



**East Bay Clean Power Alliance**  
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Subject: Budget + Rate Setting 2020-2021

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Dear EBCE Board and Staff,

East Bay Clean Power Alliance appreciates the daunting task that the agency faces in presenting a balanced budget for 2020-2021, especially at a time when a global pandemic has left our communities devastated, and Black Lives Matter uprisings have highlighted the neglect of equity and the urgency of addressing the destructive impact of racial disparity. Our comments on the proposed budget and rates fall under two broad topics, the long term health of our communities and the agency, and the need for greater transparency by staff so that both the board and the public can make informed decisions.

### **Long Term Health of Community and Agency**

East Bay Community Energy was established with goals of prioritizing the local development of clean energy resources in order to equitably benefit our communities. As demonstrated by EBCE's Local Development Business Plan, adopted by the Board in 2018, local development can provide clean, affordable energy and increase economic, social and racial equity by addressing the needs of low income communities and people of color. EBCE has so far not delivered on this promise, contracting for utility-scale energy from remote sources that has little impact on local economies and local needs.

Prioritizing local development has become even more urgent in the shadow of utility power shut offs and a global pandemic. The first emphasizes the need for local energy resilience, and the second emphasizes the need for local job creation to address the 25% pandemic unemployment rate, a number which undoubtedly undercounts those without jobs in areas of Alameda County chronically plagued by high unemployment.

Furthermore, EBCE's emphasis on cheaper remote energy has not protected the agency from the financial challenge of the ever increasing PCIA fee our customers pay to PG&E. The long-term viability and financial health of EBCE requires a successful strategy for beating back this attack on local energy autonomy.

- The Alliance rejects any cuts to the Local Development Business Plan (LDBP), especially now because with 70% of that budget going to electric vehicle charging, only 30% remains that could significantly benefit low income communities.
- We reject any budget proposal that would substitute an average \$1/ year savings to Bright Choice customers for the remaining LDBP budget (\$2.7 million) not earmarked for electric vehicle charging.
- If \$2.7 million is required for mitigating risk or to make-up budget shortfall, we recommend that amount be taken out of the \$73 million in EBCE reserve accounts, established for times of crisis such as the one we are in.
- Equity metrics must be developed and utilized to measure the economic and social welfare impact of Local Development Business Plan programs on low income communities.
- EBCE should join with other Community Choice programs in the state to fight the PCIA, in the courts, the CPUC, and the Legislature. It is outrageous that for-profit utilities be able to charge customers on an ongoing basis when they choose public agencies for better energy services.

### **Increased Transparency**

In order to make an informed decision about budget and rates, the EBCE Board and the public must have more complete information than they have been given by staff. As we understand it, the current projections of expenses and revenues are a worst-case scenario. What does the best case look like?

- This year, the information presented to the Community Advisory Committee, Board and the public has not been sufficient for anyone to judge the impact of staff proposals on the budget and rates.

- Staff should provide the average costs to EBCE of renewable, non-renewable carbon-free and fossil fuel based energy, the three different types of energy that serve customers, as well as the differential between the cost and the rate charged for each class of energy user. Reporting average costs would not violate individual contract confidentiality and is critical information for decisions on rates and power content.
- Staff's current proposal for rates, particularly the 3% increase in Brilliant 100, comes without any accounting to justify that increase. Staff needs to provide that information.
- Staff should always provide the impact of rate changes on the average customer's bill, residential, municipal and commercial. Using figures presented by EBCE staff in the past, we estimated the proposed ½% decrease in Bright Choice discount would result in only a \$1/ year increase on the average residential bill.
- The incomplete information that is presented tends to predispose certain decisions, without consideration of other possibilities. For instance, there are only three alternative budget scenarios presented by staff. There is no information about other ways to make up the anticipated budget shortfall. For example, there is no mention of the reserves or how the proposed 3% increase in the Brilliant 100 rate might affect revenues.
- Two of the alternate budget scenarios involve contradictory actions, pitting Bright Choice rates against a \$2.7 million increase or decrease in the LDBP budget. Given that the LDBP budget makes up only 1.7% of EBCE's total expenses this seems almost a targeted proposal to get rid of what remains in the LDBP outside of the electric vehicle charging proposal.
- None of the alternate budget scenarios will come close to mitigating the over \$60 million budget shortfall predicted for 2020-2021.
- We would like to understand what happened to the \$21 million that was supposed to go into reserves according to staff in the June 19, 2019 budget presentation, including \$9.6 million budgeted for the LDBP reserves. The actual 2019 contributions shown in the 2020 Budget presentation are \$40.5 million total and only \$3.8 million for the LDBP (see below)

From Slide 25, **Budget Presentation, June 19, 2019**

### **EBCE Net Position FY19-20      68,391,000**

<b>Reserve Funds</b>	<b>2018-19</b>	<b>2019-20</b>	<b>Total</b>	<b>Target</b>	<b>Remaining</b>
Operating Credit	38,537,100	48,514,600	87,051,700	207,747,000	120,695,300
Rate Stabilization	5,780,600	1,496,590	7,277,190	7,277,190	-
Collateral	7,707,400	13,528,350	21,235,750	39,656,800	18,421,050
Local Development	9,634,300	4,851,460	14,485,760	48,514,600	34,028,840
<b>Total Reserves</b>	<b>61,659,400</b>	<b>68,391,000</b>	<b>130,050,400</b>	<b>303,195,590</b>	<b>173,145,190</b>

From Slide 21, **Budget Presentation, May 20, 2020**

### **EBCE Estimated Net Position 2019-2020      \$    63,690,000**

<b>Reserve Fund</b>	<b>2018-19</b>	<b>2019-20*</b>	<b>Total</b>	<b>2019-20 Target</b>	<b>Remaining</b>
Operating/Credit	32,768,648	23,393,450	56,162,098	200,646,000	144,483,902
Rate Stabilization	1,936,260	2,339,345	4,275,605	7,018,035	2,742,430
Collateral	1,936,260	2,339,345	4,275,605	37,742,400	33,466,795
Local Development	3,872,519	4,678,690	8,551,209	46,786,900	38,235,691
<b>Total</b>	<b>40,513,687</b>	<b>32,750,830</b>	<b>73,264,517</b>	<b>292,193,335</b>	<b>218,928,818</b>

\* Expected contributions set to minimum amount

EBCPA urges the Board to reject any cuts to the Local Development Business Plan and ask for more information and alternative solutions before making any decisions on the 2020-2021 budget.

Thank you,



Jessica Tovar, Coordinator of the East Bay Clean Power Alliance