East Bay Community Energy
Board Briefing on Policy Issues – Session #1

June 21, 2017

Presented by:

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Agenda

- Introductions and Session Objectives
- Background on Planning and Policy Decisions Needed from EBCE Board for Implementation Plan
- Detailed Discussion of Tonight’s Agenda
  - Governance
  - Administrative/finance
  - Organizational Structure
  - Rates
  - Customer Enrollment/Phase-In
- Preview of Issues on Next Session’s Agenda (July 19??)
- Wrap-Up
- Questions/Answers
Introductions and Session Objectives

- Introductions
- Session Objectives
Background on Policy Decision/Big Picture

- **EBCE Launch by 1Q 2018 is Tight**

- **Critical Path Issue is Getting Data Management/Billings Aligned with PG&E**

- **In Order to Get Data Alignment Started, Must Have:**
  - Data management vendor hired
  - PG&E administrative paperwork completed
  - EBCE Implementation Plan certified by California Public Utilities Commission

- **Proposed EBCE Decision Making Process**
  - Session #1 (June 21) – Governance, Administrative, Financing, Rates, Phase-In
  - Session #2 (July 19??) – Load Forecast, Power Supply Portfolio Options, Programs
  - Session #3 (TBD) – Financial and Power Supply Risk Management Parameters
Policy Decisions Needed for Implementation Plan (Session 1)

- **Introduction**
  - Initial Board direction is focused at getting the Implementation Plan (Plan) filed
  - All decisions can be adjusted later as circumstances/policy changes via a Plan amendment to the CPUC
  - CCA course correction common in dynamic market with start-up entities
  - Some EBCE issues easy and will be raised briefly
  - Others will require discussion
# AB 117 Cross References: SVCE

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<th>AB 117 Requirement</th>
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<td>Organization Structure of the Program, Its Operations and Funding</td>
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<td>Disclosure and Due Process in Setting Rates and Allocating Costs Among Participants</td>
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<td>Rate Setting and Other Costs to Participants</td>
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<td>Participant Rights and Responsibilities</td>
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<td>Methods for Entering and Terminating Agreements with Other Entities</td>
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<td>Description of Third Parties that Will Be Supplying Electricity Under the Program,</td>
<td>Chapter 10: Procurement Process</td>
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<td>Including Information About Financial, Technical and Operational Capabilities</td>
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<td>Termination of the Program</td>
<td>Chapter 11: Contingency Plan for Program Termination</td>
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# EBCE Decision Schedule

<table>
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<tr>
<th>Action Item</th>
<th>2017</th>
<th>2018</th>
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<td>EBCE Development</td>
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<td>Power Scheduling &amp; PPA Negotiation</td>
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<td>PG&amp;E Departure Process</td>
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<td>Resource Planning - IRP</td>
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<td>Customer Communication &amp; Enrollment</td>
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## Key Board Decisions:

- Org Structure
- Rate Design
- Admin/Finance
- Phase-in

- Decide power product offerings and power sourcing strategy
- Select Financing Partner

- Financial and Power Supply Risk Management Decisions
- Select Power Supply Contractor

- Launch
Policy Decisions Needed for Implementation Plan (Session 1)

- Governance
  - Statement of intent from JPA agreement
    - Secure electrical energy supply and rate stability for customers
    - Address climate change by reducing GHG emissions
    - Foster local economic benefits: job creation, local energy programs
  - Proposed service territory
    - 11 cities
    - County
  - Termination of JPA from JPA agreement
    - JPA agreement may be terminated by mutual agreement of all Parties
    - Surplus assets in possession of the Authority shall be returned to the then-existing Parties in proportion to the contributions made by each once all liabilities, costs, expenses, and charges incurred are paid
  - Staff recommendation
    - Repeat terms of JPA agreement
Operational Structure Options

Maximize Internal Staffing

Balance Staffing & Consultants

Maximize Consultants
Staff Recommendations

- Select CEO
- 5 – 10 Staff Initially
- Add More In-House Staff as EBCE Matures
Administrative/Finance

- **Financing**
  - Short-term start out
    - County loan
  - Longer-term/roll out
    - RFP for financial advisor
    - RFP for loan
    - RFP for line of credit, deferred payment plans from vendors
    - Select least costly option
  - Exit fees for customers/cities that leave EBCE after two months
    - Customers and cities – administrative fee
    - Assessment of stranded costs
  - Staff recommendation
    - Per process noted above
    - Exit fee – customers – $5 - $25 administrative fee / no stranded costs
    - Exit fee – cities – pursuant to JPA Agreement
Rates

- **Structural Options**
  - PG&E rate with % discount
    - Pros
      - Easy to design, explain and verify discount
      - All operating CCAs follow the incumbent IOU’s rate structure
    - Cons
      - Does not match cost causation
      - Possible revenue instability issues with DER/DSM/EE
  - Cost based rates – perform cost of service analysis and follow
    - Pros
      - Matches cost causation
      - Stabilize revenues
      - User pays/equitable
    - Cons
      - Hard to compare to PG&E rates
      - Winners and losers
Rates (cont’d)

- **Process**
  - Staff recommendation/Citizens’ Advisory Committee input
  - Public notice
  - Public vetting
  - Final determination

- **Staff Recommendation**
  - Start with straight discount off of PG&E rates
  - Net energy metering and feed-in tariffs initially
  - After stable operations are achieved, analyze possible transition to cost-based rates specific to EBCE or stay with PG&E rates with discount
Customer Enrollment/Phase-In

- **Structures/Number of Phases**
  - Depends on PG&E billing process
  - Want to consider cash flow/three-year budget coming on July 19
  - No opt outs, no angry customers, timely payments important

- **Options**
  - All at once
  - Phase-in

- **Considerations**
  - Walk before you run
  - Other CCA experience
  - Customer reaction
  - Cash flow
Customer Enrollment/Phase-In (cont’d)

- **Options**
  - All at once
  - Phase-in – Option A
    - Phase 1 – All municipal and county accounts
    - Phase 2 – All commercial and industrial accounts
    - Phase 3 – All residential accounts and any remaining customer classes
  - Phase-in – Option B
    - Phase 1 – All municipal/county accounts plus small commercial accounts
    - Phase 2 – Large commercial and industrial accounts plus some percentage of residential accounts
    - Phase 3 – Remaining residential accounts and any remaining customer classes
Customer Enrollment/Phase-In (cont’d)

- **Staff Recommendation – Initial before Budget Information Available**
  - Phase 1 – Muni + county accounts
  - Phase 2 – Large commercial/industrial
  - Phase 3 – Balance
  - Consider allowing customers to become “early adopters” by voluntarily enrolling once EBCE is operational
  - Time between phases – 4 to 6 months
  - Timing could be condensed based on PG&E interaction
  - Phase participants could change based on three-year EBCE budget
Next Session Preview – July 19??

- **Program Options**
  - Demand response
  - Electric vehicle incentives
  - Distributed Energy Resources incentives
  - Energy Efficiency incentives
  - Energy Storage incentives
  - Others

- **Load Forecast**
  - Starts with updated PG&E customer load data
  - Who’s in?
  - Rate of growth in new customers
  - Average use per customer trends
Next Session Preview – July 19?? (cont’d)

- **Resource Portfolio Options**
  - How much carbon free?
  - How much renewable?
  - How much market?
  - What is default option?
  - 100% opt-up option

- **Power Supply Purchasing Strategy (Not Needed for Plan)**
  - Long term vs. short-term power purchase agreements (PPA)
  - Fixed vs. variable market pricing
  - Quantity fixed (take or pay) vs. flexible take
  - What RECs to pursue

- **Financial Metrics (Not Needed for Plan)**
  - Reserves – how much and how quickly accumulated
  - How to finance capital – cash vs. debt
Wrap-Up
Questions/Answers
### Implementation Plan Elements – Examples from Operational CCAs

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<thead>
<tr>
<th></th>
<th>MCE</th>
<th>SCP</th>
<th>PCE</th>
<th>SVCE</th>
<th>RCEA</th>
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<tbody>
<tr>
<td>Match PG&amp;E tariff structure?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Enrollment phases</td>
<td>3</td>
<td>3</td>
<td>3 (did it in 2)</td>
<td>3 (did it in 2)</td>
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<td>% Renewable at launch</td>
<td>25%</td>
<td>33%</td>
<td>50%</td>
<td>50%</td>
<td>37%</td>
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<td>% GHG free at launch</td>
<td>17% below PG&amp;E</td>
<td>30% below PG&amp;E</td>
<td>75% (~10% below PG&amp;E)</td>
<td>100%</td>
<td>5% below PG&amp;E</td>
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<td>Gen Rates: % lower than PG&amp;E [incl. PCIA]</td>
<td>Same</td>
<td>10%</td>
<td>5%</td>
<td>1%</td>
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<td>Reserve goals in first year (% of total revenues)**</td>
<td>unknown</td>
<td>10%</td>
<td>14%</td>
<td>15%</td>
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<td>Unbundled RECs?</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
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