Staff Report Item 10

TO: East Bay Community Energy Board of Directors

FROM: Annie Henderson, VP Marketing and Account Services

SUBJECT: EBCE Value Proposition Update/Rate Setting Process (Action Item)

DATE: May 15, 2019

_________________________________________________________________

Recommendation

Approve a resolution adopting a process for updating the EBCE value proposition and rate setting for fiscal year 2019/2020

Initial EBCE Rate Setting and PG&E’s 2019 Rate Timeline

EBCE’s rates are currently set in relation to PG&E generation rates. Below is a summary timeline of how and when the value proposition and rates were established or modified:

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>February 7, 2018</td>
<td>Board approval for Bright Choice product at 1.5% discount to PG&amp;E generation rate and Brilliant 100 product set at parity with PG&amp;E generation rate</td>
</tr>
<tr>
<td>March 21, 2018</td>
<td>Rate sheets approved by Board to establish exact dollar amount per kWh for each rate schedule such as E1, A10 and E19</td>
</tr>
<tr>
<td>April 18, 2018</td>
<td>Board approves 100% renewable energy product at a premium to the PG&amp;E generation rate for Phase 2 program launch</td>
</tr>
<tr>
<td>May 16, 2018</td>
<td>Board adopts Bright Choice and Brilliant 100 rates for Phase 2 and sets 100% renewable energy product at $0.01 per kWh over Brilliant 100 rate</td>
</tr>
<tr>
<td>June 20, 2018</td>
<td>Board adopts updated rate sheets that include 100% renewable energy product, now called Renewable 100</td>
</tr>
<tr>
<td>September 26, 2018</td>
<td>Board approves a rate setting protocol that authorizes staff to modify EBCE rates to maintain the approved value proposition of each product</td>
</tr>
<tr>
<td>March 20, 2019</td>
<td>Staff reports to Board on modification of rates to maintain value proposition for each product due to changes in PG&amp;E generation rate.</td>
</tr>
<tr>
<td>May 15, 2019</td>
<td>Staff reports to Board on second modification of rates to maintain value proposition for each product due to changes in PG&amp;E generation rate.</td>
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</tbody>
</table>
The current rates are defined by the following value propositions:
- **Bright Choice:** 1.5% less than the PG&E generation rate
- **Brilliant 100:** Same price as PG&E generation rate
- **Renewable 100:** Additional one cent per kilowatt-hour (kWh) over PG&E generation rate

Typically, PG&E’s rates are set for implementation on January 1 each year. However, the 2019 rate setting schedule has been delayed, and PG&E is still operating on slightly modified 2018 rates. At this time, it is anticipated that the final PG&E generation rates and final Power Charge Indifference Adjustment (PCIA) will be effective July 1, 2019.

**Proposed Process for EBCE to Update Our Value Proposition/Set Rates**

EBCE’s Implementation Plan and Statement of Intent (August 2017) states that “EBCE will review its rates at a minimum once a year. EBCE will employ a robust and highly transparent rate setting process for all rate changes that will include both a public hearing and a written public comment period.”

As part of the Rate Setting protocol approved by the Board in September 2018, any change to EBCE’s value proposition shall be done with the input of stakeholders and approval by the Board. The following proposal provides a suggested approach to evaluating and implementing changes to EBCE’s value propositions.

Staff recommends the following approach to this year’s review and approval of EBCE’s value proposition and rates.

1. **Executive Committee meeting.** Staff will provide a staff report containing analysis of PG&E rates and preliminary recommendations for changes to EBCE’s value proposition, i.e. discount options.
2. **Community workshops.** Based on feedback received at the Executive Committee meeting, staff will revise analysis if needed, and solicit comments from the community. This will be achieved through up to three (3) community meetings in geographically diverse locations (e.g. north, east, and south county). Staff will consolidate feedback from these meetings into a supporting document that will be presented to the Board at their upcoming meeting. Written comments will be accepted in lieu of, or in addition to, verbal comments made during these workshops. A specific email address will be provided to the public to submit comments, along with a clear deadline for submittal.
3. **Community Advisory Committee meeting.** CAC will receive a presentation from staff and discuss the staff recommendation.
4. **Board meeting.** Staff will present analysis, findings, and recommendations derived from feedback from an Executive Committee meeting, Community Workshops and a Community Advisory Committee meeting. The Board will have the opportunity to vote on staff recommendations. If Board requests further analysis, the process will extend to the next Board meeting.

This process allows for robust public input, while not delaying what may be a time-sensitive process. The public will be welcome to participate in all meetings outlined above.
Proposed Process Timeline

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>May 15, 2019</td>
<td>Process Approval by Board of Directors</td>
</tr>
<tr>
<td>May 24, 2019</td>
<td>Discount Options presented to Executive Committee for initial feedback</td>
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<tr>
<td>May 28 - June 7, 2019</td>
<td>Up to three (3) public workshops held to review, discuss, and collect feedback on discount options</td>
</tr>
<tr>
<td>June 7, 2019</td>
<td>Written comments due from public on discount options</td>
</tr>
<tr>
<td>June 14, 2019</td>
<td>Staff proposal included in posted BOD packet</td>
</tr>
<tr>
<td>June 17, 2019</td>
<td>Staff presents proposal to CAC</td>
</tr>
<tr>
<td>June 19, 2019</td>
<td>BOD reviews and approves staff proposal on discount</td>
</tr>
<tr>
<td>July 1, 2019</td>
<td>Anticipated final PG&amp;E Rates and PCIA</td>
</tr>
<tr>
<td>July 2, 2019</td>
<td>EBCE begins to update back-end systems per final PG&amp;E Rates, PCIA, and approved discount</td>
</tr>
<tr>
<td>July 15, 2019 (estimated)</td>
<td>EBCE launches new rates with July 1 effective date</td>
</tr>
<tr>
<td>July 17, 2019</td>
<td>Staff provides update to board on status of new EBCE rates based on value proposition approved in June 2019 and presents rate sheets</td>
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Fiscal Impact

The proposed process has no direct fiscal impact. However, the fiscal impact of various discount options will be presented at the Executive Committee, public workshops, Community Advisory Committee, and Board meetings.

Attachments

None.

CEQA

Not a project.

Attachment:

A. Resolution to Adopt Process for Fiscal Year 2019-2020 Value Proposition and Rate Setting
RESOLUTION NO. ___
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EAST BAY COMMUNITY ENERGY AUTHORITY TO ADOPT A PROCESS FOR FISCAL YEAR
2019-2020 VALUE PROPOSITION AND RATE SETTING

THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES
HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

Section 1. The East Bay Community Energy Authority (“EBCE”) was formed on
December 1, 2016, under the Joint Exercise of Power Act, California Government
Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany,
Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San
Leandro, and Union City to study, promote, develop, conduct, operate, and manage
energy and energy-related climate change programs in all of the member
jurisdictions.

Section 2. At the February 7, 2018 Board of Directors regular meeting, the
Board established the initial energy products to be provided by EBCE namely Bright
Choice containing 85% carbon-free content and Brilliant 100 containing 100% carbon-
free content.

Section 3. At the February 7, 2018 Board of Directors regular meeting, the
Board also set a framework for establishing rates by benchmarking the rates off PG&E
rates such that Bright Choice rates will be set at 1.5% below PG&E’s rates and Brilliant
100 rates will match PG&E rates.

Section 4. At the March 21, 2018 Board of Directors regular meeting, the Board
adopted the rates sheets establishing the rates for the Bright Choice and Brilliant 100
products.

Section 5. At the April 18, 2018 Board of Directors regular meeting, the Board
approved offering a third energy product consisting of 100% renewable energy to be
offered concurrently with the Phase II customer launch.

Section 6. At the May 16, 2018 Board of Directors regular meeting, the Board
reaffirmed the rates for Bright Choice and Brilliant 100 as adopted by the Board of
Directors by Resolution on March 21, 2018 and sets the rates for the 100% renewable
product at $0.01 per kilowatt-hour above the PG&E base rate, which is the equivalent
of a $0.01 per kilowatt above EBCE’s Brilliant 100 rate.

Section 7. At the June 20, 2018 Board of Directors regular meeting, the Board
updated the EV Off-Peak kWh rate for Bright Choice and Brilliant 100 and added the rates for
Renewable 100 as an energy charge of $0.01 per kWh above the Brilliant 100 rate.

Section 8. At the September 26, 2018 Board of Directors regular meeting, the Board
authorized staff to make ministerial changes to modify EBCE rate schedules
consistent with the value proposition established by the Board in setting rates, and
staff will report to the board on any modifications.
Section 8. Based on the foregoing, the Board hereby approves the process attached in Exhibit 1 to review and approve a potential change in the rate value proposition.

Section 9. The Board reserves the right to modify the rates from time to time to stay competitive with PG&E rates and maintain the rates consistent with the previous framework or adopt a new framework. Any rates adjustment shall be made at a noticed public meeting.

ADOPTED AND APPROVED this 15th day of May, 2019.

______________________________
Scott Haggerty, Chair

ATTEST:

______________________________
Stephanie Cabrera, Clerk of the Board
EXHIBIT 1

FISCAL YEAR 2019-2020 VALUE PROPOSITION AND RATE CHANGE PROCESS

1. **Executive Committee meeting.** Staff will provide a staff report containing analysis of PG&E rates and preliminary recommendations for changes to EBCE’s value proposition, i.e. discount options.

2. **Community workshops.** Based on feedback received at the Executive Committee meeting, staff will revise analysis if needed, and solicit comments from the community. This will be achieved through up to three (3) community meetings in geographically diverse locations (e.g. north, east, and south county). Staff will consolidate feedback from these meetings into a supporting document that will be presented to the Board at their upcoming meeting. Written comments will be accepted in lieu of, or in addition to, verbal comments made during these workshops. A specific email address will be provided to the public to submit comments, along with a clear deadline for submittal.

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