any relevant topics of interest, such as rates or potential sources of electricity. For example, on November 13, the Council Sustainability Committee considered a proposal where Hayward could pay a premium rate for electricity that is 100% renewable and local for City facilities. Similarly, the Bay Area Air Quality Management District is funding a study to consider the feasibility of using 100% renewable electricity as the default product for all customers within a given city.

ECONOMIC IMPACT

PG&E recently announced its intention to raise rates a total of 2.8% in the first part of 2018. While EBCE's rates have not yet been set, it is expected that customers will see savings relative to PG&E. In addition, EBCE will be contracting with local renewable energy facilities, which will support local green jobs.

FISCAL IMPACT

Alameda County provided funding to establish EBCE and covered initial staff costs. The County will be reimbursed for these costs within the first three years of the program. Staff anticipates the fiscal impact from Hayward's participation in EBCE will be minor and will be in the form of additional staff time. To finance procurement of electricity before EBCE begins to collect revenue, EBCE is working to secure a revolving line of credit. In September 2017, Mr. Chaset asked the City of Hayward for "credit support," which could be in the form of a letter of credit so that EBCE can avoid paying a very high interest rate when borrowing. EBCE is currently negotiating with Barclays Bank. Once financing terms are known, the level and type of support needed from cities will be revisited.

STRATEGIC INITIATIVES

This agenda item does not relate to one of Council's three Strategic Initiatives.

SUSTAINABILITY FEATURES

Hayward's participation in EBCE is directly in line with General Plan policy NR 4.8, which states, "The City shall assess and, if appropriate, pursue participation in community choice aggregation, or other similar programs. The City shall seek partnerships with other jurisdictions to minimize start up and administration costs." In addition, the program is expected to provide electricity from clean and renewable sources that reduce our reliance on fossil fuels and minimize pollutants and has the potential to reduce GHG emissions, helping Hayward to meet its Climate Action goals. As noted in a September 11, 2017 [report](#) to the Sustainability Committee, it is unlikely that Hayward will meet its 2020 GHG reduction target without robust community-wide participation in EBCE.

PUBLIC CONTACT

EBCE has been discussed at several Sustainability Committee meetings, which are open to the public. Additionally, all steering committee meetings during the formation of EBCE were open to the public and all EBCE Board meetings are open to the public and televised. As will be described during the presentation, there will be significant community outreach and marketing in the months leading up to the launch of EBCE.

NEXT STEPS

Staff will continue to attend EBCE Board meetings to stay abreast of program details and staff will work with EBCE staff and their marketing consultants to engage the Hayward community prior to launch of the program.

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