Staff Report Item 10

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency

SUBJECT: EBCE Implementation Update

DATE: January 30, 2017

______________________________________________________________________________

RECOMMENDATION

Receive update from staff and consultants, and provide feedback and direction on various aspects of EBCE’s implementation.

BACKGROUND

In October and November 2016, the Alameda County Board of Supervisors and 11 cities including the cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City passed ordinances and resolutions establishing the East Bay Community Energy Authority (EBCE), a new joint powers agency created for the purpose of providing electric generation service under Community Choice Aggregation (CCA) for the residents, businesses and public facilities in Alameda County.

Led by the County of Alameda Community Development Agency, Phase 1 planning and feasibility has been underway since 2014 with the help of a local government and stakeholder steering committee which met for 18 months and held its last meeting in December 2016. Phase 1 focused on the completion of a CCE project plan, a detailed technical study, jointly negotiated JPA Agreement, and robust outreach to all cities in the County. With the key milestones of Phase 1 now complete and the JPA Board seated, the project is ready to move into Phases 2 and 3 - program implementation and launch. To support these next phases, the County has allocated an additional $2,400,000, which will be repaid once EBCE is operational and revenue positive. A detailed implementation budget and discussion of longer-term agency financing will be presented at the Board’s next meeting in February.

DISCUSSION & ANALYSIS

The following provides a brief overview of the EBCE planning phases and functional elements, project timing, plans for interim staffing support, an update on the Local Development Business Plan, and a few JPA administrative items for your Board’s consideration.
**Phases of Program Implementation**

Below is a summary level overview of the three phases of Agency and CCE program development showing a high-level project timeline for EBCE which indicates a program launch in late 2017 (October) or early 2018 (March/April). Please note that the tasks highlighted below are representative of hundreds of additional tasks required to launch a new County agency and implement a CCA program at the same time.

**Core Elements of Implementation**

In addition to the summary level illustration above, the staff and consulting team work from a very detailed project timeline built around five core elements of CCE start-up.¹ Not surprisingly, these core elements evolve into the operational functions of the JPA as it moves from implementation to launch and into independent operations. These core functions are:

1) Project Management, Governance and Operations  
2) Technical and Energy Services  
3) Community Outreach, Customer Enrollment and Marketing  
4) Data Management and Call Center Services  
5) Finance and Credit  

¹ It should also be noted that once EBCE is closer to launch, a sixth element focused on regulatory and legislative affairs also becomes essential.
During the project implementation phase, these functions will be carried out by a combination of County staff and contractors, serving on an interim basis, with specific expertise in each area of CCE formation. When EBCE’s chief executive is hired in late spring or early summer 2017, s/he will also be involved in all aspects of program implementation and will carry the Agency forward into launch and full operational independence.

**Project Timing**

EBCE’s initial plans have targeted the commencement of electric service in October 2017 with early Spring 2018 as a fallback option. Experience with other newly formed CCE’s indicates that it takes between 9-14 months to launch a program from the time the JPA is formed and the Board is seated, depending on program size, level of contract and staff support, and program complexities during formation.

Staff has updated the project timeline and determined that there are four threshold factors that will impact the timing of EBCE’s commencement of service. These are: 1) ability of additional contractors to start work on March 1 and adhere to an accelerated schedule, 2) availability of Board to meet twice per month over the next 4-5 months, 3) approval and submission of EBCE’s Implementation Plan by April 1st, and 4) ability to issue the power procurement/energy services RFP by April 10th. Other considerations include program economics and energy market conditions, the overall population size and language diversity of Alameda County customers (requiring more and longer public outreach), timing of the Chief Executive hire, and potential interest from other communities in joining EBCE.

Staff continues to press toward a Fall 2017 launch recognizing that Spring 2018 is the more likely scenario given Alameda County’s population size, cultural diversity and political complexities. Staff is seeking Board feedback on this issue and recommends managing community expectations by adjusting messaging around program timing.

**Interim Staff Support**

Because EBCE does not yet have official staff or organizational infrastructure, it will require the support of consultants and County municipal staff to get the program up and running. It is anticipated that interim support services from County will be needed through program launch or until EBCE is operationally viable with hired staff to take it over. The level of County support will be highest at the outset of implementation and will taper off as the program hires a CEO and staff, secures a line of credit and independent office space, and assumes the daily tasks and requirements of the new agency. In the meantime, the County is proposing to continue its support in the following areas and, pending Board direction, will prepare a Cooperative Services Agreement between the County and EBCE for Board approval at its February meeting.

**Proposed County Interim Services:**

- Overall Project Implementation, Governance, Admin and Operations
- Community Advisory Committee
- Fiscal Management/Treasurer
- Human Resources
- Other start-up support as may be needed
Contract/Outsourced:

- General Counsel/Legal Services
- Project Management, Implementation Support
- Technical and Energy Services
- Communications and Customer Enrollment
- Data Management and Call Center Services

At the direction of the Board, the General Counsel will prepare cooperative service agreement(s) between the County and EBCE that will outline the interim support functions and method by which County staff will document their internal staff time and program costs, to be reimbursed by EBCE once it is serving customers and revenues are stable.

Local Development Business Plan (LDBP)

On December 19, RFP 16-CCA-2 was issued by Alameda County CDA on behalf of EBCE for the purpose of creating a Local Development Business Plan (LDBP) that will serve as a high level blueprint for local power projects and local renewable power potential within Alameda County. Bids from vendors for this project are due back to the County on February 1, 2017 and staff is currently composing a review and interview committee similar to that which was created for the multi-service vendor RFP as discussed in Agenda Item 11. Interviews for the bid finalists will be held during the period of February 16 – 21, after which Staff will bring the preferred bid to your Board for approval at the earliest possible meeting date. Ideally, the winning bidder for this RFP would be able to begin work before the end of March, 2017. The RFP requires that the LDBP be completed within eight (8) months of your Board’s seating, or by the end of October 2017. This will be a very tight timeline, but with good internal coordination it should be possible. As the LDBP process continues, there will be some results to share with the Board, especially regarding renewable energy siting surveys that are required as part of the LDBP.

JPA Administrative Items

Administrative Filings – Now that signed JPA Agreements and resolutions have been received, County Counsel’s office has filed the necessary paperwork with the Secretary of State’s office and is working to acquire a Federal Tax ID number for EBCE.

Next Steps
Staff will start working to secure Agency and Directors insurance and will also research some interim office space at the County to accommodate EBCE’s CEO and initial staff hires until Agency credit is secured and an office lease has been signed.