



**DATE:** May 8, 2017

**TO:** Council Sustainability Committee

**FROM:** Director of Utilities and Environmental Services

**SUBJECT:** East Bay Community Energy

### **RECOMMENDATION**

That the Committee reviews and comments on this informational report.

### **BACKGROUND**

In June of 2014, the Alameda County Board of Supervisors approved funding for exploration and development of a Community Choice Energy program. That Phase 1 funding totaled \$1.325 million, which was followed up by a second tranche of \$2.41 million for a total of \$3.735 million. From June 2015 through December 2016, a Steering Committee met monthly to consider the feasibility of establishing a Community Choice Energy program. Staff's last update to the Committee was in July 2016 and included results of the feasibility study prepared by the County and the draft joint powers agreement. Since then, Council received an update about the formation of East Bay Community Energy (EBCE) on October 13, 2016. On November 29, 2016, Council voted unanimously to join EBCE and on December 6, 2016, Council adopted the ordinance that was required for Hayward to join the joint powers authority. All previous Council and Committee reports are available at <http://www.hayward-ca.gov/cce>

In addition to Hayward, ten other cities in Alameda County joined the joint powers authority to form EBCE in November and December 2016. 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. Subsequent meetings were held on February 15, March 1, and April 12.

### **DISCUSSION**

County staff and the EBCE Board of Directors initially intended to have EBCE begin serving customers in October 2017, however this would require that an Implementation Plan be submitted to the California Public Utilities Commission (CPUC) by April 1, 2017. However, the County issued an RFP for three consultant service categories including Energy and Technical Services; Community Outreach, Marketing, and Customer Notification; and Data Management and Call Center Services and all three contracts were protested. The protests required hearings before the Alameda County Board of Supervisors, which delayed

development of the program. As a result of the bid protest for Data Management and Call Center Services, all bids were rejected and on April 12, 2017, the EBCE Board directed staff to issue a new RFP. EBCE now expects to begin serving customers in the spring of 2018.

In 2016, Contra Costa County expressed interest in joining EBCE. While there are currently five cities in Contra Costa County that are members of MCE Clean Energy, the County and the remaining cities are deciding whether to join MCE or EBCE. The EBCE Board discussed bringing on additional cities and agreed that EBCE would benefit from additional members and additional electrical load due to economies of scale. In the last few months, EBCE Board members and County staff have spoken at the Contra Costa County Board of Supervisors and several city councils in Contra Costa County to encourage them to join EBCE. The Contra Costa County Board of Supervisors is expected to decide at their May 2<sup>nd</sup> meeting.

On March 1, 2017, the EBCE Board approved a \$2.4 million implementation budget, which will fund the preparation of the Implementation Plan to be submitted to the CPUC, development of rate schedules, marketing, and outreach, entering into energy supply agreements, and a Local Development Business Plan. This budget does not include pre-launch expenses associated with power procurement. This and other additional expenses will need to be covered by a bank loan, however EBCE has yet to establish a credit rating. EBCE will be asking cities for loan guarantees to facilitate a short-term loan at a reasonable interest rate.

Also on March 1, the Board awarded a contract to ALH Economics for the preparation of a Local Development Business Plan. As noted in the JPA, EBCE will seek to prioritize the use and development of local renewable resources and demonstrate quantifiable economic benefits to the region in terms of union and prevailing wage jobs, local workforce development, new energy programs, and increased local energy investments. The JPA requires the preparation of a Local Development Business Plan that will lay out a plan for achieving those objectives and requires that the Plan be approved by October 30, 2017.

EBCE is in the process of hiring its first staff member, a Chief Executive Officer. The application deadline for EBCE's CEO was April 10 and the CEO may be in place by June or early July of this year. S/he will be working out of a temporary office at County CDA until permanent office space is secured.

Finally, on April 12, County staff shared with the EBCE Board that in January 2016, the County issued a conditional use permit to Salka Energy LLC for a wind energy project in Alameda County, a 54-megawatt project called Summit Repower Wind Project, which begin producing power in summer 2018. The County Board of Supervisors entered into a non-binding MOU with Salka on December 20, 2016 outlining a "mutual expression of interest" regarding the possibility of a long-term power purchase agreement (PPA) between Salka and EBCE if mutually beneficial terms can be met.

## **FISCAL IMPACT**

Alameda County has and will continue to front most of the costs associated with establishing EBCE, however a bank loan may be necessary to fund the purchase of electricity before revenues are received. Such a bank loan may require member cities to offer loan guarantees. To date, the only community choice energy program to request loan guarantees from its member agencies is Silicon Valley Clean Power. If the EBCE Board makes a formal request for loan guarantees, staff will seek direction from the Committee and the full Council.

## **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 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.

## **NEXT STEPS**

As shown in the attached timeline, EBCE intends to hire a CEO in the next month and prepare an implementation plan that will be submitted to the CPUC in September 2017. The timeline also shows other key tasks leading up to the launch of the program in the spring of 2018.

*Prepared by:* Erik Pearson, Environmental Services Manager

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

*Approved by:*



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Kelly McAdoo, City Manager