



DATE: January 25, 2023

TO: Council Infrastructure Committee

FROM: Director of Public Works

SUBJECT East Bay Community Energy's Community Solar Program – Discussion and Recommendation to Council

RECOMMENDATION

That the Council Infrastructure Committee (CIC) reviews and comments on this report and provides a recommendation to Council.

SUMMARY

East Bay Community Energy (EBCE) is preparing to launch a community solar program that may result in the development of a solar project in Hayward that would benefit low-income customers in Hayward. Enrolled customers would be allocated 100% solar electricity and would receive a 20% bill discount. Staff recommends the City participate as a community sponsor to support the program and help enroll Hayward households. Following the Committee's recommendation, the Council will consider this item as a letter of commitment would need to be submitted to EBCE by mid-February.

BACKGROUND

In December 2016, Hayward joined the County of Alameda and ten of its cities in launching East Bay Community Energy (EBCE) as a joint powers authority to provide cleaner, greener energy to their customers at lower rates. EBCE began providing electricity to commercial, municipal, and residential accounts in 2018 with three electricity products:

- Bright Choice – Varying carbon content; currently higher than PG&E. Rates were 1% lower than PG&E rates.
- Brilliant 100 – 100% carbon free electricity, including hydropower, at rates equal to PG&E.
- Renewable 100 – 100% renewable electricity (sourced entirely from California solar and wind energy) for one penny per kWh more than PG&E rates.

In 2018, Council voted to make Brilliant 100 the default for the Hayward community. In 2020, EBCE announced that as of January 1, 2022, due to the rising cost of hydropower,

Brilliant 100 would no longer be offered. On July 6, 2021¹, Council voted to transition Hayward customers, with the exception of low-income customers, to Renewable 100.

In 2021, EBCE's Board of Directors approved lowering customer rates, increasing the discount for Bright Choice customers from 1% to 3% relative to PG&E rates. The Board also lowered rates for Renewable 100 customers, lowering the premium to $\frac{3}{4}$ of a penny per kWh more than PG&E rates.

DISCUSSION

The Community Solar Green Tariff (CSGT) is a program² of the California Public Utilities Commission (CPUC) that is being implemented by several community choice energy programs. The community solar program offered by EBCE requires participating solar projects to be located in EBCE's service area and within a disadvantaged community³. The project must also be located not more than five miles away from the DAC census tracts in which subscribing customers reside. Eligible customers must be enrolled in a low-income discount program (CARE or FERA⁴).

Hayward has three census tracts that qualify as disadvantaged communities, which are shown in Attachment II. The tracts include portions of the Tennyson/Alquire neighborhood, the Mt. Eden neighborhood, and the western industrial corridor. The three census tracts have a combined population of approximately 17,000 and an estimated 5,500 households. Throughout all of Hayward, roughly thirty percent of Hayward households are enrolled in CARE or FERA, so it is estimated that approximately 1,650 customers are eligible to enroll in the community solar program. The program would enable Hayward customers to receive the benefits of solar without having to install the solar on their own rooftop.

Each solar project must have a community sponsor to support the developer's proposal. The role of the sponsor is to demonstrate interest from the host community and to support outreach to customers for program enrollment. EBCE has offered to partner with sponsors to provide tools, such as online portals for eligibility verification and enrollment, as well as outreach, such as the development of City/EBCE co-branded marketing, to support reaching and enrolling eligible customers. Staff expects the time and effort associated with outreach and enrollment to be minimal.

In addition to Hayward, the cities of Oakland and San Leandro also have eligible disadvantaged communities and expressed interest in participating in the program.

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=5018124&GUID=8CCC9164-4B0D-463C-AD16-709EFC1035D4&Options=&Search=>

² <https://www.cpuc.ca.gov/SolarInDACs/#CSGT>

³ For the Community Solar program, the CPUC has indicated that a disadvantaged community is a census tract in the top 25% as shown in either CalEnviroScreen 3.0 or 4.0.

⁴ CARE is the California Alternate Rates for Energy program. FERA is the Family Electric Rate Assistance program. Information about both programs is at https://www.pge.com/en_US/residential/save-energy-money/help-paying-your-bill/longer-term-assistance/care/care.page?WT.mc_id=Vanity_carefera

On December 2, 2022, EBCE issued a request for offers (RFO) seeking proposals for 1.6 megawatts of new solar paired with battery energy storage. The solar could be located all in one city or distributed among the three cities. Four developers have shown interest in the program, but only one has approached the cities to discuss specifics.

Prologis, a major corporation that owns warehouse and distribution facilities around the world, will likely propose one project in each of the three cities that will cumulatively equal 1.6 megawatts. Each project would be paired with battery storage sufficient to provide approximately four hours of power. Prologis is currently considering three potential projects in Hayward (see table below), but would most likely only develop one.

Location	Size	Estimated Generation (KWh per year)	# of Low-Income Customers (No Allocation to City Facilities)	# of Low-Income Customers (City Facilities Receive 25% of Output)
____ W. Winton Ave.	600 kW	1,508,472	173	130
____ Cabot Blvd.	560 kW	1,407,907	161	121
____ Lincoln Ave.	480 kW	1,206,778	138	104

The program, as designed by the CPUC, allows the sponsor to receive up to 25% of the electricity generated. If the City elects to receive the allocation, it would also receive a 20% bill discount on the enrolled account(s). Staff is seeking direction from the Committee as to whether to allocate a portion of the solar generation to City facilities instead to allocating all to low-income customers.

Approximately 30% of all residential customers in Hayward are enrolled in a low-income discount program and that percentage is estimated to be even higher in the eligible census tracts. Of the estimated 1,650 qualifying households in the eligible census tracts, about 10% would need to enroll to utilize the solar generation from the largest project that is proposed for Hayward. Given the significant discount available to customers, staff anticipates there will be sufficient interest to enroll the required number of customers.

ECONOMIC IMPACT

While most Hayward customers are enrolled in Renewable 100, customers on income or medical-related discounts are enrolled in Bright Choice. Bright Choice rates are set at 3% less than PG&E rates. Customers enrolled in the CARE or FERA low-income discount programs receive a 18 to 20% discount on their bill. Customers who enroll in the community solar program would receive an additional 20% discount for a total discount of approximately 40%.

As for the development of the solar and storage project, EBCE is committed to creating community benefits, which includes engaging a skilled and trained workforce. Workforce development and job training (e.g., local hiring and targeted hiring) are a requirement of the CSGT program. EBCE's RFO requires the submittal of a workforce development plan.

FISCAL IMPACT

Hayward's participation as a sponsor in EBCE's Community Solar program would have no impact to the City's General Fund or other funds other than staff time from existing budgeted positions. If the City were to take an allocation of 25% of the solar output as allowed by the program, the 20% discount to the City, depending on the specific account(s) enrolled, may be worth up to approximately \$100,000 per year.

STRATEGIC ROADMAP

This agenda item relates to the Strategic Priority of *Confront Climate Crisis and Champion Environmental Justice*. Specifically, this agenda item relates to the implementation of the following project:

Project C9: Work with EBCE to transition citywide electricity use to 100% carbon-free

SUSTAINABILITY FEATURES

Community choice energy was identified in the City's Climate Action Plan as the program with the greatest potential to reduce community wide GHG emissions. In 2018, Hayward's participation in EBCE resulted in the 20% GHG reduction goal for 2020 being met two years early. In 2019, due in large part to EBCE, Hayward's emissions were 25.7% lower than the 2005 baseline. However, in 2021, the carbon content for Bright Choice increased significantly while PG&E increased their GHG free portion of their product to 93%. Given that the eligible customers are enrolled in the Bright Choice electricity product and that City facilities are already enrolled in Renewable 100, maximizing the number of enrolled customers would also maximize the greenhouse gas emissions reduction attributed to the program.

PUBLIC CONTACT

No public contact was made for this agenda item.

NEXT STEPS

Upon a recommendation from the CIC, staff will present the item to the full Council tentatively scheduled for February 21, 2023. Project proposals are due to EBCE on March 2, 2023. Once the developer and specific projects are chosen, then EBCE, the City and the developer will begin outreach for enrollment as well as design and construction of the projects.

Prepared by: Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', with a long horizontal flourish extending to the right.

Kelly McAdoo, City Manager