DATE: November 29, 2016

TO: Mayor and City Council

FROM: Director of Utilities and Environmental Services

SUBJECT

East Bay Community Energy – Introduction of Ordinance to Join Joint Powers Authority

RECOMMENDATION

That Council reviews this report and:

1. Introduces the attached ordinance to join the East Bay Community Energy Authority; and
2. Adopts the attached resolution authorizing the City Manager to execute the Joint Powers Agreement to become a member of the East Bay Community Energy Authority.

SUMMARY

The County of Alameda and the cities within the County have been exploring the possibility of establishing a community choice aggregation (CCA) program, also known as a community choice energy (CCE) program, since June 2014. On October 4, 2016, the Alameda County Board of Supervisors adopted an ordinance creating the East Bay Community Energy Authority, which is a joint powers authority, for the primary purpose of providing electricity with a lower carbon intensity than and rates competitive with Pacific Gas & Electric Company (PG&E). Council held a work session on October 13, 2016 to review updates to the joint powers agreement and technical study prepared by the County.

Staff is now presenting Council with an ordinance and resolution that, if adopted, would allow Hayward to become a member of the East Bay Community Energy Authority. As noted in previous reports, participation in a CCA program has the potential to be the single most significant way for Hayward to reduce its community-wide emissions related to electricity generation and help meet its long term greenhouse gas (GHG) emissions reduction goals identified in the Climate Action Plan.

BACKGROUND

There are currently five operational CCEs in California including Marin Clean Energy, Sonoma Clean Power, CleanPowerSF (San Francisco), Lancaster Choice Energy and Peninsula Clean Energy, with several more throughout the state that are currently under development. Since June 2014, Alameda County has been exploring the possibility of establishing a CCA program. On October 4, 2016, the Alameda County Board of Supervisors approved the JPA that will, upon approval of participating jurisdictions, establish a joint powers authority called East Bay Community Energy (EBCE). EBCE would aggregate electricity demand within participating Alameda County jurisdictions in order to procure electricity for its customers. PG&E would continue to provide customer billing, transmission, and distribution services. Alameda County formed a thirty-nine-member steering committee to guide the study and formation of EBCE. The committee has met monthly since June 2015. Over the last two years, Council and the Council Sustainability Committee have received several reports about CCA and the County's efforts to establish a CCA program for all of Alameda County.

Council Work Session – The most recent report to Council was on October 13, 2016. This report and all previous reports are available at http://www.hayward-ca.gov/cce . During the work session, the County's consultant presented the Technical Study that was prepared by the County to determine the feasibility of establishing a CCA in Alameda County. The study addresses the electric load the program would need to serve, the carbon intensity of electricity that could be provided in comparison with that of PG&E, and the rates that would be charged in comparison to PG&E rates. The Renewable Portfolio Standard (RPS), per State law, requires that electricity providers source at least 33% renewable energy by 2020 and at least 50% by 2030. The EBCE Study considered four scenarios:

1. Minimum RPS Compliance: EBCE would meet the minimum 33% RPS requirement in 2020 and the 50% RPS requirement in 2030.
2. Accelerated RPS: EBCE would provide 50% renewable energy starting in the first year. Approximately 25% would be from large hydroelectric power to further reduce GHG emissions. (While it generates very little GHG, large hydroelectric generation is not considered "renewable" for purposes of meeting the RPS because of the impact of dams on fisheries and water flows.) The remaining 25% may be from fossil fuels.
3. Ultra-Low GHG: EBCE would provide 50% renewable energy in the first year and 80% by the fifth year. The remainder may be from fossil fuels.
4. Greater Local Renewable Development Scenario: This scenario is the same as Scenario 2 except that at least 50% of the renewable energy (25% of the total) would be from local sources by 2030.

The Technical Study provided rate savings for each scenario. The Study, an addendum to the Study, and appendices, along with more information about EBCE is available at www.EBCE.org.

Regardless of the scenario ultimately chosen, customers will have the opportunity to "opt up" to a 100% renewable energy for a small increase in the rate.

During the October 13 work session, Council members asked many questions, expressed support for the program and had the following comments:

- EBCE should try to be as aggressive as possible with respect to GHG emissions and low rates.
- EBCE should give preference to local banks when seeking funding.
- Voting structure defined in the JPA is still a concern.
- EBCE should strive for the most renewable energy possible and the most local renewable energy feasible

Council Sustainability Committee – The Council Sustainability Committee has provided input on Hayward's participation in the formation of EBCE at several meetings, the last of which was on July 11, 2016, when staff presented the technical study prepared by the County.

DISCUSSION

Findings of the Technical/Feasibility Analysis:

Oakland consulting firm, MRW & Associates, hired by Alameda County, prepared an analysis entitled "Technical Study for Community Choice Aggregation Program in Alameda County" that described in detail the potential for successful CCA program in Alameda County. Using electrical load data for the most recent two-year period, along with best professional predictions of future market conditions and energy prices, the analysis projected estimated energy costs to both EBCE and the customer base for a thirteen-year period (2017 – 2030). The Study:

- Quantifies the electric loads that an Alameda County CCA could serve, including residential and commercial customers in the unincorporated county and all cities except the City of Alameda, which has its own electric utility;
- Estimates the costs to start-up and operate the CCA;
- Considers scenarios with differing assumptions concerning the amount of carbon-free power being supplied to the CCA so as to assess the costs and GHG emissions reductions possible with the CCA;
- Includes varying levels of renewable power and an analysis of in-county renewable generation potential;
- Compares the electric rates that could be offered by the CCA to PG&E's rates;
- Quantitatively explores the rate competitiveness to key input variables, such as the cost of natural gas;
- Explores what programs a CCA might offer with respect to administering customer-side energy efficiency programs;

- Calculates the macroeconomic impact and potential employment benefits of CCA formation in the County.

County staff provided the following summary of the Study's findings:

- Feasibility for a CCA in Alameda County is favorable; current and expected market and regulatory conditions suggest that an Alameda County CCA should be able to offer residents and businesses electric rates that are a cent or more per kilowatt-hour (6 – 7%) less than that available from PG&E under most scenarios. The sensitivity analyses suggest that these results are relatively robust; only when very high amounts of renewable energy are assumed in the CCA portfolio (such as Scenario 3), combined with other negative factors, do PG&E's rates become consistently more favorable than the CCA's rates.

- EBCE could help facilitate the in-County development of greater amounts of renewable generation. The study assumed a relatively conservative amount of local renewable generation for its analysis—about 175 Megawatts (MW) over 10 years– but other studies suggest that the potential is higher. Because the CCA would have a greater interest in developing local solar than PG&E, it is more likely that such development would occur more quickly with a CCA in the County than without it.

- The CCA can also reduce the GHG emissions associated with electricity use in Alameda County, but only under certain circumstances. Because PG&E's supply portfolio has significant carbon-free generation (large hydroelectric and nuclear generation), the CCA must contract for significant amounts of carbon-free power (such as large hydroelectric) beyond the required qualifying renewables in order to actually reduce the County's electric carbon footprint. To meet the GHG reduction goals of participating jurisdictions, EBCE will need to contract with hydroelectric or other carbon-free generators. To meet GHG reduction goals with only State-Compliant Renewable Energy (without large hydroelectric), it would be necessary to implement a plan that lies roughly between Scenario 2 and Scenario 3.

- A CCA can also offer positive economic development and employment benefits to the County. Each Scenario analyzed was found to create hundreds of jobs at the local and/or regional levels, with the proportion of local jobs depending on the degree of direct local renewable energy investment, and the total regional jobs dependent mostly on indirect multiplier effects resulting from reduced electric rates and more money available to individual consumers and businesses. In each case, the larger benefit to area jobs shown by the Study comes not from direct investment in local energy, but from reduced electric rates; residents, and more importantly businesses, can spend and reinvest their bill savings, and thus generate greater economic impacts in the local economy. If electric rates are higher than PG&E, then customers would likely opt out of the CCA and there would be no increase in area jobs.

- The scenario that offers the greatest *electric rate reduction*, and thus the greatest ability to generate indirect total jobs based on economic multiplier effects, is Scenario 1. It invests the least in renewables overall, and keeps those revenues in the hands of the ratepayers. Scenario 2 is close, but with more renewable investment statewide. Scenarios 3 and 4, by contrast, invest more heavily in renewables, but Scenario 3 invests statewide, while Scenario 4 invests locally; the result is result is that Scenario 3 generates the fewest jobs locally (although it maximizes renewable energy and GHG reduction), but Scenario 4 generates the most local jobs by a significant margin. Scenarios 3 and 4, however, *minimize jobs out of the County* and regionally through economic multiplier effects because customer savings are not emphasized in these scenarios.

- The consultant did identify a number of risks to consider, from unfavorable regulatory changes to financial and market risk. The CCA model has successfully operated in various jurisdictions for more than six years, and several new programs have recently launched. Many of the early-phase risks, generally associated with uncertainties of how CCAs would operate in California, (e,g., concerns about financial risk to member jurisdictions) have proven to be mitigable through the work and experience of the existing CCAs. Given the years of operational experience of municipal utilities, CCAs and other load-serving entities, there is no shortage of expertise to help mitigate procurement and market risks. Finally, MRW did conduct multiple sensitivity analyses of the key assumptions that went into the conclusions about the CCA's price competitiveness. MRW modeled, for example, what would happen to CCA electricity rates if renewable energy prices and utility exit fees suddenly rose and if PG&E prices declined. In seventeen of the eighteen cases examined (excluding the "stress scenario"), the CCA program was able to maintain lower rates than PG&E. (Even in the one case where it was negative—low PG&E rates plus high renewable content, the CCA rate was less than $0.001/kWh more than PG&E.) The model indicated it would take a very unlikely combination of variables (the "stress scenario") for CCA rates to consistently rise higher than PG&E.

- The Technical Study performed an analysis to determine how many jurisdictions in Alameda County would need to participate in order to make EBCE financially viable. The analysis assumed the same fixed costs, including start-up costs, as would be involved if all cities participate. It also assumed the same basic criteria: (a) Pay off complete start-up costs over five years; (b) 120 days of cash on hand (part of start-up); (c) reserve fund set at 15% of the CCA's annual revenue; and (d) must meet PG&E's rates. The analysis demonstrated that the overall total load of all the possible participants is about 7,000,000 MWh per year (with assumed 85% participation rate per City), and then calculated 450,000 MWh per year as the approximate minimum load for which CCA rates would be no higher than PG&E rates. 450,000 MWh per year is approximately 6.5% of the total possible County-wide load. Under this analysis, this equates to the load of about one medium sized city (such as San Leandro or Pleasanton). The County could theoretically operate a CCA on its own, although the addition of at least one City would provide a solid level of financial comfort. If the CCA

were to begin below the minimum size, it would have to either not fully fund the reserve fund, or charge higher rates than PG&E.

In conclusion, a 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 about 10-15% of all customer load, or about 1,000,000 MWh per year.

A significant risk factor considered in the Study, but not addressed in the County's summary above was the closure of the Diablo Canyon nuclear power plant. On June 21, 2016, PG&E confirmed that Diablo Canyon will close by 2025. If PG&E did pursue relicensing of Diablo Canyon, the necessary improvements to the facility would be very expensive and would have put EBCE at a competitive advantage in terms of rates. On August 11, 2016, PG&E announced a proposal to increase its investment in energy efficiency, renewables and storage beyond current state mandates to replace the electricity that has been generated by Diablo Canyon. PG&E states that Diablo Canyon will be replaced with GHG-free energy sources. While the state RPS will require 50% renewables by 2030, PG&E intends to achieve 55% by 2031. This means that EBCE will have a greater challenge competing with PG&E in terms of renewable content and meeting the RPS. However, EBCE may be a more attractive option for customers in that it will be governed by local elected officials and has the potential to generate in-County jobs and additional economic activity. Also, it is possible that EBCE may offer more attractive net metering tariffs for customers with solar photovoltaic systems.

The draft and final Technical/Feasibility Study was presented and considered on multiple occasions by the CCA Steering Committee to advise and participate in the County's initiative. The Committee members and members of the public submitted, both in person and in writing, comments and questions to which the consultant responded, both in the body of the Study and in a memorandum prepared to supplement the final document. At its meeting on July 6, 2016, the Steering Committee determined by consensus to accept the Technical Study and to recommend its advancement to the County Board of Supervisors. On October 4, 2016, the Alameda County Board of Supervisors voted unanimously to accept the findings of the Study.

Agreement to Participate in a Joint Powers Authority / Agency (JPA):

A proposed agreement entitled "East Bay Community Energy Authority - Joint Powers Agreement" was prepared by the Office of the County Counsel and has been reviewed by City Attorneys and the membership of the Steering Committee. The draft is based on similar JPA Agreements for CCA programs in the Bay Area, and it creates a legal and financial separation of the assets and liabilities of the JPA and its member agencies.

The Draft JPA Agreement includes a set of operating principles for the participating members and the roles/responsibilities of each member. The following is a summary of the key provisions in the Agreement:

a. *Separate Legal Entity.* The JPA Agreement establishes the East Bay Community Energy Authority as a separate legal entity; the County and the member cities

assume no obligations (except in narrow circumstances provided for in the JPA Agreement) for the debts and liabilities of the Authority.

b. *Board of Directors*. The Board of Directors of the Authority shall be made up of a representative from each member agency and an alternate director from each member agency, both of whom must be members of the Board of Supervisors or respective city councils.

c. *Community Advisory Committee.* The JPA shall establish a community advisory committee consisting of nine members to advise the JPA Board on matters relating to the operation of the Authority. The chairperson of the advisory committee shall be a non-voting member of the Board of Directors, and the vice-chairperson of the advisory committee shall be a non-voting alternate on the Board of Directors.

d. *Voting.* The Authority Board of Directors can act by a majority of directors voting in favor of an item. This is defined as a "percentage vote". If, immediately after an affirmative percentage vote, three (3) or more Directors so request, an Authority action must also be approved by a "voting shares vote," where each Director's vote represents that share of the JPA's overall electrical load represented by the member entity. (For example, if the unincorporated County's share of the overall load is 9%, the County's vote would be 9% towards a needed 50.1% majority.). In two circumstances super majority votes are required. A super majority vote is defined as a two-thirds vote for an amendment to the Agreement and a three-quarters vote to amend the voting provisions of the Agreement. Such votes would initially be percentage votes, but could also be subject to a voting shares vote if called for by three or more Directors.

e. *Withdrawal.* The JPA agreement provides a process for member entities to withdraw and provides that, in the event of a complete withdrawal of both municipal and all constituent accounts, the member agencies will reimburse the JPA for any stranded costs incurred as a result of serving the withdrawing agency and all of its community's customers. If a large percentage of a member agency's customers opt out of the program, but the agency remains a member of the JPA, then the member agency would not be responsible for stranded costs.

Activities and Consulting Services to Support Launch of EBCE

Alameda County is currently undertaking activities to form a Joint Powers Authority Board and create EBCE. To seat a JPA Board and to be able to bring that Board substantive CCA matters on which to act as quickly as possible, County Staff will undertake a number of activities and retain additional consulting expertise in the areas of energy analytics and procurement, marketing, and data management during the latter half of 2016 and early 2017. Following is a comprehensive but not exhaustive list of activities and consulting services that will be procured by the County:

<u>Category 1: Technical, Energy Procurement and Data Management Services</u> – These services include but are not limited to:

1) Answer energy market and utility-related questions and serve as an expert resource to city staff and elected City officials as they digest the analysis in the Technical Study and contemplate joining the JPA.
2) Finalize desired power supply mix and draft RFP for wholesale energy procurement and CAISO scheduling services
3) Recommend customer phasing schedule based on JPA organizational capacity and program economics
4) Refine operating budget based on final list of JPA members, number of potential accounts, and load requirements
5) Prepare EBCE's Implementation Plan for certification by the CA Public Utilities Commission
6) Assist as needed with program financing and size of credit facility based on customer enrollment schedule and projected operating revenues
7) Support power supply negotiations and development of power contracts
8) Prepare tariff schedule and rate recommendations for two power supply options (e.g. default product at 50% renewable and voluntary product at 100% renewable)
9) Design tariffs for ancillary programs such as net energy metering, community solar and/or local feed in tariff
10) Address PG&E, CA Public Utility Commission and CA Independent System Operator agreements and registrations including: CAISO paperwork and deposit, PG&E service agreement and security deposit, Bond posting, and required regulatory compliance reporting and customer noticing
11) Provide customer data managementand customer relationship management services
12) Develop and operate customer call center
13) Develop integrated resource plan and complete related regulatory reporting

Category 2: Community Outreach, Marketing and Customer Notification: Activities under this contract will include but are not limited to:

1) Brand refinements and development of sub-brands and logos for different product offerings
2) Develop County-wide, multi-lingual and multi-cultural advertising campaign to raise public awareness of EBCE and its offerings; this will include both paid and earned, print and digital media
3) Create multi-functional, multi-lingual website that includes a rate calculator and ability to opt-out of the program
4) Develop/update program collateral including FAQs, brochures and presentations
5) Develop short informational video for website, social media and use at community meetings
6) Handle press outreach - schedule editorial board meetings, draft press releases, op-eds and news articles
7) Establish a social media presence on Facebook, Twitter, Next Door, et al
8) Conduct stakeholder outreach and participate in community meetings and events

9) Work with member cities to support their local outreach efforts including local presentations, newsletter articles, event tabling, etc.
10) Meet with key energy/commercial accounts
11) Continue regular e-newsletters and info blasts to expanded list-serve
12) Participate in call center scripting
13) Design content and coordinate mailing of four customer enrollment notifications, timed to align with enrollment schedule

In addition to these key functions, County staff will continue to work with its existing consulting team from the Sequoia Foundation in the areas of program design, project management, and JPA formation and financing. Staff will also work with the JPA Board to identify a Chief Executive Officer and appropriate legal support (general counsel, et al) as the Agency moves into formation and initial staffing. It is anticipated that County staff will remain involved through Phases II and III (i.e., through program launch) and, if needed, for a brief transition period until the new Agency is operational and staffed independently. In conjunction with a committee of city attorney representatives, staff and the Office of the County counsel would select an interim JPA legal counsel this fall who will be available to represent the JPA upon formation.

Other Cities in Alameda County

All cities in Alameda County are currently considering joining EBCE with the exception of the City of Alameda, which has its own electric utility. The other twelve cities are in various stages of considering whether to join or actually joining EBCE. At the time of the writing of this report, the cities of Berkeley and Emeryville had completed first readings of the ordinance and voted to approve the ordinance. The other known city council meeting dates are provided below.

Name of City	County/Consultants Presentation Date	1st Reading of Resolution & Ordinance	2nd Reading of Resolution & Ordinance	Status as of November 18, 2016
Albany	11/21/16	11/7/16		Approved 1st Reading
Berkeley	11/1/16	11/1/16	11/15/16	Approved 1st Reading
Emeryville	10/18/16	11/1/16	11/15/16	Approved 1st Reading
Piedmont	10/17/16	11/7/16	11/21/16	Approved 1st Reading
Oakland	11/1/16	11/29/16	12/13/16	
San Leandro	10/17/16	11/21/16	12/5/16	
Hayward	10/13/16	11/29/16	12/6/16	
Union City	10/25/16	11/22/16		
Newark	10/27/16	11/10/16		Not Approved
Fremont	10/11/16	11/8/16	11/15/16	Approved 2nd Reading
Dublin	11/1/16	11/15/16	12/6/16	Approved 1st Reading
Pleasanton	10/4/16	TBD	TBD	
Livermore	10/10/16	11/28/16	TBD	

The City of Newark declined to act through lack of a second on a motion and has not set a date to reconsider the item. Newark's staff report highlights the fact that, "Newark's influence in the operation of this Authority will be minimal, considering Newark's weighted vote would be 3.2% (assuming all othe public agencies join)." The report also mentions concerns about the tight timeframe to draft and adopt a business plan and that because enrollment is automatic, "residents and businesses may not realize that their energy supplier has changed."

The City of Pleastanton has not advised the County of a date for council action. The City of Pleasanton hired a consultant, ESA Community Development, to evaluate the County's Technical Study. ESA cautioned that the Technical Study does not adequately address several risks related to EBCE's competitiveness with PG&E. Specifically, ESA found that:

- it is possible that EBCE might need to pay more for new renewable energy sources than anticipated;
- the Power Charge Indifference Assessment may be underestimated;
- risks and volatility impacts of hydro resources are not fully analyzed; and
- opt out rates may be higher than anticipated.

ESA's memo is Attachment V to this report. Attachment VI is an opinion piece that appeared in the Pleasanton Weekly after Pleasanton's October 4 council meeting.

In response to the ESA memo, MRW, the authors of the Technical Study, prepared a memo dated October 11, 2016 (Attachment VIII). While acknowledging some aspects of the ESA's analysis and comments, MRW asserts that the risks associated with rates and competitiveness with PG&E were adequately addressed in the Technical Study. The memo also notes that a detailed bill analysis was not part of the scope of work and was not necessary to determine the feasibility of EBCE. The response memo further notes that Marin Clean Energy did not experience significant opt-outs during periods when rates were higher than PG&E's.

ECONOMIC IMPACT

The County's Technical Study concludes that most consumers in Alameda County are likely to experience bill savings ranging from 3 to 7%. The County's consultant asserts that EBCE could remain competitive with PG&E under a variety of scenarios. Furthermore, the consultant has stated that if all the negative "sensitivity cases" were to occur at one time, then EBCE would not be competitive with PG&E but that if this were to happen, it would be for a short time and that EBCE would still be viable. It should be pointed out that while rigorous, the Technical Study's rate projections are, in the end, only projections. Many factors can affect these projections including how PG&E will respond to creation of more CCAs and threats of loss of energy procurement market share. If the consultant's projections do not come to fruition and rates are not competitive with PG&E for an extended period of time, some consumers would likely opt out of EBCE and the JPA which would have an unfavorable impact on economies of scale and EBCE's financials and rates.

As described in the Technical Study, construction of local generation facilities within Alameda County would have very little impact on the County's overall economic activity. The economic

model shows that a much larger impact on the local economy would be caused by the bill savings experienced by individual customers. The report notes that when a household has a lower utility bill, there may be increased spending in other sectors of the local economy. Depending on the scenario selected, projected job creation could range from 731 to 1,322 new jobs. According to the California Economic Development Department, as of April 2016, there were 790,800 jobs in Alameda County. The job creation from EBCE could amount to a 0.09% to 0.17% increase, depending on the scenario implemented. As noted earlier in this report, if electric rates are higher than PG&E's then customers would likely opt out of EBCE and job creation would be reduced.

FISCAL IMPACT

As noted in previous reports, the County is fronting EBCE up to $3.7 million to cover the costs of the feasibility analysis, planning, and various steps involved in the formation of the program. The County will be reimbursed for these costs within the first three years of the program's launch. Staff anticipates the fiscal impact to Hayward, as a result of joining EBCE, will be in the form of additional staff time. Near term staff impacts may be significant as EBCE and its Board will have many decisions to make and substantial public outreach to do prior to and soon after the program launches in the fall of 2017. Longer term staff impacts will depend on the degree to which the Council would want City staff to participate in EBCE activities and the support requested by Hayward's representative on the EBCE Board. The staff impacts of individual cities have not been considered by the County.

In addition to staff impact, the EBCE program may also cause a reduction in revenue from the City's Utility User Tax (UUT). As homeowners and businesses opt to take advantage of more favorable conditions and install solar photovoltaic, their energy bills would go down, and they will pay less UUT. Also, new energy sources are procured for the East Bay as well as for Peninsula Clean Energy, PG&E's demand for electricity from Russell City Energy Center could decline, which would result in a decrease in natural gas use and a corresponding drop in UUT revenue.

One of the first tasks of the EBCE Board of Directors will be to decide on financing for the early stages of the program when electricity must be purchased before revenues begin to be received. As described in the attached memo (see Attachment VII) the necessary early financing could be in the form of a bridge loan or a line of credit. The amount of pre-revenue credit needed to support the program may require a credit guaranty for approximately the first year. Other CCE programs have had member cities offer letters of credit and EBCE could do the same. It is possible that EBCE may request its member cities to provide letters of credit. If the County does request cities to provide a letter of credit, their memo currently states that this would be a request, not a requirement, of EBCE member cities If a letter of credit is requested, staff will bring the matter before Council for their consideration.

SUSTAINABILITY FEATURES

The EBCE program 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, if successful, may have the following sustainability features or benefits:

Energy: Electricity/natural gas/other fossil fuels.

> A primary goal of the EBCE program would be to provide electricity from clean and renewable sources that reduces our reliance on fossil fuels. However, it remains to be clearly determined how much impact the EBCE would have over PG&E.

Air: Air emissions of pollutants.

> EBCE would minimize pollutants and has the potential to reduce GHG emissions, helping Hayward to meet its Climate Action goals. However, it remains to be clearly determined how much impact the EBCE would have over PG&E.

ENVIRONMENTAL REVIEW

Staff has determined that this process is statutorily exempt from analysis under the California Environmental Quality Act (CEQA) for the reason that it is not a project. CEQA Guidelines, Section 15378(b)(5), states that a project does not include "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environment." Forming or joining a CCA presents no foreseeable significant adverse impact to the environment over the existing condition because state regulations such as the Renewable Portfolio Standard (RPS) and Resource Adequacy (RA) requirements apply equally to CCAs as they do to Private Utilities.

PUBLIC CONTACT

As noted above, there have been many public meetings of the County Steering Committee, the City Council Sustainability Committee and the City Council on this topic. The County is planning to launch a robust public education and outreach campaign prior to launch of the program.

In the last few weeks, staff has informed the community of this public hearing, and the City's possible participation in EBCE, via the following channels:

- Email newsletter
- Hayward Chamber of Commerce
- News item on City's homepage
- Nextdoor.com
- Twitter
- Facebook

NEXT STEPS

The second reading of the ordinance is scheduled for December 6, 2016. The County's schedule anticipates the Board of the JPA will meet for the first time in January 2017.

Prepared by: Erik Pearson, Environmental Services Manager

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

Approved by:

Kelly McAdoo, City Manager