



Hayward City Action Prompts Media Black Eye for East Bay Community Energy

Violating the Public Trust

To: East Bay Community Energy Board
Cc: EBCE Community Advisory Committee

Hayward City Council's call for enrolling all Hayward customers in East Bay Community Energy's carbon-free premium (opt-up) product offering drew negative media attention last week.

A story on [CBS](#) and another in the [San Francisco Business Times](#), were rife with disinformation. Both identified citizen backlash to the product offering. The disinformation lay in reporting the carbon-free product as 100% renewable energy, when in fact is only 40% renewable.¹ The backlash reflected customer reaction to being automatically enrolled in a product more expensive than what others in Alameda County will be paying.

Both reflected a violation of public trust that reflects badly on East Bay Community Energy.

The first violation is in naming a product "Brilliant 100" when it is neither 100% renewable nor brilliant. In cities across the country citizens are calling for a transition to 100% renewable energy. A 40% product hardly measures up to that goal, and calling it "brilliant" makes a mockery of authentic efforts to address climate change.

The second violation of public trust is in automatically enrolling all customers in a city in a product that is more pricey than the default product. We find this discriminatory against lower income customers and constitutes an abuse of the automatic enrollment mechanism of the Community Choice program. It directly violates the letter and the spirit of the JPA Agreement.

As explained in the attached document, East Bay Community Energy's road to 100% renewables, as reflected in the JPA Agreement and its mandate for a Local Development Business Plan, will not be achieved through products based on false solutions. Deceptive product offerings and discriminatory enrollment practices actually undermine East Bay Community Energy's commitment to 100% renewables.

Vote No on City-Wide Enrollments in Premium Product Offerings

The East Bay Clean Power Alliance urges the Board to consider the risk to the program of violating the Public Trust as East Bay Community Energy nears launch. We ask the Board to reject all city-wide automatic enrollments in a premium product offering.

Violating public trust turns the community into an antagonist of East Bay Community Energy rather than an active supporter and partner in the program's success. The initial press response to the Hayward City Council action is an indicator of what lies ahead if the Board chooses to violate public trust.

¹ The carbon-free product is 60% large hydro. Procuring large hydro does not promote renewable energy and its development. Large hydro is destructive to the environment. It is a risky resource to rely on at a time when climate change is creating severe drought conditions throughout the West. Procuring enough large hydro to supply East Bay Community Power's product offerings would increase the program's out of state energy purchases, with negative impacts on jobs and the economy of California.

East Bay Clean Power Alliance on Getting to 100% Renewable



East Bay Clean Power Alliance supports an East Bay Community Energy (EBCE) program goal of 100% renewable energy, achieved through conserving energy and developing local renewable energy sources as quickly as possible. This approach stems from the necessity to address the looming climate disaster while providing multiple economic, health, and equity benefits to our communities.

However, some advocates want to accelerate the transition to 100% by enrolling all customers—not just municipal accounts—in a 100% renewables option at program launch, based on the purchase of remote renewable energy.

While the Alliance recognizes the good intentions of this proposal, enrolling all customers in a 100% option by default poses a serious threat to the success of the program, not only because of high opt-outs due to higher electricity rates, but also because it short-circuits the many community benefits that would come from developing renewable energy resources locally, as explained below.

Many benefits of developing local renewable resources

When renewable resources are developed locally, there are many benefits to be gained other than the obvious reduction of greenhouse gases.

Local renewable resource development produces healthier, more sustainable communities, creating jobs and stimulating local economies. Local energy resources result in more secure and self-sufficient energy supplies. All the above benefits can be shared by low income communities and communities of color, historically those most devastated by the fossil fuel economy, and most impacted by economic inequality.

The robust and equitable economic development that can be realized in developing local energy resources can result in huge safety net savings for local governments, as well as increased tax revenues from new business activity. Local governments that invest in local renewable resources will create a stable revenue stream to boost available funds.

The benefits above will contribute to customer satisfaction, reducing the threat of opt-outs from the Community Choice program. A renewable energy portfolio that increasingly consists of local resources is also one that avoids the volatility of the energy market. Investments in local energy projects come with more stable and more manageable costs.

Getting to 100% through local renewable development

EBCE has already committed to developing local renewable resources, and will soon have a Local Development Business Plan to guide that process. Planning is critical to successfully developing and integrating local energy resources and avoiding market-purchase contracts that lock out the development of local resources.

The plan should include aggressive goals for both local generation and demand reduction. It should use a significant share of EBCE's net revenues to accelerate the development of local resources through incentive programs, targeted subsidies, leveraged investments, and in-house expertise.

Based on this plan, EBCE would enroll customers in a competitively priced renewable portfolio option with higher renewable content and lower cost than PG&E. EBCE would then develop local renewable resources to replace fossil fuel energy, getting to 100% renewables as quickly as net revenues make possible.

Clearly, to get to 100% renewable energy by developing local resources in this fashion will take longer than buying 100% renewables on the market. But the result will be more sustainable, economically vibrant and equitable communities, local government with more revenue and less debt and a more stable Community Choice program.

What's wrong with starting at 100% renewables?

EBCPA opposes enrolling all customers in a 100% renewable option by default. We find it would discriminate against lower income customers, substantially threaten the ability of EBCE to develop local renewable energy resources, and completely short-circuit EBCE's community benefits promises.

It will worsen economic discrimination

The 100% renewable options found in existing Community Choice programs are more expensive than the enrollment options at a lower renewable portfolio. Automatically enrolling all customers in a pricey 100% renewable option (likely more expensive than PG&E rates) increases the economic burden of energy on those who can least afford it. It will aggravate already difficult economic pressures among communities of color and low-income people who already feel the pinch of electricity bills.

Enrolling such customers at the 100% option requires them to take explicit action to opt-down to a lower-priced, more affordable option. To impose a high-priced option by default—one that only 1-2% of customers in existing Community Choice programs have chosen—and then require the majority of customers to opt down if they don't like it, amounts to economic hostage-taking and an abuse of the automatic enrollment mechanism of the Community Choice program.

Automatic enrollment in a less-expensive renewable option does not prevent any customer from opting up to a 100% renewable option, including any city that wants to enroll all its municipal accounts at 100%.

It will increase the opt-out rate and otherwise threaten the ability of EBCE to develop local renewable energy resources

Those who cannot afford the 100% renewable option, as well as those who resent being automatically enrolled in a premium-priced option (likely more expensive than PG&E) will simply opt-out of EBCE and revert to PG&E.¹ This defection will undermine the revenues needed to develop local resources.

Equally significant is that the higher cost of 100% renewables means that, if it is to compete in electricity rates with PG&E, EBCE will have lower net revenues. That means too little resources to implement programs for developing local renewable resources.

It will broadly undermine EBCE and community benefits

The opponents of Community Choice regularly attack it as consumer unfriendly because it is based on an opt-out model of enrollment rather than an opt-in model. Enrolling residential and commercial customers in a pricey option that requires them to opt-down or opt-out if they don't like it, will not only strengthen opposition, but leave the program vulnerable to accusations of elitism.

Rather than being perceived as a broad-based Community Choice program that will bring economic and other community benefits to a majority of residents and businesses, EBCE will be tagged as a boutique program that would only appeal to affluent customers.

What if a city wants to enroll its customers at 100%?

Aside from all the down-sides discussed above, allowing any city to enroll all its residential and commercial customers at a non-standard default option (like 100%) will impose additional administrative costs on EBCE. It would require administrative support for an additional Community Choice configuration; different marketing materials, customer notices, web sites, call center operations, and other interactions with customers would have to be developed for the non-standard configuration.

The increased EBCE staffing and administrative costs associated with any city having 100% renewable enrollments would be borne by all EBCE customers, amounting to a subsidy of what is already a problematic enrollment approach.

¹ 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 by default in a 100% renewable option, has the highest opt out rate in the County—5.1%, compared to the overall opt out rate of 1.88%.