Comments on MRW Draft

Technical and Feasibility Study for Alameda CCE

General Comments:

- The discussion was held previously that determined this study is a Technical Study on whether Alameda County can start a Community Choice Aggregation agency. The group agreed to call this study a Technical-Feasibility study. But the scope of the work is not a proper feasibility study. If this continues to be represented as a feasibility study, then we will evaluate on that basis. This draft does not measure up.
- The information in this cannot be evaluated, positively or negatively, without supporting documentation and/or work papers. You must release this information to allow full transparency and proper evaluation. As it stands, without further information over half of the slides in this Draft Study appear to be difficult to substantiate, flawed or flat wrong.
- The forecasts concerning future PG&E rates, solar power rates and prospective rates of the new Alameda CCE cannot be substantiated. Generally speaking, PG&E rates cannot be estimated over a period greater than 5 years; PG&E themselves refuse to make such predictions. Future solar power rates are subject to so many variables (land costs, government subsidies and equipment costs, just to name a few) that it is impossible to make any rate estimates for a 12-15 year period as has been done. Finally, there is no way to establish any type of rate projection for the new Alameda CCE. There are no signed contracts, no prospective contracts and no ability to set them. The only possible rate estimate would be to use existing CCA in Marin with their rate history. Marin Clean Energy rates are essentially equal to PG&E rates with a levalized rate fractionally less than PG&E's levelized rate.

Comments on Specific Slides:

Slide 3 – Loads and Forecast: The static load for all sectors after 2019 is *simply wrong*. There are numerous factors to be considered in estimating load growth over time, particularly by sector, which make estimates of any kind very difficult. But it is absolutely certain that there will be ZERO load growth in each sector between 2019 and 2030. Suggestion: make estimates for a shorter time period (5-7 years maximum) based on past load growth with likely changes in electricity use by sector. NOTE: growth of customer generation in the industrial sector and large users in the commercial sector will have drastic and potentially catastrophic impacts on a new Alameda CCE.

Slide 5 – Power Supply Procurement: Support the last three objectives as stated but balancing supply and demand and resource adequacy are absolute requirements – the Alameda CCE cannot simply call these objectives. If you cannot supply the electricity needed when it is needed, you better stop this process now. The RPS portfolio ratio is interesting but superfluous – the Alameda CCE will meet the RPS requirements with whatever sources from which renewables can be contracted. Also, there is no limitation on use of RECs as clearly specified by the Steering Committee. The estimate of 15% premium for Alameda County based solar projects is too small (SEE the "CAISO Renewable Portfolio SB 350 Study by E3, slide 26")

Slide 6 – Analysis Approach: Power Supply: The stated use of RECs is contrary to the clear statements of many members of the Steering Committee. The proposed power supply should have ZERO reliance on unbundled RECs.

Slide 7 – Renewable Power Supply Prices: There are several pieces on information on this slide that need supporting documentation. The $48.50 average rate 2071-19 is almost certainly false. Average estimates for the rates of solar power over the next 3-5 years suggest a forecast rate of $2 to $5 higher than the $48.50. Nobody can reliably estimate solar rates beyond a five year period. Other more detailed and substantiated studies describe future PV solar prices from between $62.50 to $75.40 in 2023. The same studies suggest long term costs will be based on industry trends in California and SB 350 will drive these trends. (SEE the "CAISO Renewable Portfolio SB 350 Study" by E3 and "CAISO SB 350 Evaluation Plan" by Brattle Group) Finally, how will the new Alameda CCE purchase this power? Using MCE as the example, the solar rates are much higher (and smaller % of power than estimated). Is the new CCE planning to enter into 20 year bi-lapse PPAs? The CCE does not have the financial standing or the sophistication to enter into such contracts yet that is the only way to achieve anything like the base cost solar estimates. This slide needs substantial revision.

Slide 8 – Forecast by Rate Class: This slide needs specific detail on costs for PG&E generation and non-generation rates. It is also unreliable. As noted, PG&E refuses to issue future rate estimates for longer than 5 years. Given that PG&E is currently engaged in a general rate case before the CPUC which will formalize rates for 2017-2019.

Slide 9 – Results: Three Scenarios – There are several fundamental questions that must be answered on how this slide was set up and what it means. First, there must be an 'apples to apples' comparison between any scenarios and as stated in this slide the three scenarios do NOT create equal comparisons. There is no GHG emissions criteria in Scenario 1. There is ZERO listing of actual sources of power, therefore we cannot know the quality of the portfolio. The idea that scenarios 2 and 3 have lower GHG emissions than PG&E suggests these scenarios will have power portfolio with between 70% and 90% from GHG-free sources. This cannot be achieved during the first five years of a new Alameda CCE. It also supposes access to the desired amount of hydro power supply. This is false as *every* existing utility and existing and

new CCA wants power supply with lower GHG emissions and all but PG&E must rely on hydro power. The amount for available for purchase is very limited and that supply is very pricey – Morgan Stanley has the largest amount of available hydro power and they charge. This slide must be re-worked to create realistic goals comparing to a PG&E power portfolio from between 65%-70% GHG-free in 2016, depending on how much hydro power is generated this year.

Slide 10 – Renewable Build-Out: This slide is unacceptable. The vast majority of Steering Committee members and Supervisor Haggarty have all demanded local build-out as part of this plan. The 10% allotted in this slide is simply unacceptable. Rework it or shut this down.

Slide 11/15 – Results: Scenario 1 (RPS) – The information in this slide is an amalgamation of faulty reasoning expressed from Slide 8. The Solar Costs and PG&E costs, as stated above, are inaccurate and must be recalculated.

Slide 12 – Average Bill Savings – Residential: Again, this information is based on rate estimates which are almost certainly inaccurate. Recalculate these based on facts, limit to a 5-7 year timeframe and reasonable assumptions.

Slide 13 & 14 – Results: Scenario 2 (Accelerated RPS) and Scenario 3 (80% by Year 5) – Again, this is based on the same inaccurate rates differentials from before as well as a lower than reasonable PCIA. Also, MCE's rate experience will be instructive and should be utilized in this estimate. Even using SFPUC's CleanPowerSF planned program, there are expected to be slight savings over PG&E rates; not 2 to 3 cents per kWh as slide 13 shows. Questionable cost estimates for higher GHG free with limited access to hydro power.

Slides 16/17/18 – Pro Forma Sensitivities: High PCIA is NOT a sensitivity; it is set part of the rate structure. It will remain high because of the current and future gas market and other factors. The other sensitivities are pure speculation.

Slides 23-31 – Economic and Job Analysis: This section is frankly misguided. Yes, REMI is a reasonable and well known modeling methodology. Yes, it is applied and produces the results in Slides 25-29. But this section *completely ignores* the current and future renewable energy generation marketplace in California and its impacts on economic development and job creation. Several studies have clearly identified that renewable energy generation facilities built in California have been build union and provided high wage, high benefit jobs. These projects have been built over 95% union and have established lower and lower rates. But those rates are NOT $48.50 low. While these rates will reduce over time, the reduction is only 8% over the next 7 years and 7% over the 7 years after that. This will not add up to anywhere the amount of savings to customers that are cited – and this assumes significant spending of all this savings. The Economic modeling is wrong because the information used is wrong. Update the information and let's see if REMI really can work in this situation.