Dear East Bay Community Energy Directors:

Thank you for the opportunity to comment on proposed East Bay Community Energy (EBCE) rates and rate setting process for FY 2019-2020. I understand that setting rates is an integral part of the process to establish the 2019-2020 budget that will be considered by Board at the June 19, 2019 Board Meeting.

My primary concern is that the Board is being asked to consider rates (and the 2019-2020 budget) without important contextual information or presentation of alternate scenarios from which to make decisions or more easily understand staff recommendations. Perhaps most important, the staff proposal to set rates for 2019-2020 without a simultaneous review of the EBCE product power mix is problematic for a number of reasons:

1. **Cost of Energy.**
The proposed cost of energy ($386,609,000) is the single largest expenditure in the proposed 2019-2020 budget. The proposed budget was presented to the Executive Committee on May 24, 2019 (see Staff Report Item 4 and the presentation slides). Slide 5 of the presentation indicated five components of the Cost of Energy budget as follows: Block and Shaped Energy, Renewable Energy, Carbon Free Energy, Resource Adequacy, and CAISO fees. Details of the cost or percentage contribution of each of these components was not presented to the Executive Committee or discussed, nor was the cost or percentage contribution of prior year expenditures for these components.

Staff should present to the Directors and the public a comparison of past year expenditures with proposed 2019-2020 budget. Without a review of past expenditures for the components of energy cost, comparison to proposed budget for each component, and an explanation of why the proposed budget differs from past expenditures it is difficult to imagine that Directors can make an informed decision regarding rates. If actual dollar comparisons reveal information that could adversely impact ongoing negotiations, then percentage deviations between past year expenditures and proposed budgets could be used to illustrate the relative amount of change for each component of cost.

Review of the component costs of energy as a part of the budgeting process is essential because the cost of energy, in part or whole, is inextricably linked to its greenhouse gas (GHG) emissions intensity and its eligibility as a California-RPS energy source. I strongly recommend that the EBCE Board request such energy component cost information from staff and consider it an essential part of the 2019-2020 rate setting and budgeting process for EBCE.

The importance of more detailed and transparent information regarding the components of energy cost can best be understood by seeking answers to questions such as:
2. Rates, Emissions, and Value Proposition
The value proposition and EBCE rates are referenced to and based on PG&E rates. The value position was presented to the Executive Committee on May 24, 2019 (see Staff Report Item 4 and the presentation slides 15 to 18). Contrary to the EBCE Board discussions and deliberation that occurred in 2018, when PG&E rates and emissions intensity served as a basis for EBCE rate setting and power mix decisions, the proposed rates and the presentation to the Executive Committee did not reference the latest PG&E power mix (or estimated emissions intensity). Instead, the currently proposed 2019-2020 rates are, by default, based on parity with PG&E emissions intensity of 2017.

The approved CPUC forecast of PG&E emissions intensity for 2019 (refer to Appendix A of the linked document: https://pgera.azurewebsites.net/Regulation/ValidateDocAccess?docID=543405) is 0.005 MT CO2e/MWh (11 lbs CO2e/MWh); the stated target for EBCE emissions intensity is 142 lbs CO2e/MWh. Such a dramatic disparity between EBCE and PG&E emissions intensity must be considered during the rate setting process. If PG&E emissions intensity is no longer relevant to EBCE power mix decisions and rate setting, the Board must establish a new benchmark along with a schedule for reductions of GHG emissions resulting from EBCE energy procurement decisions.

3. Scenario analysis
A significant shortcoming of the proposed rates, emissions intensity, and resulting energy cost budget is the lack of staff presentations of possible scenarios. The EBCE Board of Directors should request that staff prepare and present several different scenarios so that the Board has more information regarding the impacts of various possible decisions that affect rates, emissions, and budget.

Possible scenarios include:
• Change the Bright Choice power mix to match the PG&E estimate of 11 lbs CO2e/MWh.
• Increase the renewable percentages of both Bright Choice and Brilliant 100 to at least 50% while decreasing the emissions intensity of Bright Choice.
• Eliminate Bright Choice and make Brilliant 100 the default product that replaces Bright Choice. What is the revenue neutral discount (relative to PG&E) that can be given to Brilliant 100?
• Eliminate Bright Choice, increase the renewable percentage of Brilliant 100 to at least 50%, and make Brilliant 100 the default product that replaces Bright Choice.
• Others??

Without such scenario development and analysis it is impossible to understand how the Board can make informed decisions about emissions intensity, rates, and budget.

Thank you for the opportunity to provide these comments.

Sincerely,
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