

Comments on the Local Development Business Plan 2nd Round of Work Products 2/5/18



East Bay Clean Power Alliance appreciates the opportunity to review and comment on work products to date of the Local Development Business Plan. It is exciting and gratifying to read proposals for programs and policies that would actualize the community benefit goals that our organization sees as the main rationale for forming a Community Choice program.

The Alliance applauds the Alameda County Board of Supervisors for including the Local Development Business Plan requirement in the JPA Agreement and providing funding for completion of the plan. This planning is key to realizing the community benefits that the LDBP is meant to achieve.

Overall, the Alliance is strongly supportive of the findings and proposals expressed in the second round of draft work products. These demonstrate how EBCE can use demand response, energy efficiency, and storage—integrating these programs with a robust data management capacity—to lower electricity costs system wide. When combined with net energy metering incentives and locational values, these work products (and the first-round work products) indicate a roadmap for strong community benefits.

After reviewing the second set of work products from the Local Development Business Plan Team, the Alliance is particularly impressed with certain recurring policy principles: tariff adders to incentivize community benefits, contractual relationships between agency and customers to build program loyalty, market-sensitive incentive pricing to assure program viability, in-house capacity and competency to better achieve program goals, explicit phase in strategies to enhance program success, and cost management to promote long term stability. The Alliance considers that these policy principles will be at the core of a truly novel local development implementation program.

These work products point to several exciting, already existing technologies, such as the capability to set up virtual power plants, and to the fact that Community Choice Programs are in a unique position to be able to deploy these technologies.

We find that these LDBP work products give due priority to realistic programs and policies that will allow EBCE to take the lead in providing innovative community-benefit programs. We look forward to the last round of additional work products.

Below is our view of the strengths of each 2nd-round work product and additional information we would like to see spelled out more explicitly.

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Demand Response Program Opportunities

Strengths

- We appreciate the emphasis on demand response as a way to redistribute peak loads and thereby provide overall system savings in the cost of electricity.
- The work product analyzes the East Bay load profile in enough detail to understand the details of the cost savings. This even includes the impact of weather conditions.
- The work product provides a smart strategy for phasing in demand response capability over time: first partnering with existing providers and programs, then issuing RFQs for specific kinds of technologies, and finally providing in-house automated demand response capability through an EBCE integrated data platform. This phased strategy provides for successively increased benefits over time.
- The proposal that EBCE focus demand response programs on those customers with high peak to average load ratios is a cost effective way to directly reduce peak load energy costs.
- The emphasis on load-shifting through rate incentives including time of use rates and tariff riders are also cost effective methods of incenting all customers to change habits of electrical use, reduce peak load, and save money for the agency and all customers.
- The Alliance particularly appreciates the emphasis on EBCE entering into contractual relationship with customers to access control over a percentage of demand response technologies in return for EBCE incentives. This policy principle creates a partnership between the agency and customer, increasing investment and support for the EBCE.
- This chapter includes the various ways that EBCE can raise revenue, and save costs through demand response, which should be powerful incentives to adopt these programs.

Would like to see:

- More legible legends and labels on charts, and graphs, with a glossary of acronyms and abbreviations. In particular the “Shift” and “Shed” charts on p.8 and 9 compare the cost points of several demand response technologies. It would be helpful to know what those technologies are.
- More examples with descriptions of demand response technologies and programs. We think these open up exciting possibilities and would like to point to specific examples.
- How storage can be integrated into generation projects.

Energy Efficiency Assessment

Strengths

- The approach recognizes the need to collaborate with existing energy efficiency programs such as ABAG's [East Bay Energy Watch](#), the [Bay Area Regional Energy Network](#), and the [StopWaste Energy Council](#), rather than replicating their efforts.
- The work product recognizes the importance of system savings as well as customer savings achieved through effective energy efficiency efforts, countering the notion that reducing load reduces EBCE revenues. Reducing usage also reduces the delivery charges, which are based on the amount of power used.
- The work product recognizes why Community Choice programs are motivated to reduce electrical consumption in order to provide competitive/stable rates, cleaner energy portfolios, and meaningful economic benefits to the community it serves.
- The work product focuses on a data-driven approach to system energy savings by which the load profiles of different customer classes are analyzed and programs are tailored to provide the best savings for each customer class.
- The work product calls for a pay-for-performance approach by which service providers only get paid if they achieve stated energy reductions. This approach encourages bids by vendors with demand reduction programs tailored to achieve the targeted reduction. It explores different platforms for small residential accounts and for larger commercial and industrial accounts.
- The work product recommends a data management platform that would support an in-house out-bound call center that has the tools and know-how to sell savings to customers. No other Community Choice program does this. Building in-house capacity provides good, local jobs as well as reduces costs.
- The Alliance particularly applauds the inclusion of the policy principle of community adders as incentives for energy efficiency program offerings.

Would like to see:

- Estimates of the potential job-hours created according to dollars invested in+ energy efficiency programs.
- Is local or targeted hiring of people with barriers to employment included as a community benefit adder? If not included, why is it not?
- More information about Alameda County PACE.
- More information on focusing on low-income residential, particularly customers under CARE, Medical Baseline rates, and disadvantaged communities.
- More information on focusing on small businesses, particularly "mom and pop" businesses.

Recommendations for EBCE Capacity Building

Strengths

- The work product makes an important case for EBCE to have the internal capacity to analyze and inform decisions in a number of arenas—not only wholesale energy procurement, but also regarding rates, financing, and other key functions. Bringing operations and services in-house not only saves money, it creates good, local jobs, and encourages the agency to be more attuned to customer needs and wishes. In-house implementation of programs will give EBCE more flexibility in achieving program goals.
- The work product recognizes and addresses the risks involved in contracting to outside vendors whose incentives are not always aligned with the best interests of EBCE. However, it also recognizes the need to develop internal expertise in the early phases of the program to effectively manage risk.
- Having a robust data management system that EBCE develops and controls allows the agency to institute pay-for-performance programs and integrated approaches that minimize risk, increase program stability and make partnerships with customers possible and profitable for both parties. This data management system will be essential to the development of local renewable resources and programs.
- EBCPA appreciates that this work product reinforces the importance of many policy principles such as: community benefit adders, developing partnerships with customers that trade incentives agency control of dispatchable assets, cost management and long-term stability.
- Internal capacity allows for citizen participation in program priorities and trade-offs not possible through external vendors.

Would like to see:

- Estimated cost to the agency of personnel required for bringing services in-house.
- How does contractual agreement with SMUD affects EBCE's ability to bring additional data management capability in-house?
- Explanation of how staffing capacity was estimated? How was it determined how much that would cost, especially during the first year?
- A dedicated staff person to pursue federal and state funding for programs to benefit low income communities and communities of color, such as California State AB 693 funds for solar installations on multi-family affordable public housing and cap and trade.

Energy Storage Contracting Strategy

Strengths

- This work product addresses an impending dilemma regarding energy storage that other Community Choice programs do not appear to be addressing: the Skinner Bill requires that EBCE and other load serving entities contract for energy storage amounting to 1% of peak load, but doing that without having a credit rating is problematic. It suggests several feasible solutions to this problem.
- Besides meeting the Skinner requirement, the many benefits to EBCE of procuring energy storage are enumerated including the ability to reduce peak load and resource adequacy costs, reduce the need to purchase wholesale energy and stabilize rates, increase resilience during catastrophes, address equity and social justice issues.
- Several solutions to the lack of credit rating in securing financing for storage are proposed. The preferred approach in the early years is for EBCE to partner with a credit-worthy institution that does have a good credit rating, thereby being able to develop storage capacity and benefit from its value. This partnership can take the form of collaborative procurement or credit enhancement.
- To meet the 2023 requirement of 14 MW of storage this chapter proposes 3 different types of programs: a small storage program for CARE customers, rate incentive for both residential and commercial customers, and collaborative procurement of energy storage that includes agency control over a portion of the storage procured.
- The Alliance particularly appreciates the proposal for deploying small battery storage units to CARE customers. This program would be low cost to the agency, provide huge benefits for customers who struggle with utility bills, and help EBCE meet its storage requirement.
- The proposal to aggregate dispatchable distributed energy resources into a virtual power plant demonstrates a concrete opportunity EBCE has to implement policy principles to achieve multiple community benefit goals.

Would like to see:

- An assessment of where storage can be most advantageously deployed.
- More proposals like the small battery deployment for CARE customers that would benefit most impacted communities.
- Explore marketing small battery idea to all residential customers, to purchase their own batteries.
- Potential expansion of small battery deployment of customers within disadvantaged communities and customers under Medical Baseline rates. Not all customers who are disproportionately burdened by electricity bills are under CARE.

Net Energy Metering (NEM) Strategy

Strengths

- The work product repeats the policy principle of community benefit adders to encourage new behind-the-meter installations that achieve community benefits. These adders would not only help EBCE achieve program goals, but also would make EBCE's NEM program unique
- Community benefit adders as incentives for NEM customers continue the theme of building partnerships between EBCE and customers, increasing investment and support for the program. Retaining some agency control over deploying incented energy storage also builds the partnership.
- The work product addresses the importance of retaining NEM customers that have been with PG&E by advocating more frequent net export true-ups and having a baseline adder to make EBCE attractive to existing NEM customers.
- The work product addresses the phasing out of the current NEM tariff structure and the imposition of a successor NEM tariff by PG&E. It advocates for EBCE to take the lead to develop a value of distributed energy resources (VDER) tariff, which includes community-based values, and which can set an example for the rest of the state.
- The Alliance supports the proposal that NEM adders cannot be additive, that customers can apply only one, in order to keep NEM costs from becoming prohibitive.

Would like to see:

- A discussion of the impact of current anti-renewable federal policy on growth projections included in this work product, especially the recent imposition of a tariff on foreign solar panels and increased cost of solar panels
- A discussion of the impact of recent attacks on NEM in California on growth projections..
- More concrete proposals for transitioning from NEM to VDER, and a discussion of the impact of that transition on EBCE revenues and customers..

Locational Value Factors

Strengths

- This work product recognizes the importance of location on technical and community development issues. Factors such as wind patterns, solar intensity, air pollution, poverty, unemployment rates, distribution of CARE customers, and so forth contribute significantly to determining the benefits of developing renewable energy resources in particular locations.
- In inclusion of the specific example of replacing the old Dynergy Power Plant in Oakland with distributed energy resources is helpful to understanding the importance of location in situating renewable resources.
- The Alliance appreciates the discussion of the Transmission Access Charge and its effect on the cost of distributed energy resources. This issue is currently before CAISO, and may well wind up as a legislative issue important to EBCE this year.
- This locational analysis is extremely important in determining the “where” factor in development and program implementation, for example the ability to use locational adders to address community benefits.

Would like to see:

- A more thorough explanation of local reliability areas as they are critical in determining some locational benefits.
- A discussion of the non-energy benefits that are dependent on locational factors. For instance, it would great if this section could estimate of the health benefits and costs savings from reduced air pollution in West Oakland by replacing the Dynergy Power plant with clean energy resources.
- A discussion of the potential of using AB 693 and cap and trade funding from the CPUC to fund community solar in low-income areas of Oakland and Hayward, serving to displace the need for Dynergy and Russell City peaker power plants.