



## Legislation Text

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Consideration of and Direction to Staff of a Request to Determine East Bay Community Energy Default Energy Product Preferences

### SUMMARY AND RECOMMENDATIONS

In preparation for a proposed Action Item scheduled for the September 7, City Council meeting, staff is requesting direction from the Facilities & Transportation Committee related to a proposed change in the default rate product for East Bay Community Energy (EBCE) customers.

### BACKGROUND

When the EBCE Joint Powers Authority (JPA) was formed in 2018, three levels of service or products for its customers were established as follows:

- **Bright Choice** - basic service level at a 1% discount to PG&E rates with a minimum of 5% more renewable energy than PG&E's annual forecast.
- **Brilliant 100** - 100% carbon-free service set as the same rate as PG&E (closed to new customers in original service territory as of August 1, 2020).
- **Renewable 100** - 100% California wind and solar power set at \$0.01 (one cent) per kWh over PG&E rates.

When rolled out to residential and commercial customers, the City's default rate at that time was *Bright Choice*; a decision that was brought to the City Council for consideration prior to initiating. At the same time, the City chose the *Brilliant 100* rate for all municipal accounts.

### Analysis

Many EBCE member jurisdictions have Climate Action Plans (CAP) with specific greenhouse gas (GHG) emission reduction goals to be achieved by specific dates. Customers receiving *Brilliant 100* or *Renewable 100* service achieve additional GHG emissions savings that contribute to cities meeting their CAP goals. Three city councils (Albany, Hayward, and Piedmont) passed resolutions in 2018 requesting *Brilliant 100* or *Renewable 100* service as the default option at the time of the initial program launch. Pleasanton's City Council likewise passed a resolution requesting *Brilliant 100* as the City's default option at its initial enrollment in 2021.

More recently, to continue making progress toward the GHG reduction goals of their respective

CAPs, and in light of EBCE's closure of the *Brilliant 100* product, the city councils of Albany, Berkeley, Dublin, Hayward, and Pleasanton adopted resolutions requesting EBCE to:

- Set *Renewable 100* as the default electricity product for most residential and commercial customers (Dublin's Council decision was limited to residential customers for the time being); and,
- Set *Bright Choice* as the default electricity product for customers on discount programs such as CARE, FERA, and/or Medical Baseline.

In March 2021, EBCE established a new Default Rate Product Change Policy. This new policy allows for any EBCE member agency to change the default rate product only one (1) time every two (2) years. EBCE will cover the costs associated with a JPA member's first change to a default rate product. For any subsequent approved change, the member agency must cover EBCE's administrative costs, such as operational adjustments and customer notifications. It is noted that EBCE does not require a resolution approving opt-ups for municipal accounts, and the administrative costs described above do not apply. The City is currently in process with this transition, opting up all municipal accounts to *Renewable 100*, with the first accounts cycle anticipated for October.

Because the cities of Albany, Hayward, and Pleasanton initially chose *Brilliant 100* as their default product, they are not subject to the Change Policy and will begin implementation of the opt-up in January 2022.

Dublin, Berkeley, and San Leandro, who chose *Bright Choice* as the default service option, are subject to the Change Policy. Default products must be approved by the EBCE Board six (6) months in advance of implementation, which occurs twice a year in March and October (Board approved in September for March implementation, and April for October implementation). This timeline provides EBCE staff sufficient time to plan for additional renewable energy procurement and other operational adjustments, as well as to notify customers and conduct community outreach.

The City of Berkeley's City Council voted to request separate enrollment timelines for residential and commercial customers. Staff believes this option is also optimal for San Leandro businesses, especially those that operate on a fiscal year basis, as it allows for better alignment with upcoming fiscal budgets. This means that residents would begin to transition in March and businesses in October. It is noted that transitions are not done all at once but are based on the individual billing cycle of the resident/business customer account. With a March implementation, the first residents would see the change on their April bill, but some may not see it until their May bill.

Electricity customers that have previously opted out of EBCE service will not be enrolled in the new *Renewable 100* rate and will remain with PG&E for their electric generation service. Additionally, existing EBCE customers may still choose to remain on *Bright Choice*.

The current citywide opt-out rate, as reported by EBCE, is approximately 5.5% (approximately 1,960 accounts out of a citywide total of approximately 35,579 accounts, including both residential and commercial/industrial customers). The initial opt-out rate was approximately 3.5%, with increases typically tied to seasonal rate changes/usage increases in the summer when bills are often higher. Among these opt-outs, approximately 97% are residential customers, while 3% are commercial/industrial customers. It's worth noting, if measured by electricity load (rather than number

of accounts), the kWh/MWh of those opted-out commercial/industrial customers is more than double the load of all the City's residential opt-outs combined.

Existing EBCE customer accounts are broken out as follows (percentages are rounded):

- 99% of customers are in *Bright Choice* (approximately 88% are residential accounts and 12% are commercial/industrial accounts);
- 0.9% of customers initially opted up to *Brilliant 100*. Approximately 90% of these are the City's own municipal accounts, with the remaining 10% being residential customers; and
- 0.3% of customers (all residential accounts) initially opted up to *Renewable 100*.

The City of San Leandro has a unique opportunity to opt-up all accounts, excluding residential customers in low-income assistance programs, into *Renewable 100*, an electricity service plan, with minimal cost to the City and while empowering residents to opt-down at any time.

By adjusting the default service to *Renewable 100*, this single action could result in as much as a 3% immediate reduction in the City's reportable GHG emissions, contingent upon the number of accounts that agree to keep the new opt up rate. Additionally, through higher participation in the *Renewable 100* service plan, San Leandro is supporting the California solar and wind sectors, as well as continuing to support EBCE's local green jobs program.

### **Public Outreach**

With the first group of cities starting implementation in January, EBCE held an initial coordination meeting with staff of all the cities in mid-August to discuss public outreach. It is intended that customer communications will include the two notifications that are required by the Change Policy. Additional outreach and communications will be determined based on coordination with each city's staff. With the first cohort being ahead of San Leandro, we hope to learn what worked in the other jurisdictions to help shape our specific outreach. If San Leandro adheres to the March/October schedule ascribed by EBCE's Change Policy, there will be no cost outlay (other than staff time) for public outreach.

### **Fiscal Impacts**

The proposed default *Renewable 100* rate represents a one cent/kWh increase, or about a 4-6% increase, depending upon the rate class. Based on 2019 data for an average EBCE E1 Rate Schedule, residential customer consuming 359 kWh/month, the switch from *Bright Choice* to *Renewable 100* will cost an average \$4.02/month as compared to *Bright Choice*, and \$3.49 more than PG&E's basic service rate.

Based on 2019 data for an average EBCE A1 Rate Schedule, business customer consuming 1,518 kWh/month, the switch from *Bright Choice* to *Renewable 100* will cost an average \$17 more per month as compared to *Bright Choice*, and \$15 more than PG&E's basic service rate.

### **ATTACHMENT(S)**

None.

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