

CITY OF HAYWARD

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Cover Memo

File #: RPT 15-061, **Version:** 1

DATE: December 10, 2015

TO: Council Sustainability Committee

FROM: Director of Utilities and Environmental Services

SUBJECT

Update on East Bay Community Energy

RECOMMENDATION

That the Committee reviews and comments on this report.

BACKGROUND

In June 2014, the Alameda County Board of Supervisors, allocated \$1.3 million to exploring the possibility of establishing a community choice aggregation (CCA) program, which is being called East Bay Community Energy (EBCE). If established, EBCE would be a joint powers authority that aggregates electricity demand within participating Alameda County jurisdictions in order to procure electricity for its customers. Pacific Gas & Electric Company would continue to provide customer billing, transmission, and distribution services. Staff's most recent update was provided to the Committee on June 18, 2015.

A Steering Committee made up of approximately 40 representatives from cities, businesses, labor, and nonprofits was established in May, had its first meeting in June, and has been meeting monthly since June this year. The Steering Committee reviewed and revised a request for proposals (RFP) for the preparation of a technical study in July and the RFP was released on August 10, 2015. The County received three proposals and a subcommittee of the Steering Committee reviewed the proposals and interviewed all three firms.

DISCUSSION

On December 8, 2015, the Board of Supervisors is scheduled to consider authorization of a contract with MRW for preparation of the technical study, which will include analysis of possible energy portfolio scenarios, related greenhouse gas emissions and projected rates. The study will be used as the basis for a Board decision in early 2016 whether or not to proceed with formation of EBCE.

During the November 4, 2015 Steering Committee meeting, the County's consultants presented a draft technical study for San Mateo County, whose effort is being called Peninsula

Clean Energy. Peninsula Clean Energy anticipates a launch in October 2016. Following are some key

points from the presentation:

- Three possible energy scenarios were evaluated
 1. Minimum 35% renewable content, scaling up to 50% by 2030
 2. Minimum 50% renewable content, scaling up to 75% by 2030
 3. 100% renewable energy content
- San Mateo County will likely select Scenario 2 because the study shows that it would result in rates lower than PG&E and with fewer GHGs
- Scenario 1 has a higher GHG content than PG&E
- Scenario 2 would include large hydroelectric power above and beyond the 75% renewable energy content
- Scenario 3 assumes a higher opt out rate because rates would be higher than PG&E
- The use of unbundled Renewable Energy Credits (RECs) was not considered
- Study assumed that no direct-access customers would enroll in the CCA (they can opt in)
- San Mateo County's complete study is available at <http://www.peninsulacleanenergy.com/>

The RFP for Alameda County's technical study calls for evaluation of three scenarios very similar to San Mateo County's. Alameda County's study will consider 33% and 50% renewable options for default service and a 100% renewable content option in which customers may "opt-up" and voluntarily participate.

Also during the November 4, 2015 Steering Committee meeting, County staff presented the results of a survey (Attachment I) that was sent to Steering Committee members in late October. Following are key findings from the survey:

- Twenty-nine members (75% of the committee) responded to the survey.
- Renewable energy content is a higher priority than GHG reduction (see questions 2 and 3 on the first page of the results). This could potentially result in higher rates. For example, if the Committee chooses to forgo hydroelectric power, which does not meet the state's definition of "renewable", but instead chooses to pursue solar photovoltaic power, which might be more expensive, then the program would have higher rates.
- Committee members are very interested in exploring opportunities for local power development.

As mentioned above, Peninsula Clean Energy assumes a higher opt out rate for one of the scenarios because its electricity rates would be higher than PG&E. It is important to note that due to different factors, in time the cost competitiveness of any scenario may change and be different than it is today.

The Sunday, November 29 edition of the San Jose Mercury News included a front page article titled, *Bay Area Communities Gearing Up to Create Their Own Power Systems* (see Attachment II). In it, there is a reference to an exit fee that PG&E is charging its customers who leave PG&E to join a CCA. The current monthly exit fee for Marin Clean Energy (MCE) customers is \$6.70. However, in January, PG&E will raise that fee to \$13 per month. This increase means that MCE "customers for the first time will pay a higher monthly rate for electricity than they would to PG&E." Similarly, it would be prudent to assume that as new CCAs are formed and existing CCAs increase their portfolio of clean energy, PG&E would consider increasing its own portfolio in order to remain competitive.

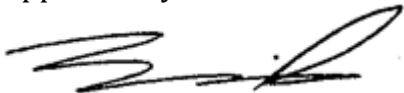
NEXT STEPS

There will not be a Steering Committee meeting in December 2015. County staff has offered to coordinate presentations to city councils after the technical study is released. If the Committee agrees, staff will contact the County to indicate interest in a presentation to the full Council upon completion of the technical study.

Prepared by: Erik Pearson, Environmental Services Manager

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

Approved by:



Fran David, City Manager

Attachments:

Attachment I
Attachment II

Results from Steering Committee Survey
Article titled *Bay Area Communities Gearing Up to Create Their Own Power Systems*