Staff Report Item 13

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: Phase 2 Rates and Discount (Action Item)
DATE: May 16, 2018

Recommendation

Adopt the following Phase II rates:

- Bright Choice = 1.5% less than PG&E (same as Phase 1)
- Brilliant 100 = equal to PG&E (same as Phase 1)
- 100% Renewable = $0.01 per kilowatt hour premium above PG&E

Staff’s recommendation for Phase 2 is to make no change to EBCE’s rates, except for the addition of the 100% Renewable rate. As illustrated in the previous discussion on budget, the current rates provide adequate revenue to recover all operating expenses, meet reserves and make initial investments in Local Development. Given current uncertainty surrounding energy procurement costs, staff does not recommend increasing discounts at this time.

Consider policy to prioritize use of surplus revenues to provide an annual bill credit to CARE, FERA, and Medical Baseline customers.

If the Board is interested in considering additional customer discounts, staff’s recommendation is to adopt a policy to prioritize the use of surplus revenues at the end of the year to provide additional bill credits to low-income customers.

Discussion

Staff’s recommendation for Phase 2 is to make no change to EBCE’s rates, except for the addition of the 100% Renewable rate. As illustrated in the previous discussion on budget, the current rates provide adequate revenue to recover all operating expenses, meet reserves, and make initial investments in local development. Given current uncertainty surrounding energy procurement costs, staff does not recommend increasing discounts at this time.

If EBCE’s financial performance exceeds these forecasts, then there may be additional room for increasing discounts, though these surplus funds could also be allocated to things such as local development, debt repayment, or increasing EBCE’s renewable energy content.
Any additional discount or bill credit for Phase 2 at this point in the fiscal cycle would require a reduction in one or more expense line-items. As a reference, EBCE staff has analyzed the fiscal impact of adding just the Phase 2 bill credit. In one scenario, staff evaluated a bill credit for all residential customers set at $10. In a second scenario, staff evaluated a tiered bill credit with general residential customers receiving $7.50 and CARE/FERA/Medical Baseline receiving a $15 bill credit. In a third scenario, staff evaluated only adding a $15 bill credit for CARE/FERA/Medical Baseline customers. In each scenario, the bill credit would be applied once at the end of the year.

### Table 1 - Fiscal Impact of Increased Phase 2 Discount

<table>
<thead>
<tr>
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<th>Total Annual Bill Credit</th>
<th>Total Customer Bill Savings (including 1.5% rate discount)</th>
</tr>
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<tbody>
<tr>
<td><strong>Fixed</strong>: $10 annual bill credit</td>
<td>$4,794,796</td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>Tiered</strong>: $7.50 annual for residential, $15 for CARE</td>
<td>$4,315,316</td>
<td>3.3%/5.2%</td>
</tr>
<tr>
<td><strong>Limited</strong>: $15 annual for CARE/FERA/Medical Baseline</td>
<td>$1,438,439</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Of the three scenarios, only the increased discount for CARE/FERA/Medical Baseline customers could be paid for out of the current budget without making an adjustment to Reserves or Local Development.

If the Board is interested in considering additional customer discounts, staff recommends the Board adopt a policy to prioritize the use of surplus revenues at the end of the year to provide additional bill credits to low-income customers.
RESOLUTION NO.____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST BAY COMMUNITY ENERGY AUTHORITY
APPROVING RATES FOR BRIGHT CHOICE AND BRILLIANT 100 PRODUCTS
AND A 100% RENEWABLE ENERGY PRODUCT

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% greenhouse gas free content and Brilliant 100 containing 100% greenhouse gas
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 2018 rates and Brilliant 100 rates will
match PG&E’s 2018 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 April 18, 2018 Board of Directors regular meeting, the Board
approved a framework for the 100% renewable product rates whereby the 100% renewable
product will cost an additional fee per kilowatt-hour above the PG&E base rate, which is the
equivalent to the difference between the cost of Bright Choice and the 100% renewable
energy product.

Section 7. Based on the rates framework and PG&E’s 2018 rates, which were effective
on March 1, 2018, the Board hereby adopts the rates for Bright Choice and Brilliant 100 as
adopted by the Board of Directors by Resolution on March 21, 2018 for the Phase 2 residential
launch, 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 8. 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 day of 16\textsuperscript{th} day of May, 2018.

________________________________________
Scott Haggerty, Chair

ATTEST:

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Stephanie Cabrera, Clerk of the Board