



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS SPECIAL MEETING
NOVEMBER 15, 2018**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their Special meeting scheduled for Thursday, November 15, 2018 at 5:30 p.m. at the Yolo County Board of Supervisors Chambers, located at 625 Court Street, Room 206, Woodland, CA 95695. Chairperson Lucas Frerichs established that there was a quorum present and began the meeting at 5:30 p.m.

Board Members Present: Lucas Frerichs, Tom Stallard, Dan Carson, Don Saylor, Duane Chamberlain (* departed at 6:10 p.m.), Skip Davies

Board Members Absent: Angel Barajas

Approval of Agenda Director Chamberlain requested that Item 14 – PCIA on the Regular Agenda be moved to immediately follow the Public Comment period before the Consent Agenda items. Motion made by Director Chamberlain to approve the amended November 15, 2018 Agenda, seconded by Director Carson. Motion passed unanimously with Director Barajas absent.

Public Comment Chairperson Frerichs opened the floor for public comment. There being no public comment, the floor was closed. Chairperson Frerichs moved to Item 14 – PCIA.

Modifications to VCE's rate structure, rate discount, and postponement of NEM Customer Enrollment to address CPUC PCIA decision VCE Interim General Manager Mitch Sears introduced the item through a PowerPoint presentation and started by providing a brief overview of the California Public Utilities Commission's (CPUC) ruling on the Power Charge Indifference Adjustment (PCIA). VCE Staff Gary Lawson reviewed the key financial impact factors (slide 9); PCIA History/Comparisons (slides 10 - 12); Resource Adequacy (slide 13) load forecast changes by California Energy Commission (CEC) and Forward Power Market Costs (slide 14).

Mr. Sears introduced VCE Staff Lisa Limcaco. Ms. Limcaco reviewed financial obligations (slide 15) in summary: SMUD contract requiring a reserve account; River City Bank (RCB) credit agreement - Line of Credit; and, RCB credit agreement converts to a term loan, a minimum Debt Service Cover Ratio (DSCR) must be met.

Mr. Sears reviewed Staff recommendations of policy modifications (slide 16): adopt a minimum net margin target of 5%; postpone enrollment of NEM customers until at least January 2020 with a reassessment in mid 2019; for 2019, VCE match PG&E generation rates less PCIA fee; and, study adoption of new rate structure featuring an annual dividend rate structure starting in fiscal year end 2020. Please note that the operating cost savings for 2019 have been incorporated into the Board approved budget.



Ms. Limcaco reviewed operating costs savings (slide 17); the impacts of policy modifications on VCE financials (slide 18); and, results of policy modifications from Base Case (slide 19). Directors raised questions about 1) possible loan revisions, 2) meeting VCE's long term goals, and 3) broader conversation with RCB. Ms.Limcaco stated that she would like to wait until PG&E rates come out before talking about revisions to the loan with RCB. Mr. Sears informed those present that RCB is very experienced in this arena and they are comfortable with our plan and projections. He stated that more detailed conversations are anticipated to occur.

Mr. Lawson reviewed briefly PCIA rates and power costs. Other items that were discussed were: 1) details of scenarios presented, 2) short- and long-term electricity generation costs, 3) potential of PCIA charge going down in the future, 4) the need for future analysis if customer base goes up or down, 5) costs associated with bringing on NEM customers, and 6) load forecasting.

Mr. Lawson commented that it is very difficult to forecast whether PCIA charges will go down. Mr. Sears reiterated that formal talks with RCB are in the works; and, VCE is being proactive and has not used all of the line of credit. A question was asked when would the 3 jurisdictions be paid back their loan amounts to VCE. Ms. Limcaco reminded those present that RCB must be paid back first before the jurisdictions and that the financial forecast shows that they would be paid back in five (5) years instead of three (3) years. Mr. Sears stated that there will be opportunities to address additional issues, such as PG&E load costs being spread across to all, even to those who recently entered into the process.

Director Chamberlain departed at 6:10 p.m.

Mr. Sears reviewed the impact of PCIA change to VCE revenues in 2018 and 2019 (slide 20); the benefits of deferring NEM enrollment and matching PG&E electric generation rates (slide 21); timing of CPUC decision on PG&E electric rates, including PCIA(slide 22); and, reviewed draft outreach strategy (slides 23 and 24).

Chairperson Frerichs opened the floor for public comment.

Ms. Christine Shewmaker introduced herself speaking as an individual resident, not as a CAC Member. Ms. Shewmaker expressed her frustration that bringing on NEM customers has again been postponed a second time. She commented that Senate Bill 2037 – Direct Access, will have an impact during the next few years. In addition, she commented that VCE's customer outreach will be difficult and will most likely not be received well.

There being no other public comments, Chairperson Frerichs closed the public comment period and opened the floor to the Board.



Director Carson made comments that VCE needs to address the issues as delaying does not help; he supports Staff's recommendations because of the financial projections are so drastic; he would like to restore some type of discount; long-term planning should be at the top of VCE's priority list; and, he would like to review in six (6) months what other CCAs are doing as he thinks it will be helpful for the long-term planning.

Director Saylor commented that we should look at bringing back in those people that opted out, educating the residents, and making it well known to the Legislature that VCE is new and will be effected by others' actions. He also commented that during our Customer outreach efforts we need to keep in mind that reactions will be mixed and some will be confused.

Chairperson Frerichs made a motion to approve Staff's recommendations, seconded by Director Stallard. After a motion was made and seconded a discussion followed.

Director Stallard commented that it is very disconcerting that the CPUC came to a decision that detrimentally effects CCAs, with ten (10) newly formed CCAs in 2018 - more than half are new. He thanked the CAC for their assistance. He commented that the policy recommendations are good ones; likes the dividend at the end of the year idea; wants to give back to the customers; and, would like to do programs in the future. He also stressed the important of communicating effectively with others on what is going on.

Director Davies commented that he is struggling with postponing NEM customer enrollment. Mr. Sears and Ms. Limcaco reviewed postponing NEM customer enrollment and the impacts to the financials.

Director Carson commented that he would like to persue a 1% dividend rebate and for Staff to look at the numbers in six (6) months to see if this is possible.

Chairperson Frerichs commented that there are additional changes forthcoming, such as in the energy market due to fires and PG&E stock prices going down. He commented that VCE are well served by expertise of SMUD and of the CAC Members. He also commented that VCE will need to continue to monitor and reassess monthly; marketing outreach is huge with all customers; legislative work has to occur with CalCCA and as an individual CCA; and, we need to look at local incentive programs too. The SACOG grant application was a strong because all three (3) agencies came together.

Director Stallard commented that of the SACOG grant award, VCE's application received $\frac{1}{4}$ of the total amount which is a huge recognition to our Agency. Director Saylor commented that \$40 million was requested in applications and Yolo County received a large portion of the grant award.



To recap, Chairperson Frerichs made a motion to approve Staff's recommendations as follows:

1. Adopt a minimum VCE net margin (after bank loan principal payments) target of 5%;
2. Postpone enrollment of Net Energy Metering customers until at least January 2020 with a reassessment of enrollment date in mid-2019;
3. For 2019, adopt electric generation rates identical to PG&E, after factoring the Power Charge Indifference Adjustment (PCIA) imposed by regulatory agencies;
4. Study adoption of a new rate structure featuring an annual dividend rebate structure to be implemented starting in July 2019;

Motion was seconded by Director Stallard. Motion passed unanimously by the following vote:

AYES: Frerichs, Stallard, Carson, Saylor, Davies

NOES: None

ABSENT: Barajas, Chamberlain

ABSTAIN: None

Approval of
Consent Agenda

Motion made by Director Stallard to approve the Consent Agenda, Items 4-12, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent. Chairperson Frerichs introduced Susan Bierzychudek of Green Ideals, the new VCE customer outreach and marketing services consultant. Ms. Bierzychudek introduced herself, thanked the Board for the opportunity to assist Valley Clean Energy, and asked if the Board had any questions. There being no questions, the Board moved onto Item 13 – SACOG grant.

Approval of
Minutes from
October 18, 2018
Special Board
Meeting

Director Stallard made a motion to approve the October 18, 2018 Special meeting minutes, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Long Range
Calendars

Director Stallard made a motion to receive the long-range calendars, which include the remaining months in 2018 and the 2019 calendar year, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Receive Financial
Update –
September 30,

Director Stallard made a motion to receive Financial Update – September 30, 2018 (unaudited) financial statements with revised comparative information from prior periods and Actual vs. Budget for the quarter ending September 30, 2018,



- 2018 (unaudited) financial statements seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.
- Regulatory Update Director Stallard made a motion to receive the regulatory monitoring report dated November 7, 2018 from Keyes & Fox, seconded by Director carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.
- Customer Enrollment Update Director Stallard made a motion to receive the Customer Enrollment Update dated November 7, 2018, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.
- Community Advisory Committee Meeting Update, Summary of November 1, 2018 Board PCIA Workshop, and First Year Progress Report Director Stallard made a motion to receive the Community Advisory Committee's (CAC) October 29, 2018 meeting summary; comments on the November 1, 2018 Special Board meeting / Power Charge Indifference Adjustment workshop; and, First Year Progress Report, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.
- Approve Revised Community Advisory Committee Charge / Resolution 2018-029 Director Stallard made a motion to approve a resolution titled "a Resolution of the Valley Clean Energy Alliance approving the Updated Community Advisory Committee Charge", seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.
- Approve Solicitation and Appointment process to the Community Advisory Committee and confirm appointments of current CAC Members / Resolution 2018-030 Director Stallard made a motion to approve a resolution titled "a Resolution of the Valley Clean Energy Alliance approving the solicitation, selection and appointment to the Community Advisory Committee and appoint the current members to terms of service", seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.
- Approval of Marketing and Outreach Vendor and Authorization / Director Stallard made a motion to approve a resolution titled "a Resolution of the Valley Clean Energy Alliance approving the selection of Green Ideals as the communications and outreach vendor for VCEA program and operations and authorizing the VCEA Interim General Manger to negotiate a services contract with Green Ideals and to approve and execute the agreement under the terms set



Resolution 2018-031

forth herein”, seconded by Director Carson. Motion passed unanimously with Directors Barajas and Chamberlain absent.

Presentation on Collective Grant Application to SACOG for Regional, Community Design, and Green Region funding programs (Informational)

VCE Staff Jim Parks introduced this item. He reviewed the background of the SACOG grant (slide 2) and thanked everyone who assisted in getting this application together with Kerry Loux (City of Davis) really getting this application together. He informed those present that there were numerous applications asking a total of \$39.155 million and \$11.670 million was recommended for awardship (slide 3). The total amount to be awarded to VCE and its partner Agencies is \$2.9 with \$380,000 (11.47%) in cost share. Current project activities and grant schedule (slides 5 and 6) were reviewed. Mr. Parks commented that the projects lay the groundwork in Yolo County for future expansion. Chairperson Frerichs asked that Staff have the CAC provide input for their ideas. Director Saylor commented that there are other exciting projects coming from the SACOG grant and that Staff need to be involved in the next few months prior to the award to answer questions. Mr. Sears reiterated that Staff will be asking for CAC’s input when looking at the value that could be brought to VCE.

Board Member and Staff Announcements

Mr. Sears informed those present that Executive Director, Beth Vaughn, of CalCCA visited VCE’s administrative offices and provided a new handout recognizing the energy suppliers, such as CCAs, within the State. Collectively CCAs are strong and there is a future for CCAs in California.

Director Saylor informed those present that he attended a ribbon cutting event at Muir Commons Community in West Davis, a co-housing, multi-family complex, which recently installed charging stations in their parking lot, one for each unit.

Announcements

The next VCEA Board meeting has been scheduled for Thursday, December 13, 2018 at 5:30 p.m. at the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA 95616.

Meeting was adjourned at 7:00 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst