

**CITY OF ALBANY
MEMORANDUM**

DATE: February 21, 2018

TO: Sustainability Committee

FROM: Claire Griffing, Sustainability & Resilience Manager

SUBJECT: East Bay Community Energy Update

BACKGROUND

Albany’s Climate Action Plan identifies Community Choice Aggregation, or CCA, as a priority for reducing greenhouse gas emissions. CCA allows public agencies to procure a greater percentage of electrical power from renewable sources on behalf of electricity customers. Unlike a municipal utility, a CCA does not own the transmission and delivery systems, but is responsible for purchasing electricity used by residents and businesses. With CCA, energy transmission, distribution, repair, customer service, and billing continue to be administered by Pacific Gas & Electric (PG&E). Customers retain the choice to continue to purchase power directly from PG&E by opting out of the CCA. Customers who receive electricity from a CCA are still entitled to PG&E’s special pricing, efficiency programs, and rebates.

City staff and the Sustainability Committee have been evaluating joining a CCA program since 2012 as a potentially effective, low cost measure to make a considerable reduction in greenhouse gas emissions. The City Council approved a JPA agreement to join East Bay Community Energy (EBCE) on November 21, 2016. The East Bay Community Energy program aims to reduce rates and greenhouse gas emissions, increase local renewable energy buildout, and create local green jobs.

The EBCE Board of Directors began meeting early last year. EBCE hired CEO Nick Chaset in June and submitted their Implementation Plan to the California Public Utilities Commission (CPUC) in August, which has been approved. EBCE is also completing a local renewable development business plan (LDBP), which will provide a high-level roadmap for local renewable generation, demand reduction, storage, and other distributed energy resource programs in Alameda County. The LDBP will provide a timeline for developing local projects and programs, offer policy guidance, and identify potential implementation challenges.

DISCUSSION

Power Mix & Rates

The EBCE Board recently began discussions about power mix and rates for their electricity. EBCE recommends developing a power mix which includes both renewable energy and carbon-free resources, focusing on local and in-state resources to the extent available and cost effective. City of Albany Board Member Nick Pilch and others expressed the importance of prioritizing carbon-free electricity to EBCE staff at the January 17th meeting, and the Board set the following power mix and rates on February 7th, 2018:

Product	Renewable Content	Carbon-Free Content*	PG&E Rate Comparison
Bright Choice	38%	85%	1.5% Discount
Brilliant 100	40%	100%	Same Price

*** Carbon-free electricity is defined as renewable electricity (solar, wind, and small hydro) combined with large hydroelectric power.*

EBCE is not considering a 100% renewable option in their initial offering, but will consider it in the future. There is concern that launching a premium product after initial rollout may have even more difficulty getting people to “opt up” (given traditionally low opt up rates for CCAs that offered the product at launch).

According to Section 7.1.3 of the attached JPA Agreement, the EBCE program is committed to the following three priorities:

1. Provide total electrical rates, as part of baseline offering to customers, that are equal to or lower than the incumbent utility;
2. Provide electricity in a manner that has a lower greenhouse gas emissions rate than the incumbent utility;
3. Use more qualified renewable energy than the incumbent utility.

EBCE staff have set the power mix based on PG&E’s 2016 power mix, which was 33% renewable and 69% carbon-free electricity (see Attachment 2) without information on PG&E’s 2017 or 2018 power mixes, which by all indications are substantially less carbon intensive (for reference, it was 59% in 2015).

This CCA program plays a crucial role in helping the City reach its greenhouse gas reduction targets, and a 100% carbon-free default product is a priority for the City’s Climate Action goals. A default product mix that uses fossil fuels could be problematic if PG&E continues to increase their percentage of carbon-free electricity, as they have been doing. There is concern that EBCE could launch with a product that emits more greenhouse gas emissions than PG&E, meaning the CCA would increase emissions in the City.

A carbon-free default product is feasible, as Silicon Valley Clean Energy's default product is already at 100% carbon free and 50% renewable powered and their rates are on average slightly lower than PG&E, even including the required PCIA (exit fee) charges.

Default Power Mix

Tom Kelly of KyotoUSA/Sequoia Foundation, contracted by the County for CCA outreach during the program’s development, and Ben Foster of Fosterra received a grant from the Bay Area Air Quality Management District (BAAQMD) to fund a study to evaluate the potential for CCAs to allow individual cities to launch with a 100% renewable energy default product.

The study explores economic and social factors that could enable a CCA program to successfully provide all electricity customers in self-selected jurisdictions a 100% renewable power default product with an option to “opt down” to the lower renewable power mix product offered to all other jurisdictions within the program. The small San Mateo County city of Portola Valley has exercised this option for its electricity customers with success. Other jurisdictions have experienced difficulty getting customers to “opt up” to cleaner power mixes. Multiple Alameda County jurisdictions have expressed interest in this approach.

Rollout Schedule

EBCE intends to roll out electricity to municipal, commercial, and industrial customers in June of 2018. After rates are set, the Albany City Council will need to consider which power mix to purchase for municipal facilities. Residential accounts will receive power from EBCE in late 2018 or early 2019.

Attachments

1. EBCE JPA Agreement
2. PG&E 2016 Power Mix
3. Silicon Valley Clean Energy Options