

# East Bay Clean Power Alliance Opposes Automatic Enrollment of EBCE Customers at a Premium Price



***Such enrollment discriminates against lower income ratepayers and undermines the anticipated benefits of Community Choice in the East Bay.***

## What is the Issue?

There is interest among some stakeholders for East Bay Community Energy (EBCE), Alameda County's Community Choice energy program, to have a policy by which cities could automatically enroll all their electricity customers (municipal, residential, and commercial) in a premium-priced 100% renewable option—one that would be more expensive than PG&E's electricity rates.

## What Would Be the Impact?

Enrolling customers in a premium-priced program more expensive than PG&E is discriminatory against people of low income and people of color, and is an abuse of the Community Choice opt-out mechanism.\*

Customers who are automatically enrolled to pay higher prices for electricity will react negatively and opt out of the program. Community Choice will be branded as an elite program—one designed for wealthy "environmentalists."

As a result, East Bay Community Energy will be tarnished. Its promise to provide community benefits to residential and commercial customers in the East Bay will be undermined by popular opposition before the program even gets underway.

In addition, supporting a special 100% renewable default offering for a few cities and a standard default offering for other cities will impose additional administrative costs on East Bay Community Energy. Ratepayers in all cities would be forced to pay these additional costs to subsidize the process involved in offering a special option for some.

## Our Concerns in More Detail

East Bay Clean Power Alliance strongly opposes member municipalities being able to enroll all EBCE customers (municipal, residential, and commercial) within their jurisdiction in a premium-priced, 100% renewable option. Our concerns regarding such a policy are explained in more detail below.

### ***It will exacerbate economic inequity and be discriminatory***

Automatically enrolling all customers within a jurisdiction in a high tariff-100% renewable default increases the economic burden of energy on those who can least afford it. It will aggravate already desperate economic pressures of higher rents, flat salaries, and poor job opportunities among communities of color and low-income people who already feel the pinch of electricity bills.

Furthermore, it requires these customers to take explicit action to opt out to avoid the bite of the higher prices. This alone discriminates against lower income ratepayers thereby further disenfranchising households who already struggle with electrical bills. This also represents an abuse of the automatic enrollment mechanism of the Community Choice program.

*\*Customers are automatically enrolled into the program unless they choose to opt out.*

By contrast, enrolling customers in a less-expensive than PG&E, lower-than-100% renewable option does not prevent anyone from opting up to a premium-priced 100% renewable option. In other Community Choice programs, only 1% - 2% of customers have opted up. To impose a default high-priced option at enrollment and require an opt down (or more likely opt out) of the far majority of customers amounts to economic hostage-taking.

### ***It will increase the opt-out rate***

Those who cannot afford the pricy 100% renewable option, as well as those who resent being automatically enrolled in that premium-priced option will simply opt out of EBCE and revert to PG&E.

While it is possible that such customers might instead choose to opt down to a lower-priced EBCE option, to expect such behavior would be counter-intuitive. Portola Valley, the wealthiest jurisdiction in San Mateo County's Peninsula Clean Energy, and the only city in any Community Choice program to enroll customers in a premium-priced, 100% renewable plan has the highest opt out rate of any jurisdiction in the County—more than twice the regular opt-out rate.

### ***It will increase administrative costs of East Bay Community Energy***

If some cities are able to enroll customers in a premium-priced, 100% renewable option, it will impose additional administrative costs on East Bay Community Energy. Essentially it would mean supporting two different Community Choice programs.

All marketing materials, customer notices, web sites, call center operations, and other interactions with customers would depend on the city in which they are located. In essence, the increased staffing and administrative costs associated with any city having premium-priced enrollments would be borne mostly by customers in cities having the standard enrollment.

Over all, this will mean a cost shifting from lower income communities to higher income communities, the opposite of what is needed to address historical inequities.

### ***It will broadly undermine Community Choice energy***

The opponents of Community Choice regularly attack the program as consumer unfriendly because it is based on an opt-out model of enrollment rather than opt-in enrollments. Imagine the field day they will have when customers are not only required to opt out of a Community Choice program if they don't like it, but having to opt out to avoid a higher-priced program. It will leave Community Choice programs open to the criticism that they are meant only for wealthy people who can afford to pay higher rates for electricity.

## **A Better Way to Achieve 100% Renewable Energy**

East Bay Clean Power Alliance strongly supports an option for customers in all jurisdictions who can afford it to opt up to premium pricing and thereby enable EBCE to purchase a higher percentage of renewable energy. We will encourage and participate in efforts to increase the number of EBCE customers that choose this option.

However, the way for East Bay Community Energy to achieve an energy portfolio with higher percentages of renewable energy is not mainly through the purchase of renewable energy from remote renewable generating facilities, but through the development of community-based renewable energy resources. In this way, we not only increase the percentage of renewable energy in our energy mix, but also benefit from the local investments, local business growth, local job growth, local energy resilience, and other community benefits.

### ***For More Information:***

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