

**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



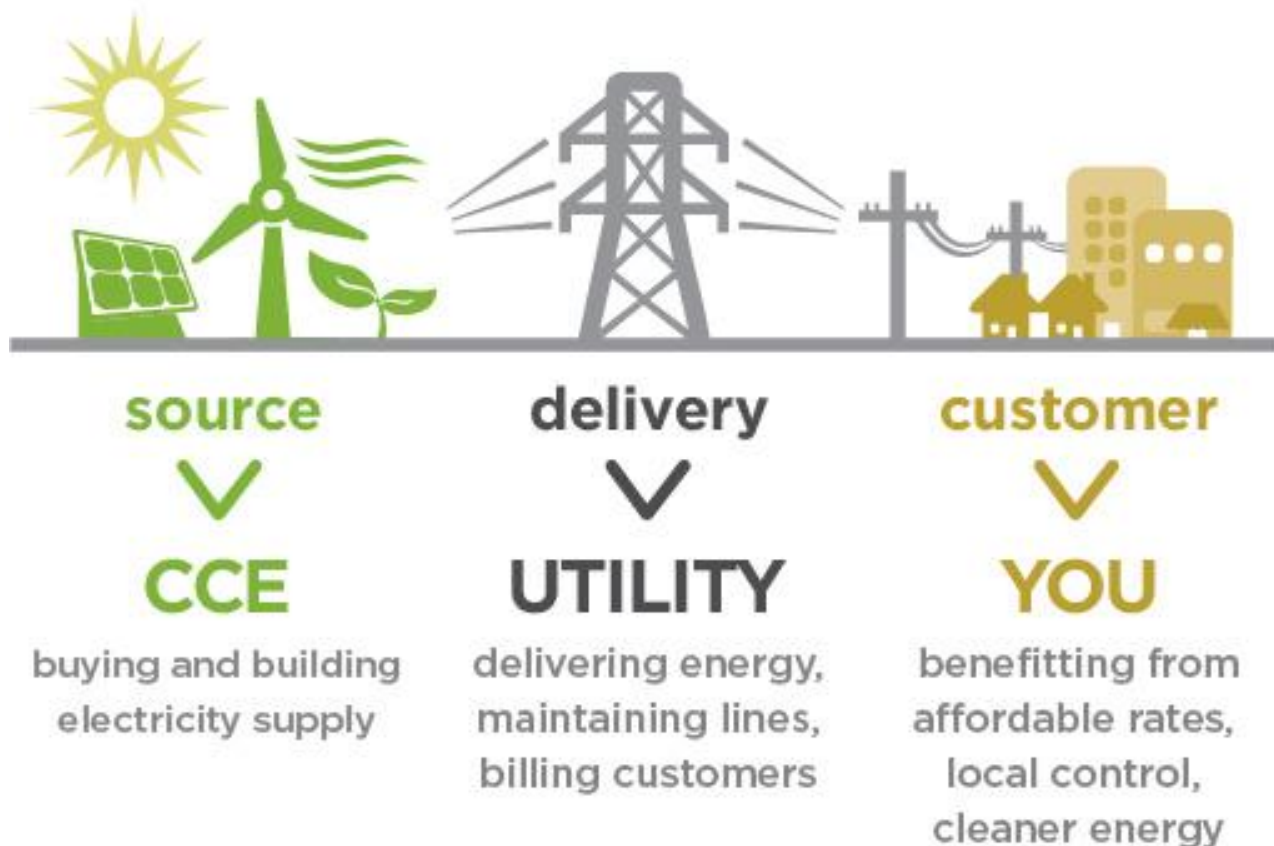
- Background & Review of Technical Study Results
- Status of other Bay Area CCAs
- JPA Agreement Status
- Questions and Concerns
- October 4 Board of Supervisors Meeting

# 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

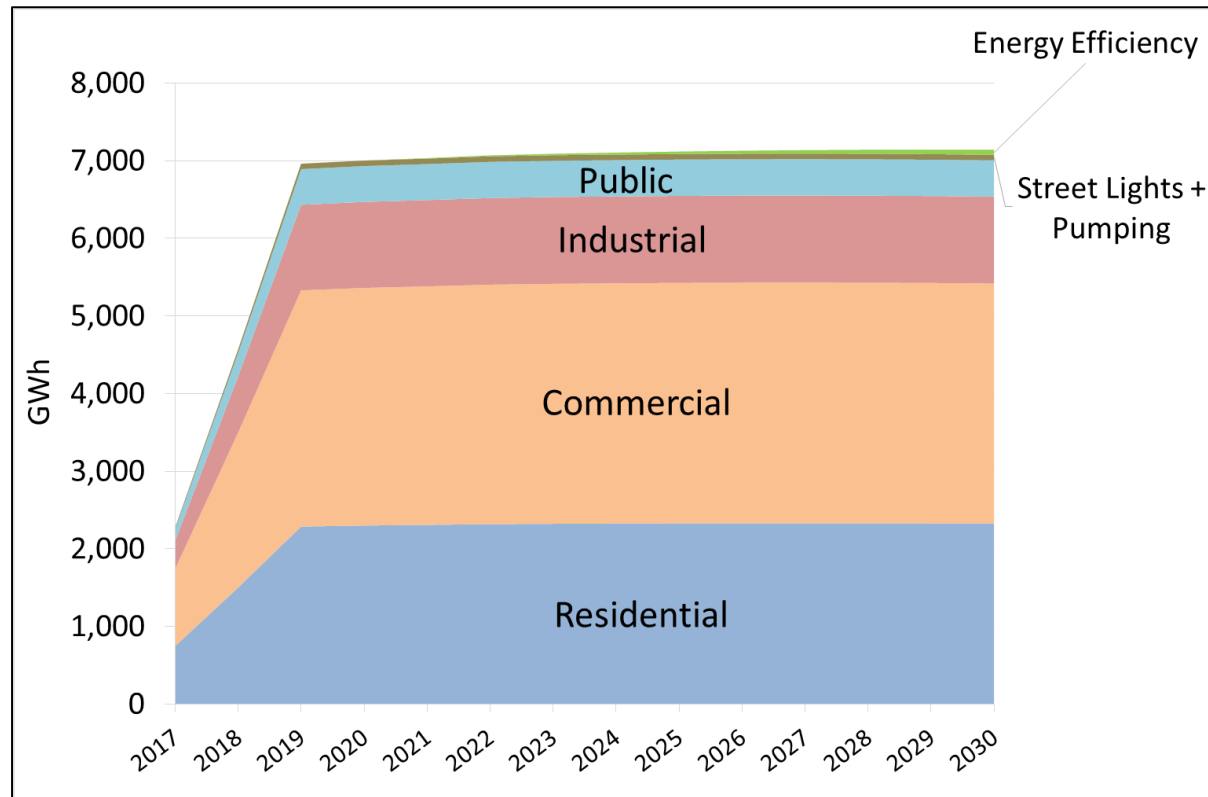


CCE Program	Customers	Sales (GWh)
<i>East Bay Community Energy/ Alameda County</i>	<i>~600,000</i>	<i>~6,500</i>
Silicon Valley Clean Energy/ Santa Clara County	~210,000	~3,400
Clean Power SF/San Francisco	~340,000	~3,200
Peninsula Clean Energy/ San Mateo County	~250,000	~3,300
Marin Clean Energy - includes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

# The County's Energy Load



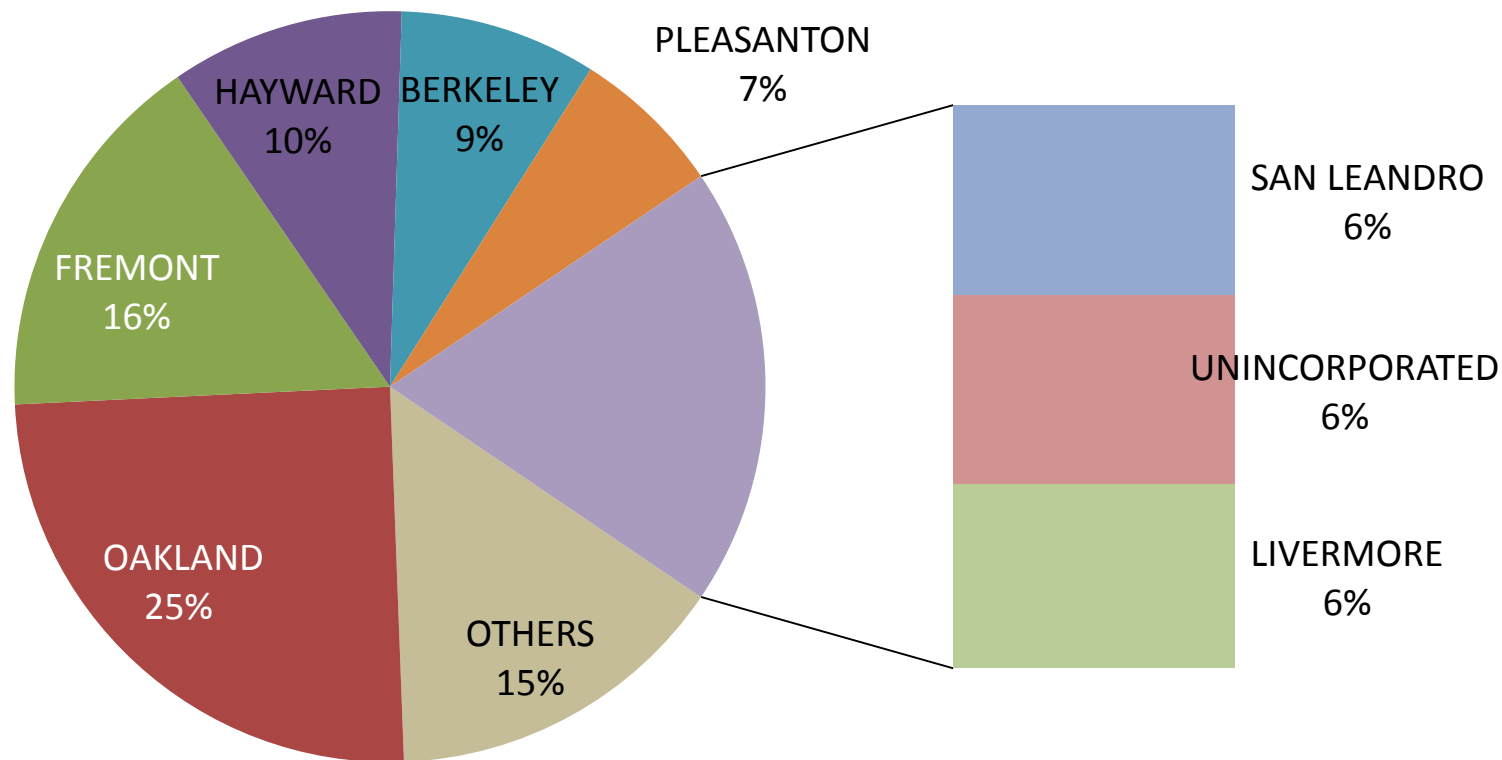
***Overall load for the program, assuming all cities join and with customer phasing\****



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

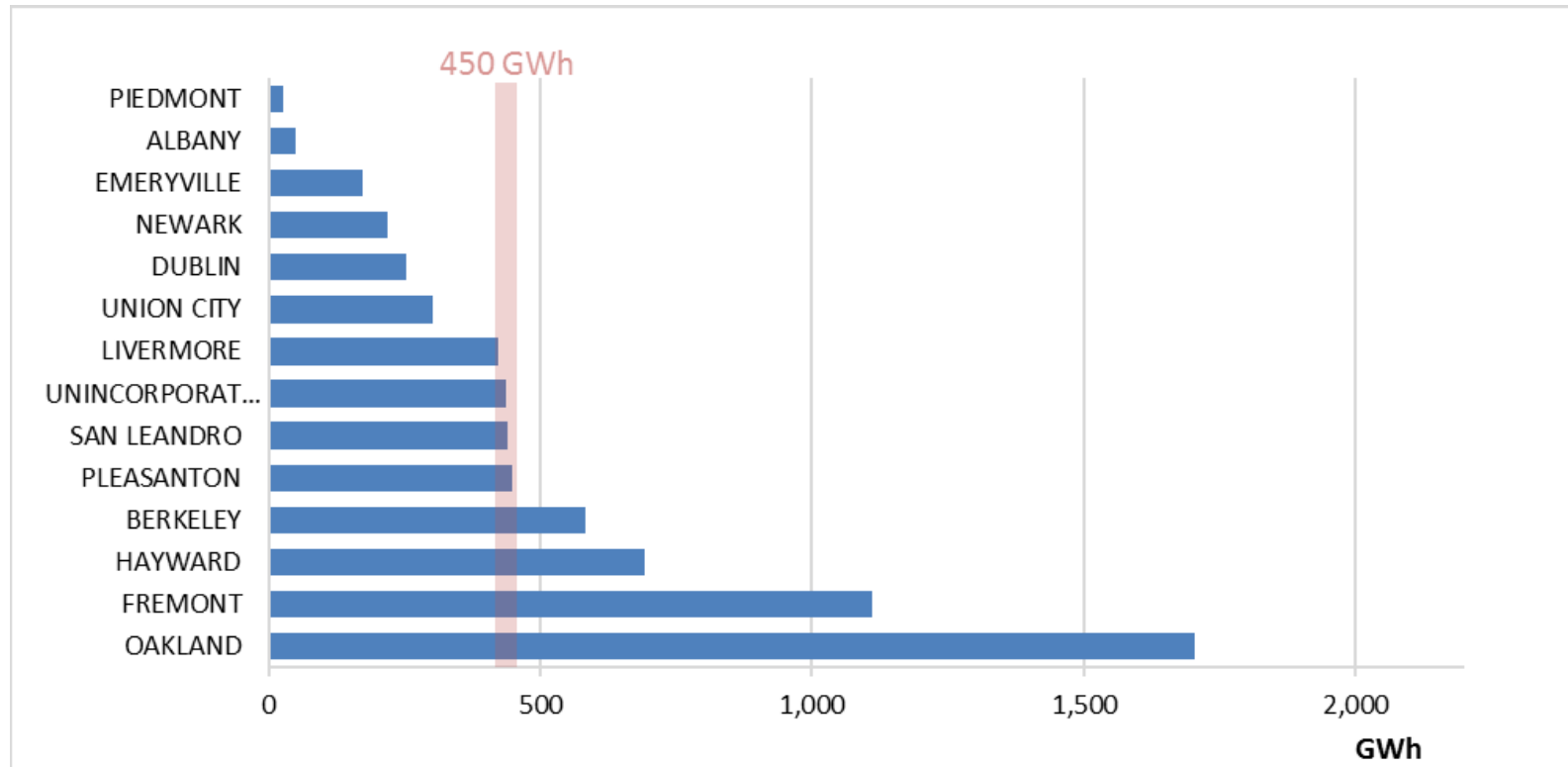


# County Load by Jurisdiction



# Minimum Size for Viability

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



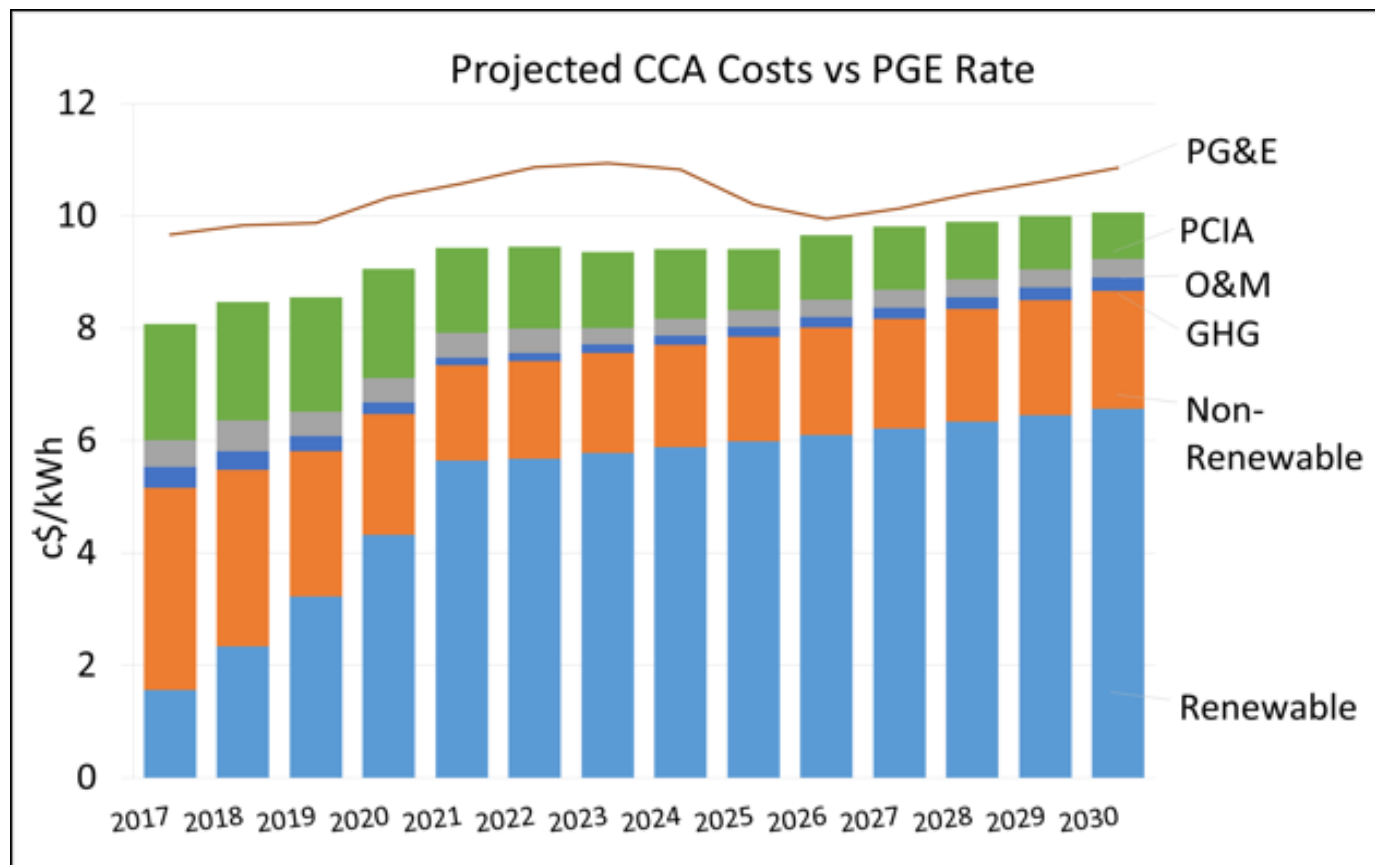
# The Four Scenarios



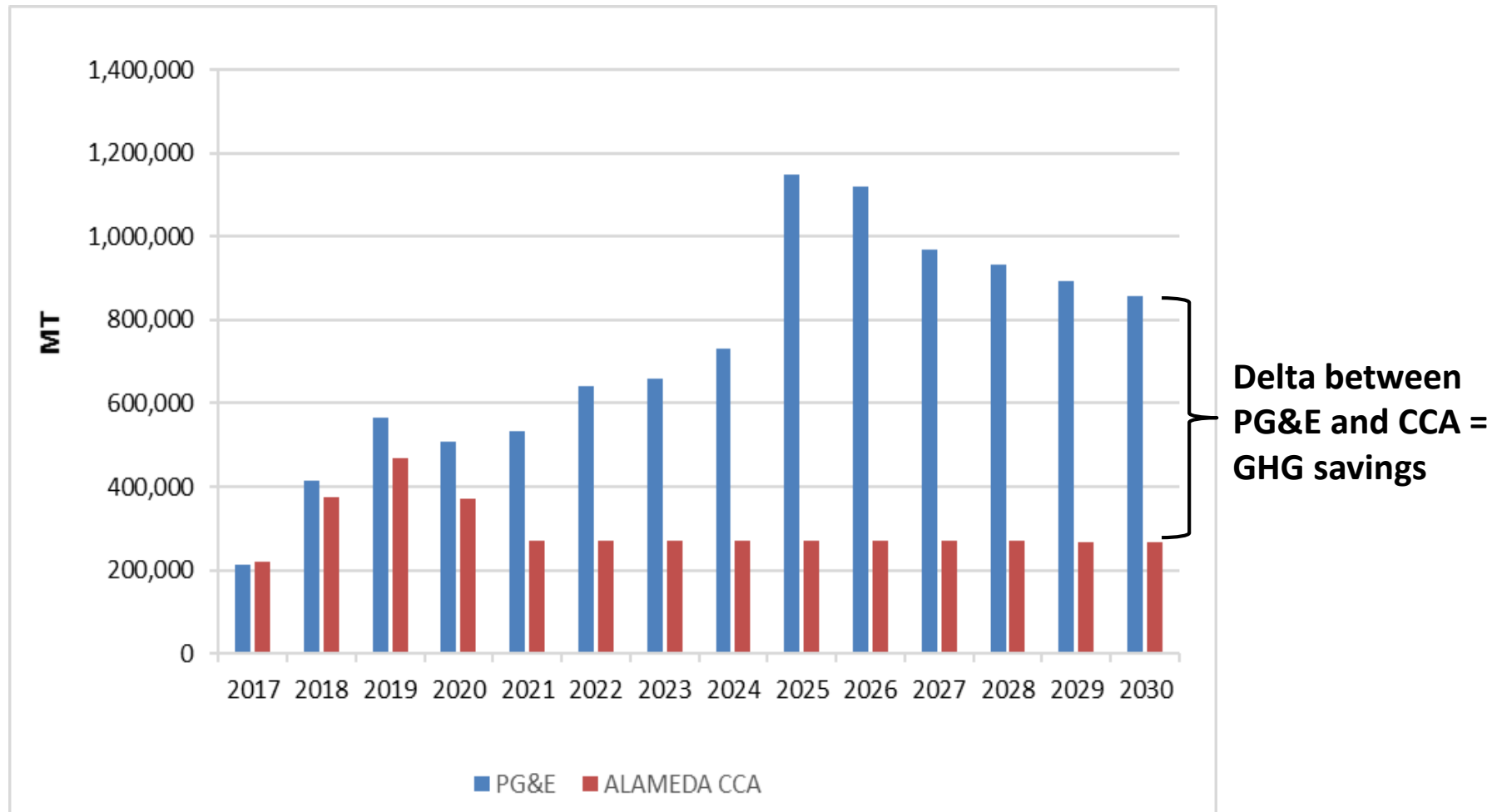
1. Minimum RPS Compliance: 33%  $\Rightarrow$  50% qualifying renewables
2. More Aggressive: Initially 50% RPS with lower GHG emissions
3. Ultra-Low GHG: 50%  $\Rightarrow$  80% RPS by year 5
4. Scenario 2 with  $\frac{1}{2}$  of renewables coming from local projects (by 2030)

# Potential Rate Savings: Scenario 3

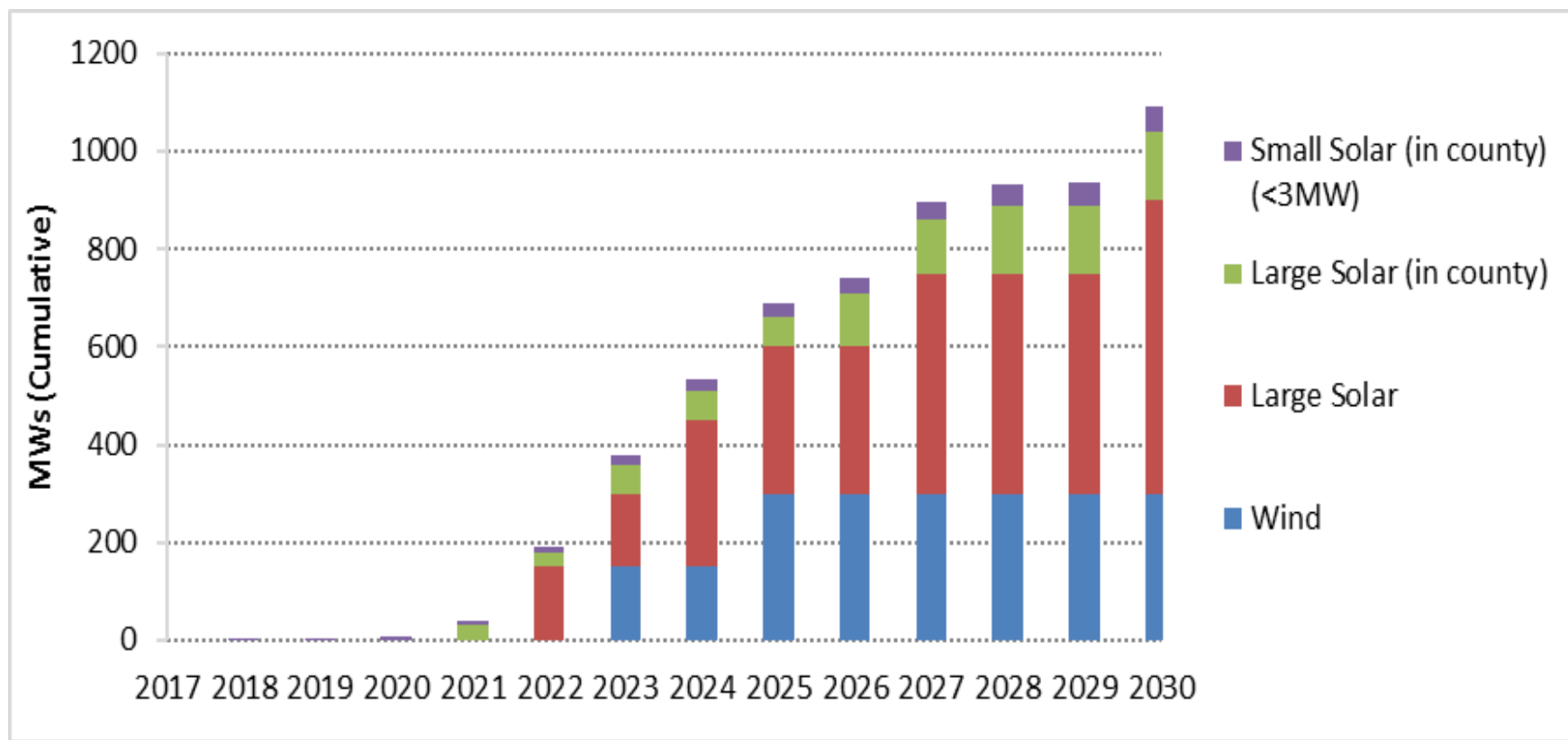
The potential  
delta – 1.6  
cents/kWh  
for Scenario 3



# Greenhouse Gas Reductions: Scenario 3



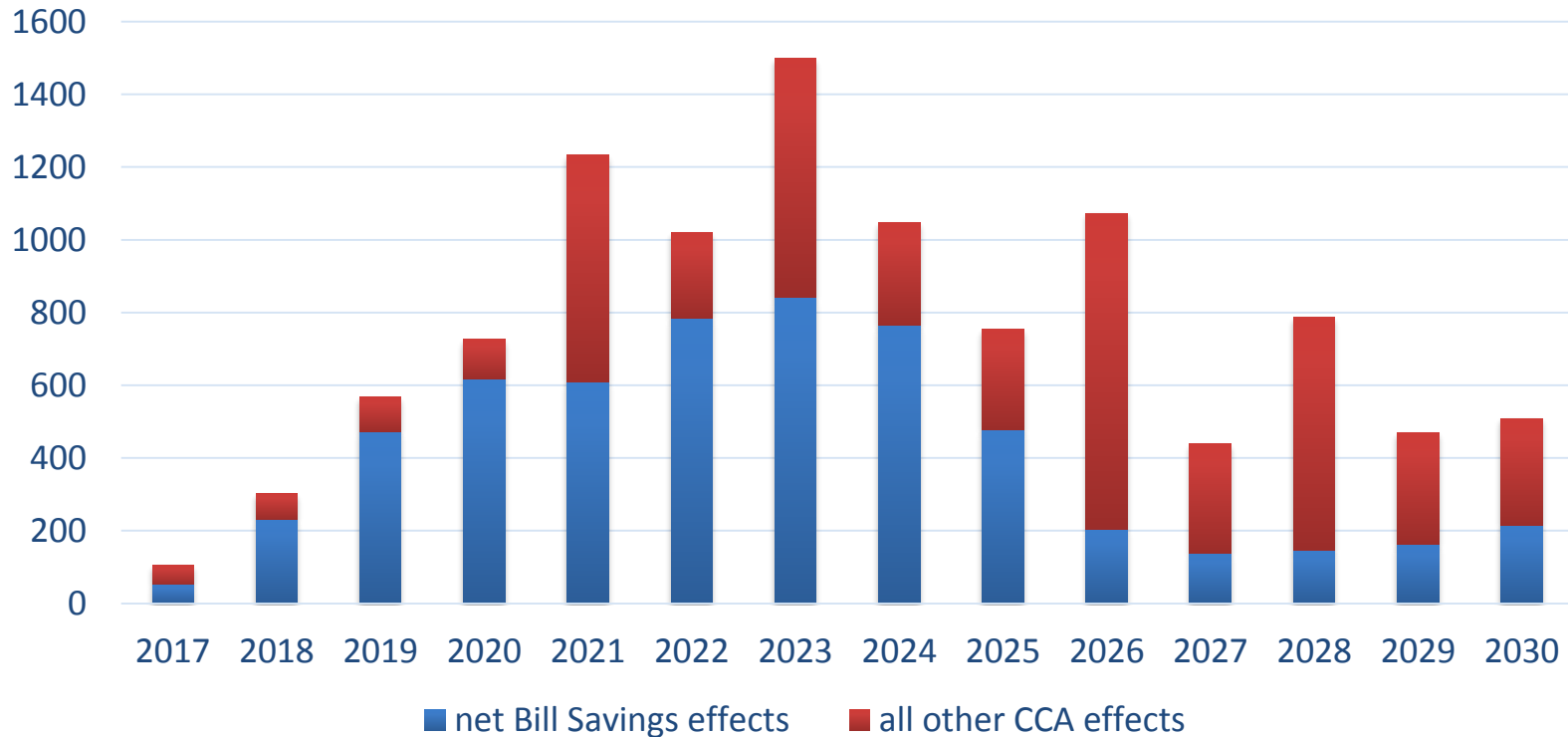
# Local Power Potential: Scenario 3



# 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
<b>Local Development Business Plan</b>  Would require the JPA to create a local development business plan	<ul style="list-style-type: none"><li>Requirement to do business plan within eight months after JPA Board is seated</li></ul>
<b>Use of Category 1-3 Renewable Energy Credits</b>  Would eliminate use of category 3 RECs to achieve California RPS compliance.	<ul style="list-style-type: none"><li>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.</li><li>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.</li></ul>

# Stakeholder Concerns and Responses



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

# Stakeholder Concerns and Responses



Issue	Result
<p><b>Voting Shares Vote</b></p> <p>How many votes shall be required to trigger a weighted voting shares vote?</p>	<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• This issue remains a concern for some cities</li></ul>

# 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





Thank you!

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