

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## CCCFA Issues California's First Municipal Clean Energy Project Revenue Bonds Worth over \$2 Billion

**The bonds will support community clean energy goals across the counties of Alameda, Contra Costa, Marin, Napa, San Joaquin, Santa Clara, and Solano**

OAKLAND, Calif. and SAN RAFAEL, Calif. and SUNNYVALE, Calif., Dec. 6, 2021 /PRNewswire/ — Three Community Choice Aggregators (CCAs) - East Bay Community Energy, MCE, and Silicon Valley Clean Energy - have issued California's first ever municipal non-recourse Clean Energy Project Revenue Bonds through the California Community Choice Financing Authority (CCCFA). Two separate bond issuances, valued at over \$2 billion for thirty-year terms, support the purchase of clean electricity to serve over 2.5 million residents and businesses across the Bay Area and Central Valley.

The two Clean Energy Project Revenue Bonds prepay for the purchase of over 450 megawatts of clean electricity - enough to power 163,000 homes and reduce 765,000 metric tons of greenhouse gas emissions annually. These transactions will reduce renewable power costs by almost \$7 million annually for the first 5-10 years. For decades, municipal utilities have used the prepayment structure as an industry standard practice to reduce costs for the purchase of natural gas. For the first time, these Revenue Bonds apply this structure to the purchase of clean electricity.

"CCAs are known for being innovative and nimble in our efforts to provide our community with electricity from cost-effective, clean sources," said Girish Balachandran, CEO of Silicon Valley Clean Energy. "For SV Clean Energy, we are working to advance innovative decarbonization solutions across sectors, and in this case, we have applied a new approach to how we finance our clean power projects, furthering the financial savings enjoyed by our customers."

A Clean Energy Project Revenue Bond is a form of wholesale electricity prepayment that requires three key parties: a tax-exempt public electricity supplier (the CCA), a taxable energy supplier, and a municipal bond issuer. The three parties enter into long-term power supply agreements for zero-emission clean electricity sources like solar, wind, geothermal, and hydropower. The municipal bond issuer - in this case, CCCFA - issues tax-exempt bonds to fund a prepayment of energy that is to be delivered over thirty years. The energy supplier utilizes the bond funds and provides a discount to the CCA on the power purchases based on the difference between the taxable and tax-exempt rates. This discount is historically in the range of 8-12%, and minimum discounts are negotiated for each transaction.

The first of these bonds, which was issued by CCCFA to the benefit of East Bay Community Energy and Silicon Valley Clean Energy, was underwritten by Morgan Stanley. It successfully generated nearly \$1.5 billion in proceeds, after having received an investment grade "A1" rating from Moody's and a "Green Climate Bond" designation from Kestrel Verifiers, making it the largest ever issuance of prepayment bonds for clean electricity.

"These two prepay transactions are a fantastic representation of CCAs' position at the leading edge

of the clean energy transition,” said Nick Chaset, CEO of East Bay Community Energy and Chair of CCCFA. “While it took a lot of time and attention to apply the structure to electricity, issuing these green bonds exemplifies the commitment and competitive edge we bring as an industry. By leveraging a decades-old process available for natural gas procurement savings and making it work for clean electricity, we’re picking it up and repurposing it to meet the needs of today.”

The second transaction, issued by CCCFA to the benefit of MCE, was underwritten by Goldman Sachs. The very successful bond sale produced approximately \$700 million in bond proceeds and generated significant investor demand. The issue received an investment grade “A2” rating from Moody’s Investors and a “Green Climate Bond” designation from Kestrel Verifiers.

“MCE began exploring prepayment bonds three years ago as a pathway to reduce the cost of our renewable energy portfolio,” said Dawn Weisz, CEO of MCE. “This transaction will help us deliver on our promise of cleaner power, community reinvestment and competitive rates. We are pleased to pass these cost savings on to our customers.”

---

*About CCCFA: The California Community Choice Financing Authority (CCCFA) was established in 2021 with the goal to reduce the cost of power purchases for member community choice aggregators (CCAs) through pre-payment structures. The founding members of CCCFA include Central Coast Community Energy, East Bay Community Energy, MCE, and Silicon Valley Clean Energy. CCCFA is a Joint Powers Authority which can help member CCAs save up to 10% or more on power purchase agreements, helping reduce costs for ratepayers and increase available funding for local programs. Learn more at [CCCFA.org](http://CCCFA.org).*

*About EBCE: EBCE is a not-for-profit public agency that operates a Community Choice Energy program for Alameda County and fourteen incorporated cities, serving more than 1.7 million residential and commercial customers. EBCE initiated service in June 2018 and expanded to the cities of Pleasanton, Newark, and Tracy in San Joaquin County in April 2021. As one of 19 community choice aggregation (CCA) programs operating in California, EBCE is part of the movement to expedite the climate action goals of their communities and those of California. EBCE is committed to providing clean power at competitive rates while reinvesting in its local communities. For more information about East Bay Community Energy, visit [ebce.org](http://ebce.org).*

*About MCE: As California’s first Community Choice Aggregation Program, MCE is a groundbreaking, not-for-profit, public agency that has been setting the standard for energy innovation in our communities since 2010. MCE offers renewable power at stable rates, significantly reducing energy-related greenhouse emissions and enabling millions of dollars of reinvestment in local energy programs. MCE is a load-serving entity supporting a 1,200 MW peak load. MCE provides electricity service and innovative programs to more than 540,000 customer accounts and more than one million residents and businesses in 37 member communities across four Bay Area counties: Contra Costa, Marin, Napa, and Solano. For more information about MCE, visit [mceCleanEnergy.org](http://mceCleanEnergy.org).*

*About SV Clean Energy: Silicon Valley Clean Energy is a not-for-profit, community-owned agency providing clean electricity from renewable and carbon-free sources to more than 270,000 residential and commercial customers in 13 Santa Clara County jurisdictions. As a public agency, net revenues are returned to the community to keep rates competitive and promote clean energy programs. Silicon Valley Clean Energy is advancing innovative solutions to fight climate change by decarbonizing the grid, transportation, and buildings. For more information about Silicon Valley Clean Energy visit [svcleanenergy.org](http://svcleanenergy.org).*

Media Contacts:

Dan Lieberman, EBCE, [dliberman@ebce.org](mailto:dliberman@ebce.org)

Jenna Tenney, MCE, [jtenney@mcecleanenergy.org](mailto:jtenney@mcecleanenergy.org)

Pamela Leonard, SVCE, [pamela.leonard@svcleanenergy.org](mailto:pamela.leonard@svcleanenergy.org)

Copyright © 2023 Bond Case Briefs | [bondcasebriefs.com](http://bondcasebriefs.com)