

Promoting a Labor-friendly Alameda County Community Choice Energy Program



The East Bay Clean Power Alliance, like the Alameda Labor Council, calls for creation of a labor-friendly Community Choice energy program for Alameda County. We support a program that prioritizes the development of local renewable resources, creates unionized clean energy jobs, and provides many other community benefits.

We concur with advancing union labor, called for in the *Resolution Supporting a Labor Friendly Community Choice Aggregation Proposal for Alameda County* adopted by the Alameda Labor Council (ALC) on July 14, 2014.

In particular, we advocate that a Community Choice energy program should be designed to:

- maximize union jobs
- build local renewable energy projects that utilize project labor agreements wherever possible
- prioritize local hire
- support pathways out of poverty for disadvantaged workers in the communities being served
- benefit working-class and low-income communities by providing electricity rates that are lower and more stable than those of PG&E

How can a Community Choice program be labor friendly?

A Community Choice energy program that invests in the development of local renewable resources, including electrical generation and energy efficiency projects, can be an engine for local economic development. As a public program, it can prioritize public good over profit, and work with unions to generate high-road, family-sustaining jobs, utilize union apprenticeship and other entry-level job programs, and offer pathways out of poverty, especially in low income communities.

The Community Choice program serves as an energy service provider for its customers by prioritizing energy demand reduction while developing *local* renewable energy resources to meet remaining demand. The development of such community-based energy resources would take place over a number of years, accelerating as the program advances.

A Community Choice energy program can be a unique vehicle for opening up the largely non-union community-based energy sector to union employment. This is possible because of the program's ability to set work standards and also to aggregate smaller installation projects into larger projects more amenable to union labor agreements. Projects sited within the communities served make local hire and local construction policy more practical and beneficial.

By investing locally, a Community Choice energy program retains energy wealth within the community. By creating good paying jobs, the program can increase spending in the community and decrease safety net costs. Over time, the program's system wide energy savings can be passed on as lower and more stable prices for electricity, benefitting all in the community.

Questions regarding the Alameda Labor Council Resolution

Clearly, the intent of the ALC Resolution is to protect and promote union labor in an Alameda County Community Choice energy program, prioritizing practices that will ensure union hire in the jobs created.

However, a careful reading of the ALC Resolution suggests that a number of its provisions, if taken literally, would undermine the ability of a Community Choice program to expand unionized labor in

the local clean energy sector. For example, these provisions could inhibit a Community Choice program from developing local renewable energy resources and thereby undercut the creation of good, local jobs.

The language of the ALC Resolution raises the following questions about how the provisions it puts forward would be applied to an Alameda County Community Choice energy program:

Question #1

How is it possible for financing for all new renewable projects “be in place before Alameda County launches its CCA” (as stated in Principle #2 of the ALC Resolution), and before the Alameda Labor Council supports the program (as stated in the BE IT FURTHER RESOLVED section)?

Alameda County’s Community Choice energy program would plan a series of development projects of many types over 10 to 20 years: some public, some private, and some public-private partnerships. Furthermore the specific model of financing for each energy project will depend on technology, the size of the project, when it is built, new technical innovations, changing market conditions, climate change impacts, the track record of the Community Choice program, and many other factors that cannot be anticipated years in advance. How is it possible for Alameda County to arrange such financing *years in advance*?

Taken literally, the ALC Resolution would limit the Community Choice program to projects that could be planned and financed *before* the launch of the program, which would severely limit the extent of local renewable energy resource development, and thereby limit the number of jobs created.

Question #2

An Alameda County Community Choice program would need to develop significant behind-the-meter capacity (generation and energy efficiency on customers’ property) and an integrated mix of renewable energy sources, all requiring investments in community-based projects of many technologies and at many scales, ranging from large commercial installations to residential installations. This would include many kinds of ownership models in order to reduce greenhouse gas emissions and stimulate local business development.

Under such conditions, how is it possible to procure power *only* “from generating plants that have been build under a Project Labor Agreement” (as required in Principle #2 of the ALC Resolution), especially when many community-based generating facilities would likely be too small to warrant negotiating a PLA?

Question #3

If an Alameda County Community Choice program is to employ energy efficiency, demand response, and other technologies to reduce electricity demand and reshape the load, and thereby lower overall system costs and electric rates, necessarily including projects of many types, ranging from large commercial projects to individual homes, how is it possible for such a large variety of projects all to be performed under a Building Trades Project Labor Agreement (as required in Principle #3 of the ALC Resolution)?

Question #4

Given, as stated in the ALC Resolution, that PG&E and other California utilities source at least 20% or more of their power from out-of-state generators (in order to lower the cost of addressing peak demand, shortages in hydro power, and other in-state shortages), how is it possible for Alameda’s Community Choice program to be able to deal with state energy supply shortages or to compete with PG&E, which has no such restrictions, if limited *only* to in-state generation, as stated in Principle #1?



RESOLUTION SUPPORTING A LABOR FRIENDLY COMMUNITY CHOICE AGGREGATION PROPOSAL FOR ALAMEDA COUNTY

WHEREAS, electric utilities have long been a source of unionized workers for working Californians: Union members are directly employed by the utilities, union members work for the contractors hired by utilities, and third party energy generators whose electricity is purchased by utilities sign project labor agreements to build their generation facilities; and

WHEREAS, in 2002, the California Legislature passed and Governor Gray Davis signed AB 117 creating the Community Choice Aggregation (CCA) concept which permits the procurement of electricity by local governments for its residents and businesses; and

WHEREAS, CCA agencies face a significant risk that consultants and venture capitalists will manipulate the newly established CCA agency for their own financial benefit and against the interest of workers and consumers; and

WHEREAS, the Marin CCA actually contracted to purchase power from Shell Energy North America, a subsidiary of Shell Oil and an energy trading company, headquartered in Houston, TX. (*Think ENRON*) Shell is an anti-worker company that makes its money buying and selling electricity and seeks high profit margins by purchasing low cost, non-union power from out of state; and

WHEREAS, despite repeated promises of local jobs and local build-out of renewable energy generation facilities, in the four years the Marin CCA has been purchasing Shell power, only one local renewable energy facility had been built in Marin and that facility was built non-union; and

WHEREAS, California law requires Utilities and CCAs to increase renewable generated electricity to constitute 33% of their portfolio by 2020. Consequently, every customer in California will receive the same amount of renewable energy from State certified renewable sources, whether they are served by existing Utilities or a new CCA; and

WHEREAS, the high demand for renewable energy is creating opportunities for work in the development of new renewable energy generation through the building of renewable energy generation facilities in California and labor is united in providing as much of this work to union members as is possible: and

WHEREAS, the Alameda Board of Supervisors has approved a feasibility study to determine the viability of launching a CCA to meet the increased interest for renewable energy in the county; and

WHEREAS, aggregation of energy customers will produce the good, green jobs desired ONLY IF specific elements are established in writing and the Alameda CCA agrees in advance to these objectives. Without each one of these elements, no good, green jobs will be created.

THEREFORE, BE IT RESOLVED, that the Alameda Labor Council hereby formally urges Alameda Board of Supervisors and those entities participating in the development of an Alameda County CCA to adopt the following principles to ensure that the project will create fair wage, union jobs with benefits fulfilling a major goal of the green economy in the Bay Area:

Principles for Implementation of Labor Friendly Community Choice Aggregation

In order to ensure the greatest opportunity for workers to benefit from local electric customers investment in a Community Choice Aggregation agency and protect the interests of union members, the Alameda Labor Council has determined that the following Principles must be established in writing PRIOR to Labor providing any support for a proposed Alameda CCA. This includes identifying funding or likely funding sources required to successfully implement the CCA in advance.

1. Power Purchase Agreements (PPAs) from union generating companies/agencies:

The power procured by the CCA must be sourced from generators who employ union workers. Such generators should also be located in State. Today, dozens of utilities in California generate and purchase electricity generated here and California generates nearly 80% of all the electricity that it uses. This increases the buying power of the customers while using the Utilities' infrastructure and power generated and delivered by union workers.

2. PLAs Covering Renewable Energy Generation:

The CCA shall purchase renewable power from generating plants that have been built under a Project Labor Agreement or from plants that will be built under the CURE model. Currently, this is universal in California, where Utilities who generate and purchase green power do so from generating facilities that have been built under a CURE PLA. But funding for these new renewable generation projects must be in place before Alameda County launches its CCA because no funding means no construction and no work. Instead, the new CCA will contract for out of state power and use Renewable Energy Certificates (RECs) to greenwash dirty, fossil fuel power.

3. PLAs Covering Energy Efficiency Work:

The Alameda CCA shall agree upfront to perform necessary energy efficient work on their customers' building under a Building Trades PLA. This work must create sufficient energy savings to pay for these improvements and the energy efficiency work must be

performed under a Project Labor Agreement. A wide variety of financing strategies are available from Energy Service Companies (ESCOs) to Property Assessed Clean Energy (PACE). The work is performed by trained union workers ensuring high wage and benefits to the workforce; and

4. Community Benefits Agreements.

CCA projects that have community benefits provisions requiring local construction and local hiring should have priority over projects without such commitments.

The Alameda CCA shall agree upfront to Community Benefit Agreements with provisions requiring local construction and local hiring have priority over projects without such commitments prioritize projects to assure workers residing in Alameda County will benefit from the CCA: and

BE IT FURTHER RESOLVED, that upon adoption of these principles by Alameda Board of Supervisors, including identified financing for local renewable generation development in Alameda County and throughout the State of California, the Alameda Labor Council will support fully the implementation of the Alameda CCA; and

BE IT FINALLY RESOLVED, that the Alameda County Board of Supervisors, all participating Cities and other entities should also endorse the principles for CCA creation to ensure that the jobs created will be the good, green jobs long promised by the green economy.

Adopted by the Alameda Labor Council Executive Committee 07/11/14 & Delegates 07/14/14
Respectfully,

A handwritten signature in black ink that reads "Josie Camacho". The signature is written in a cursive, flowing style.

Josie Camacho
Executive Secretary-Treasurer