



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: WS 16-024, **Version:** 1

DATE: April 5, 2016

TO: Mayor and City Council

FROM: Director of Utilities and Environmental Services

SUBJECT

East Bay Community Energy

RECOMMENDATION

That Council reviews and comments on this report.

SUMMARY

Alameda County and the cities within Alameda County are exploring the possibility of establishing a community choice aggregation program also known as a community choice energy program. At this meeting, County staff will present an overview of community choice energy, the current status, and next steps for the potential County-sponsored program.

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 (JPA) 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.

On April 7, 2015, Council received [an overview <http://www.hayward-ca.gov/cce>](http://www.hayward-ca.gov/cce) about community choice energy and designated Council Member Al Mendall as Hayward's representative on the Alameda County Community Choice Aggregation Steering Committee established by the Alameda County Board of Supervisors. The Steering Committee has been meeting monthly since June 2015 and has thirty-nine members. It is comprised of elected officials, six staffers from Alameda County jurisdictions, several residents, and representatives from organized labor, environmental groups, and community groups.

On December 8, 2015, the Board of Supervisors authorized a contract with a consultant team led by [MRW and Associates <http://www.mrwassoc.com/>](http://www.mrwassoc.com/) for preparation of the technical study, which will include analysis of possible energy portfolio scenarios, related greenhouse gas emissions, and projected rates.

The Steering Committee was asked to rank the goals for the potential program. The goals as ranked by the Steering Committee are that “East Bay Community Energy should offer...”

1. An electric supply portfolio with a lower greenhouse gas (GHG) intensity than PG&E.
2. An electric supply portfolio that has a higher renewable energy content than is offered by PG&E and also meets or exceeds the State's renewable portfolio standard.
3. An electric supply portfolio and CCA program offerings that support the achievement of city and county Climate Action Plan goals.

The following two issues roughly tied for fourth:

4. Overall rates and customer bills that are lower than or competitive with those offered by PG&E.
4. An administering Agency that is financially sustainable, responsive to County and regional priorities, and well managed.

Staff has provided [several updates <http://www.hayward-ca.gov/cce>](http://www.hayward-ca.gov/cce) to the Council Sustainability Committee on the topic of CCAs and community choice energy over the last two years. On March 14, 2016, the Council Sustainability Committee discussed recommendations that County staff made regarding the JPA. The EBCE JPA Board would be served by one primary member and one alternate from each member agency. The primary Board member would be an elected official. Voting would be by simple majority for most votes, except that members may call for weighted voting based on a city's energy use. The JPA would have the power to contract, employ, incur debt, and issue bonds.

During a Steering Committee meeting in February this year, Hayward's representative indicated his general agreement with the County's recommendations regarding the JPA and the provision for weighted voting. Staff is currently reviewing the draft JPA agreement that was recently provided by the County.

DISCUSSION

At tonight's work session Alameda County staff will provide an overview about EBCE, the potential benefits and risks, the status of the technical study that is underway, the timeline leading to launch of the program, and plans for outreach to community groups and customers. A staff memo provided by the County and a frequently asked questions document are attached as Attachment I and Attachment II.

ECONOMIC IMPACT

Assuming the EBCE program is established, after two to three years of operation it may have the revenue and credit history needed to invest in local renewable energy generation that will create local jobs. As noted above, the Steering Committee's priority for “overall rates and customer bills that are lower than or competitive with those offered by PG&E” ranked fourth, below GHG emissions, renewable energy content, and achievement of climate action goals. More specific information about job creation and rates will be available when the technical study is released later this year.

FISCAL IMPACT

The County has indicated that member agencies are not expected to contribute to start-up costs. The County's expenses associated with the current exploratory efforts would be repaid by program revenues. Hayward will not be liable for debt issued to the JPA. Prior to making any final program recommendations, staff is reviewing the draft JPA agreement to ensure that the City would be protected from financial risk if Hayward joins the JPA.

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 would likely 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.

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.

Purchasing: Consistent with the City's Environmentally Preferred Purchasing Policy.

EBCE would meet the environmental and economic priorities of its member agencies.

PUBLIC CONTACT

The Steering Committee and Sustainability Committee meetings listed above have been open to the public. This Council meeting is the beginning of a robust public education and outreach campaign that County staff will manage through and beyond launch of the program.

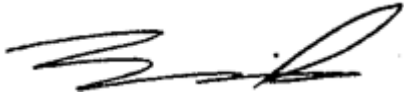
NEXT STEPS

Staff will return to Council in the summer with results from the technical study, which will include information about possible rates and percentages of renewable energy that would be offered. Staff will likely return to Council in September with a possible recommendation for adoption of the JPA agreement and associated ordinance. The tentative deadline to join the JPA is October 31, 2016 and the first JPA Board meeting would be in November 2016. The County's goal is to launch EBCE in the spring of 2017.

Prepared by: Erik Pearson, Environmental Services Manager

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

Approved by:

A handwritten signature in black ink, appearing to read 'Fran David', with a stylized flourish at the end.

Fran David, City Manager

Attachments

Attachment I
Attachment II

Alameda County Community Development Agency's Staff Memo
Frequently Asked Questions