



DATE: November 26, 2018

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT: East Bay Community Energy – Priorities for Implementation of the Local Development Business Plan

RECOMMENDATION

That the Committee reviews and comments on this report.

SUMMARY

East Bay Community Energy (EBCE) is soliciting input regarding the priorities for implementation of its Local Development Business Plan. EBCE is working to balance its member jurisdictions' priorities for competitive rates, greenhouse gas (GHG) reductions, local job creation, and building local renewable energy projects.

BACKGROUND

EBCE formed in late 2016 as a joint powers authority to provide cleaner, greener energy at lower rates to Alameda County customers. EBCE started providing electricity to commercial and municipal accounts in June this year and to residential customers this month. Information about EBCE is available on their website¹. Staff has provided many reports about EBCE to the Committee and Council, all of which are available on the City's website².

The EBCE Board of Directors approved the Local Development Business Plan (LDBP) on July 18, 2018³. The purpose of the LDBP is to provide a framework for accelerating the development of clean energy assets within Alameda County while providing for local economic benefits, such as job creation and community energy programs. For an overview of the LDBP as well as the 2018/2019 fiscal year implementation budget, see Attachment II.

¹ <https://ebce.org/>

² <https://www.hayward-ca.gov/cce>

³ <https://ebce.org/local-development-business-plan/>

DISCUSSION

EBCE is soliciting input regarding the priorities for implementation of its Local Development Business Plan. The different priorities identified by EBCE are:

- Maintain Rate Discount – Customers have been informed that Bright Choice will be 1.5% cheaper than PG&E and Brilliant 100 will have rates equal to PG&E. Staff recommends that these rates relative to PG&E remain in place. If PG&E rates increase significantly in the future, then it may be reasonable for EBCE to offer a larger discount relative to PG&E.
- GHG Reductions – GHG reductions could come from development of new renewable energy facilities in Alameda County, energy efficiency programs, or electrification of buildings and vehicles.
- Create Local Jobs – Local job creation could come from the development of new local energy facilities or energy efficiency programs.
- Build Local Projects – Local projects may include those owned by member jurisdictions or larger scale privately-owned facilities.

EBCE's budget shows that annual revenue from electricity sales is expected to be approximately \$318 million. Increasing the rate discount for customers by one percent would mean a reduction in revenue of approximately \$3.2 million. For comparison, EBCE's 2018/2019 budget for implementation of the LDBP is \$2 million and once fully implemented, the LDBP is expected to cost approximately \$4.5 million per year.

Staff Recommendation – Staff's recommendation is to focus on creating local jobs by building local projects and offering both energy efficiency and electrification programs to customers. These efforts will also lead to GHG reductions. Specifically, staff recommends the following in order of priority:

1. Create Local Jobs
2. Build Local Projects
3. GHG Reductions
4. Maintain Relative Rate Parity with PG&E

Staff seeks the Committee's input on the above priority areas and will relay comments to EBCE staff.

ECONOMIC IMPACT

Reductions in EBCE's rates or increases in the discount of EBCE rates relative to PG&E would benefit the local economy by increasing disposable income for households and businesses. Full implementation of the LDBP is expected to create approximately 3,000 direct jobs over the next eight years.

FISCAL IMPACT

City facilities are enrolled in EBCE's Brilliant 100 product. If EBCE reduces rates for Brilliant 100 or provides a discount relative to PG&E, then there would be a positive impact on the City's General Fund. Depending on the terms of an agreement with EBCE, prioritizing the development of local, municipally-owned, projects may benefit the City.

STRATEGIC INITIATIVES

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

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. It is possible that EBCE will enable Hayward to meet its goal to reduce emissions by 20% by 2020. Full implementation of the LDBP is expected to result in the development of approximately 400 megawatts of new renewable energy facilities by 2025, which would result in significant further reductions in GHG emissions.

NEXT STEPS

Upon on direction from the Committee, staff will present the Committee's comments to EBCE staff.

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

Approved by:



Kelly McAdoo, City Manager