



Staff Report Item 8

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency

SUBJECT: Implementation Plan

DATE: February 15, 2017

Staff Recommendation

This item is informational only, however staff encourages the Board to consider the “Key Decisions” listed below, which are needed to submit the Implementation Plan for CPUC certification.

Background

The California Public Utilities Commission requires all emerging Community Choice Aggregation programs to submit an Implementation Plan that describes the key features of the program. This report discusses what is typically included in the plan and spells out the decisions staff needs from the Board in order to submit the plan. The Implementation Plan itself has to be formally approved by the Board before it goes to the CPUC. The goal has been to submit the plan to the CPUC by early April, however, this intended date is likely to slip due to hiring process appeals. The Commission has 90 days to certify the plan, which is required before the program can set rates and begin customer notification.

Analysis and Discussion

The Implementation Plan is a statutory requirement under Public Utilities Code, Section 366.2.(c)(3). The content of a typical Implementation Plan is described below, but it’s important to note that much of the language in the plan tends to be written in general terms, so as to conform with CPUC requirements but not provide so much detail that it either constrains the Agency in the future or the Plan becomes rapidly outdated. For example, the Implementation Plan will discuss the process for setting rates but would not specify what those rates are. The plan, in other words, is not a detailed business plan for all of EBCE’s procurement strategies and programs; it is a regulatory compliance document meant to specify the foundational framework and features of the CCA program. It should be considered separate and distinct from the Local Development Business Plan, which seeks to delve into much greater detail on the adoption of local programs.

To meet pertinent requirements of the law, the Plan must address the following elements:

- An organizational structure of the program, its operations, and its funding.
- Ratesetting and other costs to participants.
- Provisions for disclosure and due process in setting rates and allocating costs among participants.
- The methods for entering and terminating agreements with other entities.

- The rights and responsibilities of program participants, including, but not limited to, consumer protection procedures, credit issues, and shutoff procedures.
- Termination of the program.
- A description of the third parties that will be supplying electricity under the program, including, but not limited to, information about financial, technical, and operational capabilities.

Key Decisions for EBCE Board:

1. Initial JPA Membership: The twelve Alameda County jurisdictions that are parties to the JPA Agreement will be included in the Implementation Plan. The open question is whether or not the Board would like to include any new JPA members (e.g. from Contra Costa cities) in the Implementation Plan. This is really a question of timing. If EBCE wants to launch in October and the Implementation Plan can be approved and submitted to the CPUC in early April, it is unlikely that Contra Costa jurisdictions will be included in the initial Plan. If there is a decision to launch in Spring, 2018 the timing will shift and inclusion of new members may be possible. For now, however, the assumption is that the Implementation Plan will include only the initial JPA members and an amended Plan will be prepared and submitted when additional EBCE members are added.

2. Energy Supply: The Implementation Plan should also state the intended level of renewable and carbon-free energy in the supply mix. As an example, Peninsula Clean Energy’s plan stated, “The PCEA’s initial resource mix will include a renewable energy content of at least 50%.” This statement was made before the energy services provider (ESP) was selected, so the decision was based on the initial technical study and market conditions, which showed that a 50% renewable energy level was possible with rates lower than PG&E, which turned out to be the case. This statement established the minimum floor for renewables but enabled PCE to procure higher levels of renewable power if it so chose. Other CCA’s have specified different levels of renewable and GHG-free content but all the programs have included a voluntary 100% renewable energy offering at a price premium. Like PCE, EBCE’s Implementation Plan is likely to be drafted before the final determination of the energy service provider, and thus the Board may wish to consider a more conservative *minimum* renewable energy level in the Implementation Plan (as shown in the PCE “Proposed Resource Plan” table below), knowing that it can exceed that estimate once the ESP bids are received and actual supply options and pricing are known. PCE’s actual mix level of renewable energy currently exceeds 50% and is more than 75% carbon-free.

Peninsula Clean Energy
Proposed Resource Plan
(GWh)
2016 to 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PCE Demand (GWh)										
Retail Demand	-253	-2,447	-3,382	-3,399	-3,416	-3,433	-3,451	-3,468	-3,485	-3,503
Distributed Generation	0	0	3	4	6	7	9	10	12	13
Energy Efficiency	0	0	0	3	7	10	14	17	21	25
Losses and UFE	-15	-147	-203	-203	-204	-205	-206	-206	-207	-208
Total Demand	-268	-2,593	-3,582	-3,595	-3,608	-3,621	-3,633	-3,646	-3,659	-3,672
PCE Supply (GWh)										
<u>Renewable Resources</u>										
Total Renewable Resources	127	1,223	1,691	1,700	1,708	1,803	1,898	1,994	2,091	2,189
<u>Conventional Resources</u>										
Total Conventional Resources	142	1,370	1,891	1,895	1,900	1,818	1,736	1,652	1,568	1,483
Total Supply	268	2,593	3,582	3,595	3,608	3,621	3,633	3,646	3,659	3,672
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

In addition, EBCE’s Implementation Plan will need to have a high-level proposed resource plan, highlighting its energy resources (including energy efficiency) as well as proposed renewable energy purchases. PCE’s resource plan is provided as an example below. It’s important to note that these initial estimates are resource targets that can be amended at a later date through additional power resource planning and documented in the Agency’s Integrated Resource Plan which will be developed during EBCE’s early operations.

Finally, the plan should describe the process for procuring the initial energy, such as issuing an RFP for energy services and power supply. If the RFP has been issued and a short-list of potential ESPs identified by the time the Plan is submitted, that information can be included as well.

3. Customer Phasing Schedule: One key part of the Implementation Plan will be the phasing schedule for customer enrollments. This discussion is best informed by additional market and revenue analysis to be done by EBCE’s designated technical and energy services consultant once confirmed. As an example, below is the phasing schedule articulated in Silicon Valley Clean Energy’s Implementation Plan. SVCE’s phasing strategy is unique to their timing, organizational and credit capacity, just as EBCE’s recommended phasing strategy will be unique to its own set of conditions.

**Silicon Valley Clean Energy
Enrolled Retail Service Accounts
Phase-In Period (End of Month)**

SVCE Customers	Apr-17	Jul-17	Oct-17
Residential	37,627	103,475	188,136
Small Commercial	16,497	16,497	16,497
Medium Commercial	2,180	2,180	2,180
Large Commercial	141	1,007	1,007
Industrial	<15	37	37
Street Lighting & Traffic	743	743	1,376
Agricultural & Pumping	-	-	814
Total	57,192	123,939	210,048

Other Elements of the Plan:

4. General description of service offerings: default product, voluntary green pricing option(s), and others, if applicable: For purposes of CPUC certification, this section of the Implementation Plan can address, in general terms, how EBCE will develop energy efficiency and demand reduction programs, a net energy metering option for all participating customers and that local, distributed renewable resources would be supported through feed-in-tariffs and other relevant programs. However, specific details of such programs are not required in the Implementation Plan, and will not be fully known prior to Plan submission. More detailed information regarding energy strategies and programs will be discussed in the LDBP.

5. General description of rate/pricing strategy: will EBCE generally match PG&E’s rate structure or will there be substantial differences? The Implementation Plan should specify the general rate design strategy and pricing goals. Typically, new CCA programs start out with a tariff structure that mirrors the

incumbent utility's so as not to cause customer confusion or the inability to compare rates. For example, PCE's Implementation Plan states that it will mirror PG&E's rate structure and that rates will be "at or below" PG&E's at the time of program commencement. In practice, PCE matched PGE's rate structure and was able to offer generation rates at 5% less across the board.

6. *Description of EBCE's organizational structure:* This section will provide detail on the Board of Directors and its responsibilities, outline the role of the Community Advisory Committee, describe EBCE's key staff and their roles, and specify which functions will be initially outsourced to a third party vendor.

7. *Financial Information:* The Implementation Plan must also provide financial information, including total projected start-up costs and how they will be funded, in EBCE's case, by the County of Alameda. This section will reference Alameda County's original funding allocation, as well as the plan to obtain a working capital/line of credit for additional start-up costs and initial power purchases. In addition, a pro-forma budget should be provided to indicate that EBCE has developed a robust cash-flow analysis for the first ten years of operations. An example from Peninsula Clean Energy is included below.

Fiscal impact

The cost of drafting the Implementation Plan and making any necessary revisions to obtain CPUC certification is included in the budget allocation for the technical services provider.