



**MEETING MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
PCIA WORKSHOP
Thursday, November 1, 2018**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their Special meeting scheduled for Thursday, November 1, 2018 at 5:30 p.m. at the Yolo County Board of Supervisors Chambers, 625 Court Street, Room 206, Woodland, California. A quorum of Board members was established and the meeting began at 5:34 p.m.

Board Members Present: Lucas Frerichs, Dan Carson, Don Saylor, Duane Chamberlain *

Board Members Absent: Tom Stallard, Angel Barajas

*=Duane Chamberlain departed at 6:50 p.m.

Approval of Agenda Chairperson Frerichs introduced the Board; informed those present that a quorum was established; that no action would be taken tonight as this is a workshop; and, that this is an information meeting only.

Director Saylor made a motion to approve the November 1, 2018 Agenda, seconded by Director Chamberlain. Motion passed unanimously with Directors Stallard and Barajas absent.

Public Comment Chairperson Frerichs opened the floor for public comment. There being no public comment, the floor was closed.

CLOSED SESSION The Board adjourned their meeting to go into Closed Session at 5:36 p.m. The Board returned to their Agenda at 6:00 p.m. Chairperson Frerichs stated that there was nothing to report out from Closed Session.

**WORKSHOP
Power Charge
Indifference
Adjustment (PCIA)** VCE Staff Gary Lawson reviewed slides provided in the handout covering the PCIA decision, historical and proposed PCIA for PG&E, revised comparison base case, and an Excel spreadsheet (slide 7), showing the current PG&E calculated PCIA (less likely) and reduced operating costs.

Mr. Lawson reviewed several case scenarios:

Base Case (slide 8) updated PCIA estimate (more likely), reduced operating costs. Mr. Sears pointed out that it is key to look at the net margin and that, ideally, the number should never be lower than 5% of market.

Base Case (slide 9) - PCIA fully adjusted for recent power market pricing moves (less likely), reduced operating costs.



Mr. Lawson stated that there are policy options available and reviewed additional case scenarios:

Base Case (slide 10) – updated PCIA estimate (more likely), reduced operating costs and assumes PG&E rates remain flat. Mr. Lawson stated that Staff looked at lower rates from the current 2.5% less VCE rate, such as 1%, but the lower rates are not in this slide scenario.

Base Case (slides 11 and 12) updated PCIA estimate (more likely), elimination of rate discount, reduced operating costs. VCE Staff Lisa Limcaco addressed the revised NEM policy in this model of monthly billing with February annual true up.

Base Case (slide 13) – updated PCIA estimate (more likely), elimination of rate discount, deferral of NEM enrollment, reduced operating costs. This model assumes that the NEM Customers do not come in at all, but it will be a policy decision the Board will need to make and most likely it will only be a one-year deferral. Director Carson asked if they could see what the model looks like with only a 6-month deferral. Mr. Lawson replied that a 6-month deferral helps a little, but not enough, and suggested that the Board review information after a year to possibly bring NEM Customers back in 2020.

Several policy options to stabilize VCE financials (slide 14) were presented:

- Reduce/eliminate rate discount / match PG&E rates (0% discount) and adopt dividend (similar to MBCE approach)
- NEM options: 2019 enrollment deferral, revisit for 2020 / eliminate NEM generation premium
- Reduce renewable/clean energy content
- Trim operating costs

Mr. Lawson reviewed the benefits of eliminating the rate discount and deferring NEM enrollment (slide 15). Director Carson stated that he is concerned how postponement of NEM is communicated to the NEM customers.

Mr. Sears stated that in anticipation of major policy changes that will most likely have to be made, he asked Mr. Jim Parks, VCE Director of Customer Care and Marketing, to put together a marketing strategy.

Mr. Parks reviewed with those present the marketing strategy, which includes public outreach meetings, messaging, and opportunities for customers to express their concerns and ask questions. Chairperson Frerichs stated that the Board and CAC Members need to also support messaging of VCE. Mr. Parks reviewed a marketing schedule addressing our website, social media, call center, newspaper, and partnerships with other agencies/entities.



Mr. Parks announced that the SACOG grant is forthcoming, which lays the foundation for further advancement in the communities that are served by VCE. A SACOG phone conference call is scheduled tomorrow get more information. He stated that a joint press release is forthcoming after all parties agree and after the final definitive award has been made which is scheduled to be heard in mid-December by the SACOG Board.

Chairperson Gerry Braun of the Community Advisory Committee (CAC) provided a recap of the CAC's October 29, 2018 meeting discussion on PCIA as follows:

1. Communications with Customers need to remain positive while emphasizing VCE's long term vision, cost competitiveness with PG&E, and clear communications of PCIA increase and resilience of VCE.
2. Aim to avoid an increase in opt-outs and encourage community support to opt-up.
3. Consider year-end rebate or other similar approach.
4. Consider load shifting / energy efficiency messaging.
5. Encourage VCE to look at other options to deferring NEM customer enrollment, while lessening the financial impact to VCE, such as, possibly removing the \$0.01 cent premium on net generation. Encourage the Board to consider the long-term strategic impact of delaying NEM customer enrollment.
6. VCE needs to retain the flexibility and capacity to ensure VCE's short and long-term vision.

Chairperson Frerichs thanked the CAC for presenting the recap of their PCIA discussion and for the work of the CAC.

Comments:

Director Saylor reiterated that he does not want to deter long term vision with short term decisions/policy changes, while focusing on "retaining flexibility and capacity to ensure short and long-term vision" recapped in the CAC's discussion. In addition, he believes that there has to be a discount of some amount as VCE customers not only live "renewable" but appreciate the discount. He reminded those present that there are always opportunities in an "issue" environment. He encourages increasing communications with large accounts, getting the message out that we are "steering the course", and enlisting the community to be a part of this process/journey.

*=Duane Chamberlain departed at 6:50 p.m.

Director Carson commented that there are too many moving parts with information coming in daily, and as a result, the Board will most likely finalize the best course of action at their December Board meeting.



He is interested in learning more about the reduction to operating costs and what the implications are to the budget. He also supports the marketing solutions as suggested by the CAC and the implications to some of the ideas expressed in their recap.

Chairperson Frerichs asked for clarification as to why the account amounts remain the same in slides 11 and 12 for the 2018, 2019, 2020, and 2021 years, because of NEM enrollment? Yes.

Chairperson Frerichs commented that he would also like to see a 1% model so there is some form of discount and offering something tangible is important. He likes the Monterey structure, which needs to be explored further, but he is not sure how to have that discussion. He believes it is important to bring in the NEM customers, having them in VCE as customers is better for VCE in the long term, and expanding VCE areas thereby increasing the number of customers. In regard to the NEM customers, it would be good to offer an incentive, although not large, but something. And, not delaying enrollment of the NEM customers. He reminded those present that one of the primary goals of VCE is renewables, so not certain if we want to reduce our renewables. The more VCE can show the public that VCE is doing what they proposed to do is important.

Mr. Sears stated that Staff can provide a 1% discount rate model. He reminded those present that anything less than 5% net margin is not good business practice nor is it acceptable to the terms of VCE's agreement with River City Bank. Mr. Sears stated that VCE is already passed due its sixty (60) days prior to enrollment notification to enroll NEM customers in January 2019.

Chairperson Frerichs stated he understands the keeping above the 5% net margin, but what about the net income - what are the legal requirements to have a balanced budget for JPAs? Ms. Harriet Steiner, VCE legal counsel, stated that JPAs need to have a balanced budget, so various blocks are moved around in order to accomplish this. Mr. Lawson informed those present that once VCE's reserves are built up, VCE can use their reserves to assist with balancing the budget, but that is not where VCE is currently.

Mr. Sears reminded those present that recommendations will be forthcoming to be addressed at the Board's upcoming meetings on November 15th and/or at its regularly scheduled meeting in December.

Board Member and
Staff
Announcements

Mr. Sears informed those present that the SACOG grant awards were announced, of which VCE in conjunction with the Cities of Woodland and Davis and Yolo County are identified as a grant recipient. Director Saylor said this was a competitive grant, congratulated those who worked on the application and stated



that this was a great opportunity to do a lot. Chairperson Frerichs thanked VCE staff and the collaboration that occurred.

Announcements The next VCEA Board meeting has been scheduled for Thursday, November 15, 2018 at 5:30 p.m. at the Yolo County Board of Supervisors, 625 Court Street, Room 206, Woodland, CA 95695

Meeting was adjourned at 7:02 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst

