

**Meeting of the Advisory Committee of the
Valley Clean Energy Alliance (VCEA)
January 29, 2018
5:30 PM**

Davis Senior Center – Activities Room, Davis Senior Center, 646 A St, Davis, CA 95616

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Mitch Sears, VCEA Interim General Manager, at least 2 working days before the meeting at (530) 757-5610 or msears@cityofdavis.org.

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Committee members and other staff.

Committee Members:

Mark Aulman, Marsha Baird (Secretary), Gerry Braun (Chair), Tom Flynn, Yvonne Hunter, Lorenzo Kristov, Christine Shewmaker (Vice-Chair), David Springer

5:30 PM CALL TO ORDER

1. Welcome and Roll Call

2. Approval of Agenda

3. Public Comment

This item is reserved for persons wishing to address the Advisory Committee on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.

4. Brief VCEA Staff and Advisory Task Group Reports

Representatives of VCEA staff and active Task Groups will provide updates on on-going work. Task Group recommendations requiring Committee attention require a regular agenda item. Summaries of written reports received by the Committee in advance of the meeting will receive a time allocation of up to ten minutes. Otherwised, the time allocation will be five minutes, including questions and answers. The Committee may decide to allocate additional time at the end of the regular agenda.

CONSENT AGENDA

5. Approval of Minutes from January 11, 2018 Committee Meeting

REGULAR AGENDA

6. Action. Review Board Workplan, Approve Recommended CAC Workplan updates, Approve Task Group Structure.

A. Board Workplan & CAC Workplan Updates

B. Task Group Structure

7. Action. Recommendation to the Board on Net Energy Metering (NEM) Policy

8. Discussion. Enterprise Risk Policy

9. Discussion. 100% Ultra Green Policy

10. Advisory Committee Member and Staff Announcements

Action items and reports from members of the Advisory Committee, including announcements, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

11. Adjournment (Approximately 7:30pm)

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. Until VCEA has offices, the Board has designated the Department of Community Development and Sustainability at the City of Davis located at 23 Russell Blvd, Davis, CA for the purpose of making those public records available for inspection. The documents are also available on the City of Davis website located at: www.valleycleanenergy.org/meetings.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item - 5

TO: VCEA Community Advisory Committee

FROM: Mitch Sears, Interim General Manager

SUBJECT: Minutes from January 11, 2018

DATE: January 29, 2018

Recommendation

Receive and approve the minutes from the January 11, 2018 meeting.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
Community Advisory Committee Meeting
January 11, 2018

The meeting of the Community Advisory Committee (CAC) of the Valley Clean Energy Alliance (VCEA) began at 5:30pm in the Woodland Senior and Community Center, 2001 East Street, Woodland, CA.

Committee Members Present: Marsha Baird, Gerry Braun, Tom Flynn, Yvonne Hunter, Christine Shewmaker, David Springer (arrived 6:10pm).

Committee Members Absent: Mark Aulman, Lorenzo Kristov.

Staff Members Present: Ken Loman (Sustainability Manager for City of Woodland) Reyna Pinon, Mitch Sears.

SMUD Consultants Present: Jen Archuleta, Michael Champ, Gary Lawson, Michelle Yung.

Public Present: Don Dotson of Woodland; Jessica Andrews, Project Development at Natal Energy in Alameda.

1. Welcome and Roll Call

Meeting called to order by Chair G. Braun at 5:30pm.

2. Approval of Agenda

G. Braun requested a change of order to the agenda to move items needing a vote earlier in the agenda as he needed to leave at 6:30pm, and a quorum beyond that point was not assured. Items 8a, 8c, and 9 were moved before Item 7.

M. Baird moved, Y. Hunter seconded approval of meeting agenda with change to order. Approved unanimously.

3. Public Comment

Don Dotson of Woodland commented that he was interested in what VCEA might be doing to help citizens take advantage of the Federal solar credits in the next two years. He is considering installing solar on his home and wants to know VCEA policies towards home solar.

4. Brief VCEA Staff and Advisory Task Group Reports

- **Outreach task group:** M. Baird reported that the task group met and discussed several issues, many of which M. Aulman will be following up with M. Sears. The group also reviewed the presentation slides prepared for the Stakeholder Outreach and provided feedback. The group recommends that the presentations be given by Staff or a member of the Board. M. Sears responded that he and Taro have conducted the presentations to date and the plan is to have Staff or a Board member present at each. Further, the task group requests to review the materials for the January 24th Community Outreach workshop.
- **Legislative/Regulatory task group:** Y. Hunter reported that the group is working on three documents regarding 1) the role of the chair and committee operational guidelines, 2) the committee procedures for reviewing leg/reg and 3) the criteria for identifying priority leg/reg

items for which action beyond just a board letter might be recommended. C. Shewmaker commented that there is a webinar on CA Legislative Outlook for 2018 on January 24th at noon that the members plan to view. C. Shewmaker also mentioned that there is a new bill from Asm Ting (AB 1745) that would require all new vehicles under 10,000 pounds be zero emission by 2040.

CONSENT AGENDA

5. Approval of Minutes from November 27, 2017 and December 4, 2017 Committee Meetings

6. Communications Plan Update

C. Shewmaker moved to approve the Consent Agenda (items 5 and 6). M. Baird seconded. T. Flynn commented that he is on the Legislative/Regulatory Task Group, but is not listed in the Minutes. It was agreed that his addition to the task group happened after the meeting. Consent agenda approved unanimously.

REGULAR AGENDA

8. Information and Action. Power Procurement.

a. Action. Consider recommendation for Board Approval of Delegation of Authority to SMUD to begin execution of Procurement plan

c. Information. Status of Procurement Plan Development and Task Group Review

G. Lawson presented the Draft VCEA Procurement Guide. He stated that CPUC certification of the Implementation plan is expected January 16th, and the CCA Regulatory Certification request is planned for January 19th. Procurements are planned to start January 22nd. 100% of expected renewables for 2018 will be procured in January and February. In August, when updated load forecasts are available, SMUD will make any additional procurements needed. The team is currently estimating 10% opt out. Throughout 2018, SMUD will be making procurements for 2019.

G. Lawson further explained that the Procurement Guide provides the criteria for product purchased. D. Springer, G. Braun, and L. Kristov provided feedback on the initial draft. Staff will be asking for Board approval of budget at next Thursday's Board meeting.

Y. Hunter asked how they estimate needs for UltraGreen, 100% renewable product. G. Lawson responded that those procurements will be included in supplemental purchases in August.

Y. Hunter moved, T. Flynn seconded the recommendation for Board approval of delegation of authority to SMUD to begin execution of Procurement plan. Approved unanimously. The Advisory Committee requested periodic updates of how the procurements are going.

T. Flynn asked how CCAs will respond to new order; there is a good chance it will be adopted. It will mean less flexibility for CCAs. If approved, will have to figure out how to comply.

9. Action. Consider recommendation to Board on Customer and Data Policies.

M. Yung from SMUD presented slides summarizing the Customer and Data Policies. Y. Hunter commented that the 1.1 Rates section could benefit from clarification, between power purchase and full bill. Also, under the 1.3 Enrollment section, Y. Hunter recommended changing "Yolo County" to "unincorporated Yolo County."

C. Shewmaker commented that the language under 2. Delinquent Accounts was confusing – not clear when a customer would be returned to PG&E. Also not clear how this would affect the CARE

program participants. The CAC requested a determination of the number of CARE customers VCEA will be serving.

M. Yung explained that the Privacy Policies are subject to CPUC privacy policies and are above and beyond what other CCAs are doing.

Y. Hunter moved to recommend to the Board the adoption of the Customer and Data Policies with the incorporation of comments from Y. Hunter and C. Shewmaker. T. Flynn seconded. Passed unanimously.

7. Action. Review Board workplan, Approve Recommended CAC workplan updates, Approve Task Group Structure

M. Sears provided an additional update to the Board and CAC workplans – the NEM Policy will be reviewed at the January 29th CAC meeting and will be on the agenda for approval at the February 8th Board meeting. There will be a preview tonight and at the January 18th Board meeting.

M. Baird moved to approve the Board and CAC workplan. Y. Hunter seconded. Approved unanimously.

G. Braun reviewed that CAC has two task groups currently (Outreach with 3 members – Aulman [chair], Baird and Hunter; and Leg/Reg with 4 members – Hunter [chair], Flynn, Kristov, and Shewmaker).

G. Braun announced that Amanda Beck has resigned from the Advisory Committee – as a SMUD employee, she didn't want there to be any concerns with her role. T. Echiburu is working on a replacement representative for unincorporated Yolo County.

C. Shewmaker asked about sending information that would be useful to the entire committee by email, but wanted to be sure this would be OK with the Brown Act. M. Sears requested that any information be sent to M. Sears and E. Henderson and that they would disseminate to the Committee with BCC. In the future, could also use the Resource Page on the website to share information that would be of interest to the Committee and the Public.

G. Braun suggested CAC formally appoint an Energy Services Launch Phase Task Group including G. Braun, T. Flynn, L. Kristov, and D. Springer. The group will meet and elect a chair. Y. Hunter moved, M. Baird seconded. Approved unanimously.

8. Information and Action. Power Procurement.

b. Information. Status of Default and 100% RE Portfolio Specification and Targets

M. Champ presented information on the Power Mix – short term and long term. Also, information on what CCAs are doing with respect to Opt-Up products as they differ in terms of power mix. See slides for details.

A comment was made that Pioneer (in Placer County) is launching in March and may put pressure on demand for renewables.

10. Discussion. Advisory Committee Input to Definition of Net Energy Metering (NEM) Policy. Options for Staff Evaluation and Board Consideration

M. Champ presented details on NEM (Net Energy Metering) including what VCEA should take in to consideration when setting its NEM policy. About 4,000 of the 65,000 potential VCE customers had solar as of end of 2016. About 3,000 of those are residential customers. See slides for details.

Compensation for excess generation: some CCAs offer customers retail rate for excess generation at end of true-up period. PG&E pays wholesale rate. Offering above retail would have some impact on budget.

NEM aggregation may require changes to billing which is more difficult and costly for VCEA to consider early in the program. Time-of-use bands that differ from PG&E's would be complex and

would also make comparison with PG&E difficult for customers. Other CCAs are changing net payout not time of use bands. Y. Hunter commented that VCEA will need to be able to clearly state what is same and what is different from PG&E.

C. Shewmaker requested that at the next meeting staff provide information on what aspects of net metering aggregation are under CCA control and what aspects remain with the IOU (PG&E).

Enrollment of an NEM customer triggers a true-up from PG&E which involves an event fee of \$5,000 (per event, not per customer).

11. Advisory Committee Member and Staff Announcements

M. Sears announced that they have started recruiting for the SMUD “staff on loan” positions on the VCEA org chart – Director of Marketing & Customer Care, and Director of Finance & Internal Operations. M. Sears also briefly discussed E-4907 and said that the hearing was not on Feb 8th in San Francisco. He mentioned that CalCCA is working on a strategy for it.

12. Adjournment

Meeting adjourned at 7:55pm. T. Flynn moved, Y. Hunter seconded. Approved unanimously.

Next Meeting: Monday, January 29, 2018 at 5:30pm at Davis Senior Center.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item – 6

TO: VCEA Community Advisory Committee
FROM: Mitch Sears, Interim General Manager
SUBJECT: Board/CAC Workplan and Task Group Structure
DATE: January 29, 2018

A. Board/CAC Workplan

Recommendation

Review board work plan. Approve recommended CAC work plan updates.

Background and Analysis

In order to keep the VCEA Board and VCEA Community Advisory Committee (CAC) working in alignment, and to allow for the CAC to revise its work plan when needed, this item will be a standing item on the CAC agenda.

B. Task Group Structure

In accordance with the Brown Act, the CAC may form temporary task groups to address specific issues. Each task group may have no more than four members. At this time, staff understands that the CAC has constituted the following task groups:

Legislative/Regulatory

Yvonne Hunter, Chair
Tom Flynn
Lorenzo Kristov
Christine Shewmaker

Outreach

Mark Aulman, Chair
Marsh Baird
Yvonne Hunter

Energy

Gerry Braun
Tom Flynn
Lorenzo Kristov
David Springer

VALLEY CLEAN ENERGY ALLIANCE

2018 Advisory Committee and Board Meeting Dates and Topics

MEETING DATE		TOPICS	ACTION
January 11, 2018	Advisory Committee	<ul style="list-style-type: none"> • Power Procurement Delegation • Customer and Data Policies • NEM Policy (Tentative) 	<ul style="list-style-type: none"> • Approve • Approve • Review
January 18, 2018	Board	<ul style="list-style-type: none"> • Customer and Data Policies • Power Procurement Delegation • NEM Policy (Tentative) 	<ul style="list-style-type: none"> • Review and Approve • Approve • Review
January 29, 2018	Advisory Committee	<ul style="list-style-type: none"> • NEM Policy • Enterprise Risk Policy • Ultra Green Policy 	<ul style="list-style-type: none"> • Recommend • Review • Review
February 8, 2018	Board	<ul style="list-style-type: none"> • NEM Policy 	<ul style="list-style-type: none"> • Approve
February 26, 2018	Advisory Committee	<ul style="list-style-type: none"> • Enterprise Risk Policy • Ultra Green Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget 	<ul style="list-style-type: none"> • Recommend • Recommend • Recommend • Recommend • Recommend
March 8, 2018	Board	<ul style="list-style-type: none"> • Enterprise Risk Policy • Ultra Green Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget 	<ul style="list-style-type: none"> • Approve • Approve • Review • Approve

VALLEY CLEAN ENERGY ALLIANCE

Staff Report

TO: Valley Clean Energy Alliance Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Michael Champ, Sacramento Municipal Utility District (SMUD)

SUBJECT: Net Energy Metering Policy

DATE: January 29, 2018

RECOMMENDATION

Staff is requesting the Community Advisory Committee (CAC) recommend to the VCEA Board to adopt policy option 2, and the recommended administrative policy decisions.

BACKGROUND AND ANALYSIS

At the January 11, 2018 Community Advisory Committee meeting SMUD presented background information and received feedback on Net Energy Metering (NEM). On January 18, 2018 the VCEA Board received a similar presentation and provided feedback to staff. At the February 8, 2018 VCEA Board meeting, VCEA staff will be asking the Board to consider adopting a NEM policy. In addition, staff will be recommending that the Board adopt several administrative aspects of the NEM policy.

Administrative Policy Decisions

When a NEM customer is enrolled into a CCA, a true-up is triggered with PG&E. This true-up may result in required payments to PG&E or adjustments to accumulated credit balances. At times farther from a customer's regular true-up date, the required payment or credit balance is likely to be larger, while at the true-up date, it should be closer to zero. Staff recommends enrolling customers on a schedule that aligns with their current PG&E true-up date, rather than all at once during the overall CCA launch. Each enrollment event of NEM customers will require VCEA to pay a \$4,475 mass enrollment fee to PG&E. Thus, having monthly enrollments will incur an additional one-time expense of \$49,225.

Staff recommends trueing up all NEM customers annually on their April bill cycle. Currently, customer true-ups occur on the anniversary of the system operation approval date. Moving them to April will result in lower overall payments and credits between VCEA and customers, as the accumulated credit balance of customers should be at a low before spring energy production. In addition, an April true-up will result in operational efficiencies for VCEA in managing one batch process for the year.

Staff recommends setting a cash-out minimum of \$100, and only cashing out customers electing to cash out. Any balance below \$100, and any balance from customers who have not elected to cash out, will be rolled over to the next cycle as a bill credit. Setting a minimum cash-out limit reduces the number of transactions for the customer, and lowers the overall cost of mailing checks. Requiring an election to cash out reduces the amount of uncashed checks and required follow-up processes.

Staff recommends requiring payment monthly. This eliminates the potential sticker shock of a large bill, and reduces the total accounts receivable exposure. This also simplifies the bill for customers, with them not needing to distinguish between informational bills, and bills that are due. Finally, this clarifies definitions and reporting of delinquent accounts.

Excess Generation Policy

Under current PG&E policy, customers are billed monthly, according to their net usage, accumulating bill credits at the retail rate for excess generation in any given billing cycle. Annually on their true-up date, PG&E calculates the net usage on a kWh basis for the past 12 months. If this is negative, any accumulated retail credits are removed. If it is positive, the net surplus generation for the year is compensated at the wholesale energy rate.

Staff evaluated three alternative NEM policies:

1. Match PG&E policy, but compensate net surplus generation at a wholesale energy rate plus a \$0.005/kWh adder
2. Compensate excess generation in any given month at the retail rate plus \$0.01. Pay out annually at the accumulated retail credits, up to a maximum of \$2,500. Past this amount, pay at the wholesale energy rate plus a \$0.005 adder.
3. Compensate excess generation in any given month at the retail rate plus \$0.01. Pay out annually at the accumulated retail credits.

Of these options, Option 1 is the expected lowest cost, at a \$46,700 annual premium to a policy mirroring PG&E. Option 2 is more expensive at \$828,500 annually. Option 3 is the most expensive at \$2.2M annually. Option 3 – and to a lesser extent, Option 2 – would significantly increase the economic incentive to add rooftop solar. To the extent they increase solar adoption, they would reduce future CCA revenues and put pressure on rate discount targets. These costs are subject to changes in the wholesale value of electricity, changes in the production and demand shapes of NEM customers, and changes in rate schedules and billing period definitions.

In addition to the overall costs, the options distribute the benefits differently across customer types, as seen in table 1 below.

Table 1 - Customer Financial Benefit of Various NEM Options

	Total Gain		Options		
	From	To	1	2	3
# Impacted Customers	\$ 1,000	and up	10	133	161
	\$ 500	\$ 1,000	4	237	226
	\$ 100	\$ 500	39	1,065	1,048
	\$ -	\$ 100	764	3,879	3,879
	No impact	\$ -	4,539	42	42
Average Impact	\$ 1,000	and up	\$ 2,709	\$ 1,938	\$ 9,915
	\$ 500	\$ 1,000	\$ 584	\$ 669	\$ 668
	\$ 100	\$ 500	\$ 270	\$ 277	\$ 275
	\$ -	\$ 100	\$ 9	\$ 30	\$ 30
	No impact	\$ -	4539	42	42
Total Cost			\$ 46,706	\$ 828,494	\$ 2,152,028

Option 1 does not change the NEM calculation for the majority of customers. It only affects the 18% of customers (primarily non-residential) who net surplus generate on an annual basis. Option 2 and 3 provide benefits to nearly all customers, since it increases the value of any generation by \$0.01/kWh. These options also provide far higher rates for net surplus compensation, typically approaching peak retail prices instead of wholesale prices. This may be as much as \$0.20/kWh, but varies significantly by rate schedule. Option 2 caps this benefit at \$2,500/customer, while Option 3 leaves it uncapped. By leaving retail compensation uncapped, Option 3 provides a large benefit to large net surplus generators.

With any NEM policy that allows for a \$0 bill, increasing adoption may eventually lead to a need to change rate structures, as VCEA will need to cover the costs of marketing, billing, load balancing, regulatory compliance, and other non-energy costs. As customers commit to a 20-year asset installed on their home, any changes to NEM rates are typically only applied to go-forward installations, with existing customers grandfathered into their existing rate. Thus, a NEM policy should be designed to handle future as well as current customers.

Staff recommends adopting a NEM policy in line with Option 2. Most residential customers will be unaffected by the \$2,500 cap, but it will limit the total amount of power that VCEA purchases at retail rates. By compensating at wholesale above the cap, VCEA will continue to incentivize buildout of additional solar where it is economic. This option strikes a balance between increasing the incentive for installing solar and managing the total budget impact.

CONCLUSION

Staff is seeking a recommendation from the Community Advisory Committee in support of Board adoption of the following Net Energy Metering Policy decisions:

- Initial enrollment of NEM customers on a monthly basis, based on PG&E true-up date
- Annual true-up for all NEM customers held annually in April
- Cash-out only for customers with more than \$100 in credits who opt-in. Other customers will have credit balance roll over to the next billing cycle.

- Credit customer monthly for excess generation at retail plus \$0.01, without additional compensation for participation in renewable programs
- Settle annually at the accumulated retail credits, up to a maximum of \$2,500. If retail credits are over \$2,500, settle at the greater of \$2,500 or the wholesale value of net surplus generation.
- Calculate the wholesale value of net surplus generation at the simple average of DLAP pricing between 7am and 5pm of the previous 12 months, plus a \$0.005/kWh adder.