

**Meeting of the Board of Directors of the
Valley Clean Energy Alliance (VCEA)
January 18, 2018
5:30 PM**

Yolo County Board of Supervisors
625 Court Street, Woodland CA 95695

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 Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Board Members:

Angel Barajas (City of Woodland), Duane Chamberlain (Yolo County), Robb Davis (City of Davis) Lucas Frerichs (Chair/City of Davis) Don Saylor (Yolo County), Tom Stallard (Vice Chair/City of Woodland)

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 Board 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 Board are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.

CONSENT AGENDA

4. Approval of Minutes from December 14, 2017 Board Meeting

5. Regulatory and Legislative Update

6. Long Range Calendar

7. PG&E Service Agreement and Authorization to submit VCEA CPUC Bond

8. Adopt VCEA Personnel Policy

9. Communications Plan Update

10. Recognition of Service – Community Advisory Committee Member Amanda Beck

REGULAR AGENDA

11. Adopt VCEA Policies (Action):

- A. Customer Terms and Conditions of Service Policy**
- B. Delinquent Accounts Policy**
- C. Data Privacy Policy**
- D. Data Security Breach Policy**

12. Adopt the VCEA Short Term Procurement Guide and approve Financial Delegation for Staff and SMUD to procure energy for 2018 and 2019 consistent with the VCEA Procurement Policy and Short Term Procurement Guide. (Action)

13. Introduction to Net Energy Metering (NEM) Policy Options (Discussion)

14. Community Advisory Committee Report (Discussion)

15. General Manager's Report (Update)

16. Board Member and Staff Announcements

Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members at VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.

17. Adjournment (Approximately 7:00pm)

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 Valley Clean Energy website located at: <http://valleycleanenergy.com/meetings/>

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Valley Clean Energy Alliance Board of Directors
FROM: Mitch Sears, Interim General Manager, VCEA
SUBJECT: Approval of Minutes from December 14, 2017 Board Meeting
DATE: January 18, 2018

RECOMMENDATION

Receive, review and approve the attached draft minutes from December 14, 2017 Board Meeting

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
December 14, 2017

The Board of Directors of the Valley Clean Energy Alliance met in regular session beginning at 5:30 p.m. in the Davis Community Chambers, 23 Russell Boulevard, Davis CA 95616.

Board Members Present: Angel Barajas, Duane Chamberlain, Robb Davis, Lucas Frerichs, Don Saylor, Tom Stallard

Board Members Absent: Skip Davies (Alternate)

Approval of Agenda A. Barajas moved, seconded by L. Frerichs to approve the agenda. Motion passed by the following vote:
 AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard
 NOES: None
 ABSENT:

Public Comment None

Approval of Consent Agenda Approval of:
 • Minutes from November 16, 2017
 • Long Range Calendar
 • Approval of VCEA Contract for Insurance Coverage with YCPARMIA
 • Approval of Full Membership in CalCCA – CCA Trade Association
 • Fiscal Update – Pre Program Launch Expenditures

 R. Davis moved, seconded by T. Stallard to approve the consent agenda. Motion passed by the following vote:
 AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard
 NOES: None
 ABSENT:

Regulatory and Legislative Update Mitch Sears, Interim General Manager
 Recently, VCEA received a notice from CalCCA regarding CPUC Draft Resolution – E-4907. This draft resolution was issued on Friday, Dec 8, comments are due Dec 29, and a decision is expected as soon as January 11, 2018. This resolution sets new rules for launching new CCAs. It will not directly affect VCEA as VCEA submitted Implementation Plan in October. However, it may impact VCEA if VCEA chooses to expand at a later date. More generally, if passed, this resolution will have direct and immediate impacts on CCA’s local control.

VCEA staff shares CalCCA’s concerns regarding the expedited process and vague analysis of this resolution’s intended goal and potential impacts. CalCCA is organizing comments and arranging meetings with Commissioners.

Staff requests that the board direct staff and the VCEA chair to address this issue before December 29, 2017.

L. Frerichs moved, seconded by A. Barajas to approve the Chair to work with staff to engage appropriately with CalCCA advocacy on this topic.

Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT:

Approval of Credit and Banking Services Vendor and Authorization of Contract Negotiations

Chad Rinde, Accounting Manager, Department of Financial Services, Yolo County In Spring 2017, VCEA received three proposals for credit and banking services. The selection process was put on hold as the City of Woodland joined VCEA and the SMUD contract was negotiated. In November, VCEA requested re-proposals.

After assessing the proposals and conducting interviews, staff recommends VCEA enter into contract negotiations with River City Bank for credit and banking services. River City Bank has financial strength, will be a strong local partner with branch locations in Woodland and Davis, offered the lowest cost of credit, and has experience working with other CCAs.

Staff will return with a recommendation on the issues of a variable or fixed term loan at a later date.

Public Comment

None

T. Stallard moved, seconded by L. Frerichs to approve recommendations one and two. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT:

Approval of VCEA Staffing Plan and Direction to Proceed with VCEA Employee Recruitment

Mitch Sears, Interim General Manager

At the November 2017 meeting, the VCEA Board reviewed and discussed the draft organizational chart. The chart was also discussed at the VCEA Community Advisory meetings. Based on input gathered at these meetings, the chart has been revised so that:

- 1) The regulatory/legislative analyst reports directly to the General Manager.
- 2) The Board Clerk/Admin Analyst reports to the Director of Finance & Internal Operations.

The rest of organizational chart remains unchanged. CAC considered the organizational chart and approved (by 7-0-1) the recommendation to support the recommended structure.

At the November meeting, the Board expressed a desire to separate VCEA and SMUD fiduciary responsibility. Staff discussed this desire and identified the following financial firewalls:

- 1) Yolo County finance staff will stay on as Treasurer
- 2) VCEA will seek a third-party book-keeping service
- 3) VCEA will have a regular independent, third-party audit

Board questions and staff responses are summarized below:

1. Why do we need so many people if SMUD is going to be running the show?

According to staff's research into the organizational staffing structures of other CCA's, this actually is a very lean structure. Only four positions are VCEA salaried positions, most positions are thru the SMUD contract.

2. What is the sequence for hiring these positions?

The first priority is Assistant General Manager and Board Clerk. The communications specialist will be coming in first quarter.

Public Comment:

None

L. Frerichs moved, seconded by T. Stallard to approve the updated VCEA staffing plan and direct staff to proceed with VCEA employee recruitment. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard
 NOES: None
 ABSENT:

Approval of SMUD Services Agreement Task Order 4 related to VCEA Organizational Staffing	<p>Mitch Sears, Interim General Manager Staff recommends that the board adopt a resolution authorizing the VCEA Interim General Manager, in consultation with VCEA Legal Counsel to finalize the Professional Services Agreement Task Order 4 with SMUD.</p> <p>Board questions and staff responses are summarized below: None</p>
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Public Comment:

None

R. Davis moved, seconded by A. Barajas to approve the consent agenda. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard
 NOES: None
 ABSENT:

Approval of Financial Reserve Policy	<p>Mitch Sears, Interim General Manager Staff recommends that the board adopt a resolution approving the proposed Financial Reserve Policy. The proposed reserve policy:</p>
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- Sets an initial minimum level of 30 days cash
- Longer term target of repaying startup capital (municipalities, deferred payments to SMUD, line of credit) and building to a target level of 90 days cash
- Establishing local program development fund of 1% of net income (approximately \$13,000 in 2018 and \$42,000 in 2019); may be adjusted upwards as net income grows

Board questions and staff responses are summarized below:

1. Is this policy tied to the 2018 annual year? Or the fiscal year?

This policy is not tied to a specific year.

2. The 1% reserve is labeled as a local program fund, not a reserve fund. Would this be evaluated each year? If there are expenditures out of this fund, would they be backfilled?

Start setting funding now, use it to build up a savings so that we can implement programs. The 1% is just a starting place.

3. Am I correct that this local program fund is not intended a reserve, but rather that it is intended to be invested in local programs.

Correct. Adopting this reserve policy would provide a guiding a framework for annual process of setting budget and rates. The goal of the policy is to give board as much flexibility as possible.

4. Is building a reserve of 90 days' worth of operating expenses an industry standard?

CCAs don't have an extensive history. Staff believes that a 90 day reserve should be sufficient to hedge against PCIA changes. The board might want to grow beyond 90 days at a later date.

5. What are other programs doing that are more mature?

This policy is fairly standard. Some are living at this level. However, the overall trend is moving towards more robust reserves to address rate stabilization and future volatility. There is the opportunity and it may be prudent to create additional reserve funds.

Board comment: A 90 day reserve is the equivalent of 25% of VCEA's operating budget. Yolo County has 15% operating reserve, as well as another reserves are used. This policy is a good start. We don't want to lose sight of our goal of local programs. And we will need to balance reserves with local programs

Public Comment:

None

Barajas moved, seconded by Frerichs to approve the staff motion. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT:

Approval of Power Mix Targets and Target Electricity Rates for Calendar year 2018

Mitch Sears, Interim General Manager

Staff recommends that the board adopt a resolution approving:

- Power Mix Target for calendar year 2018 that has a total 75% clean energy supply, comprised of the following components:
 - 42% renewable energy
 - 33% non-renewable carbon-free energy (mainly large hydro)
- Target Rates for 2018 that are at a 1% discount to PG&E generation rates, net of Power Charge Indifference Adjustment (PCIA) and Franchise Fees imposed by the utility.

The Power Mix Targets and Rates are interconnected with the reserve policy and fiscal health of VCEA. The Community Advisory Committee had an in-depth discussion of Power Mix Targets and Rates. Following the CAC conversations, staff refined the model and made adjustments that have minor fiscal impacts but increase our renewable energy to 42%. It is assumed that moving forward there will be an ongoing, annual consideration of rate setting.

Public Comment:

Gerry Braun, Chair, Community Advisory Committee

Very good work that the committee did in regards to power mix. It is important to consider what message VCEA wants to send our customers relative to PG&E. Across the state, there is a great deal of variety within the renewables offered by different CCAs. It is also important to remember that this mix is for the default option. There will also be a 100% renewable option

Board questions and staff responses are summarized below:

1. Is 1 or 2% discount sacrosanct?

No. San Francisco offered a 0.26% discount.

2. Have we committed to a repayment timeline for the contribution of our founding members?

No. For most JPAs, repayment is happening within first 5 years. The current financial model reflects 3 year repayment.

Board comments are summarized below:

- VCEA has essentially two universally appealing sound bite issues -- price and renewable energy. Local control and local generation are appealing to some, but not all constituents.
- It is preferable to increase our rate discounts as time goes by, rather than to over-promise have to decrease the discount at a later time.
- In order for VCEA to succeed, it is critical to have enough rate payers. We should remain open to other jurisdictions potentially joining VCEA.

L. Frerichs moved, seconded by A. Barajas to:

- Adopt a Power Mix Target for calendar year 2018 that has a total 75% clean energy supply, comprised of the following components:
 - 42% renewable energy
 - 35% non-renewable carbon-free energy (mainly large hydro)
- Target Rates for 2018 that are at a 1% discount to PG&E generation rates, net of Power Charge Indifference Adjustment (PCIA) and Franchise Fees imposed by the utility.
- Add language laying foundation for local renewable resources as a part of the mix.

Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT:

Approval of
Wholesale Energy
Risk Management
Policy

Mitch Sears, Interim General Manager

Staff recommendation is to adopt a resolution approving the proposed Wholesale Energy Risk Management Policy.

Board questions and staff responses are summarized below:

None

Public Comment:

None

R. Davis moved, seconded by T. Stallard to approve the Wholesale Energy Risk Management Policy. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT:

Community
Advisory
Committee Report

Gerry Braun, Chair, Community Advisory Committee

The CAC is in the process of organizing itself into three task groups focused on: Energy Issues, Outreach, and Legislative/Regulatory.

Board Member and Staff Announcements

T. Stallard offered his congratulations and thanks to Chair Don Saylor for his service and leadership during this critical first year.

Election of Chair and Vice Chair (Effective January 2018)

T. Stallard moves, seconded by A. Barajas moves to appoint Lucas Frerichs to serve as Chair for 2018. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard
NOES: None
ABSENT:

A. Barajas moves, seconded by L. Frerichs moves to appoint Tom Stallard to serve as Vice Chair for 2018. Motion passed by the following vote:

AYES: Barajas, Chamberlain, Davis, Frerichs, Saylor, Stallard
NOES: None
ABSENT:

Meeting was adjourned at 7:32

Emily Henderson
Administrative Assistant

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager
Shawn Marshall, LEAN Energy US

Subject: Regulatory & Legislative Update

Date: January 18, 2017

RECOMMENDATION: Receive regulatory and legislative report.

BACKGROUND & DISCUSSION:

Participation in CCA regulatory and legislative affairs is a critical aspect of VCEA's long-term planning, operations, and risk management strategy that will grow in importance as VCEA draws closer to CPUC certification and program launch. At present, LEAN Energy is providing regulatory monitoring and reporting on key regulatory issues affecting emergent CCAs. Cal-CCA, a statewide trade association of which VCEA is now a full member, participates in regulatory proceedings and also provides coordinated legislative support in Sacramento.

Regulatory Report

Attached please find LEAN's most recent regulatory report (dated January 11, 2017) which provides a summary overview and several links to supporting documents regarding key regulatory issues currently before the CPUC.

Of particular note, on December 8, the CPUC issued [Draft Resolution E-4907](#), (DR) which proposes a registration and implementation plan process for CCA programs, including requirements on Resource Adequacy (RA) forecasting. Now scheduled to be voted on at the February 8 CPUC meeting, this DR would in effect delay until 2020 the launch of any CCA program that had not submitted an Implementation Plan as of December 8, 2017.

While this Draft Resolution does not directly affect VCEA's current program, it would have an impact on potential expansion and impose additional regulatory requirements and costs. Cal-CCA, LEAN Energy US, Valley Clean Energy Alliance and several other CCAs and allied organizations have filed letters of opposition and scheduled meetings with PUC Commissioners. VCEA's letter is attached to this staff report.

Legislative Report

Staff will forward Cal-CCA 2018 legislative priorities when they are received.

Attachments

1. LEAN Energy US December/January Regulatory Report
2. Valley Clean Energy Alliance letter regarding CPUC Draft Resolution E-4907



To: LEAN Energy Clients:
Coachella Valley Association of Governments
East Bay Community Energy
Monterey Bay Community Power
Valley Clean Energy Alliance
Western Riverside Council of Governments

From: Shawn Marshall, Executive Director, LEAN Energy US

Date: January 11, 2018

Subject: Regulatory Update #18, December 2017/January 2018

Each month, LEAN focuses on regulatory activities likely to have broad impact on the Community Choice Aggregation (CCA) community and emergent CCA programs. This memo provides an update on key developments at the California Public Utilities Commission (CPUC) and California Energy Commission (CEC) in the past month.¹

CPUC CUSTOMER CHOICE PROJECT

On October 31, the CPUC held a workshop on customer choice (see [Notice](#), [Webcast](#), and [Rough Notes](#)). Comments in response to the [Post Workshop Questions](#) were filed by a number of parties, including [CalCCA](#). All updates on this matter, including all comments, are posted on the [California Customer Choice Project webpage](#) (see [Summary](#)).

Recent Activity:

On December 8, the CPUC issued [Draft Resolution E-4907](#), (DR) which proposes a registration and implementation plan process for CCA programs, including requirements on Resource Adequacy (RA) forecasting. Now scheduled to be voted on at the February 8 CPUC meeting, this DR would in effect delay until 2020 the launch of any CCA program that has not submitted an Implementation Plan as of December 8, 2017. On December 21, CalCCA sent a [letter](#) to Commissioner Randolph requesting that the DR be withdrawn, and that the issues instead be included in the RA proceeding. A number of other parties sent similar letters (See [Western Riverside Council of Governments](#), [Los Angeles Community Choice Energy](#), [San Diego Community Choice Alliance](#), and [Desert Community Energy \(aka Coachella Valley Association of Governments\)](#)). On December 29, Southern California Edison Company (SCE), Pacific Gas & Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) (the Joint Utilities) [responded](#) to these letters. [On January 2, LEAN sent a Letter](#) echoing support for CalCCA, WRCOG and Desert Community Energy.

Next Steps:

- January 11/January 18: Deadline for comments/reply comments on DR E-4907
- February 8: CPUC Voting Meeting considering DR E-4907

¹ This monthly memo is designed to provide LEAN's clients with a current snapshot of key regulatory activities related to CCA in order to help them make informed decisions about whether and how to engage in regulatory processes during their program formation and early operations. This monthly report is not a comprehensive inventory of regulatory and statutory requirements impacting operational CCAs. Regulatory and statutory compliance requires a more comprehensive inventory than the subset of activities described herein, and must be tailored to the specific circumstances of each CCA program.

CPUC REGULATORY CASE DEVELOPMENTS

Power Charge Indifference Adjustment (PCIA) Rulemaking Proceeding

To Do:

LEAN is monitoring developments in the [PCIA Rulemaking Proceeding](#).

Background:

As previously reported, the topics for consideration in the PCIA rulemaking include:

- Improving the transparency of the existing PCIA process;
- Revising the current PCIA methodology to increase stability and certainty;
- Reviewing specific issues related to inputs and calculations for the current PCIA methodology;
- Considering alternatives to the PCIA;
- SB 350 considerations on the treatment of bundled retail customers and departing load customers;
- Status of PCIA exemptions for California Alternate Rate for Energy (CARE) and Medical Baseline (MB) customers.

On September 25, a [Scoping Memo](#) established two Tracks of the PCIA Rulemaking proceeding. Track 1 will address exemptions from the PCIA for customers participating in the CARE and MB programs. Track 2 will consider alternatives to the current PCIA methodology, with initial emphasis placed on how to get proper access to PCIA data through a protective order.

Track 1 – PCIA Exemption Recent Activity:

- There are currently ongoing procedural and settlement discussions.

Track 2 – PCIA Methodology Recent Activity:

- October 23: [Joint Report](#) described the areas of consensus and remaining open issues resulting from the meet and confer process (which addressed availability of procurement data).
- December 5/December 6: Continuation of “PCIA Workshop 1” took place in Irwindale ([SCE Presentation](#)) and San Diego ([See SDG&E Presentation](#)).
- December 8: [Supplemental Joint Report](#) submitted; it addresses the results of the additional meet and confer efforts undertaken since the initial Joint Report.
- December 20: [Ruling](#) approving the consensus data access proposal issued in response to the Supplemental Joint Report.

Next Steps:

- January 23/February 23: Opening/Reply Briefs on Track 1 issues (unless the schedule is modified because of settlement talks)
- January 16-17: Requested dates for PCIA Workshop 2 (See [Email](#))

Integrated Resource Planning (IRP)

To Do:

LEAN is monitoring [this proceeding](#) and considering forming a working group to address CCA IRP issues.

Background:

This rulemaking proceeding is addressing the new IRP requirements associated with SB 350, as well as long-term procurement planning (LTPP) policies.

On May 16, the Energy Division issued [their proposal](#) on the IRP planning process. As previously reported, it appears that the Energy Division is proposing a prescriptive approach with respect to the IRP process, with significant requirements on Community Choice Aggregators serving 700 GWh or more per year in electric load. Community Choice Aggregators serving less than 700 GWh per year will likely be subjected to far fewer requirements. The following are summaries of parties' [opening comments](#), submitted on June 28, and [reply comments](#), submitted on July 12.

On September 19, a [Ruling](#) was issued distributing a proposed Reference System Plan (RSP) (See [Summary](#) of Ruling). On September 25-26, a workshop took place providing preliminary feedback on the Proposed RSP of the IRP process (See [Agenda/Presentation](#), and [Summary](#).)

Recent Activity:

- October 26: Opening Comments on the the Proposed RSP ([CalCCA comments](#), [General Summary](#) and [Question Summary](#))
- November 2: All-Party meeting on the proposed IRP process and RSP (See [Presentation](#) and [Summary](#))
- November 9: Reply comments on the Proposed RSP ([CalCCA Reply Comments](#) and [Summary of all Reply Comments](#))
- December 28: The assigned Commissioner (Randolph) issued a [Proposed Decision](#) setting requirements for CCA programs and other load-serving entities IRPs and adopting a two-year planning cycle for the CPUC to consider IRP filings. (See [Initial Summary](#).)

Next Steps:

- January 17, 2018: Comments due on Proposed Decision.
- June 1, 2018: IRP filings by individual CCAs.

CCA Bond Requirements

To Do:

No change since last month. LEAN will continue to monitor [this proceeding](#).

Background:

This rulemaking proceeding was originally opened in 2003 to implement the CCA enabling statute (Assembly Bill (AB) 117). However, this rulemaking proceeding is now simply focused on the methodology for setting the CCA Bond, which is intended to cover the costs of involuntary re-entry fees of CCA customers to bundled investor-owned utility (IOU)

service. Opening testimony was submitted on July 28. (See [CalCCA Testimony](#) and [CalCCA Appendices to Testimony; Marin Clean Energy \(MCE\) Opening Testimony](#) and [MCE Appendices; Joint Utilities Testimony](#)).

The Joint IOUs served [rebuttal testimony](#) on August 25. CalCCA also served [rebuttal testimony](#) on August 25. On September 18, [CalCCA](#) and [Joint IOUs](#) provided comments noting that evidentiary hearings are necessary.

Recent Activity:

- November 6: Opening Briefs ([Joint IOUs](#) and [CalCCA](#))
- November 20: Reply Briefs ([Joint IOUs](#) and [CalCCA](#))

Next Steps:

- **Issuance of a Proposed Decision is expected in first quarter 2018.**

PG&E 2018 Energy Resource Recovery Account (ERRA) Proceeding / SCE 2018 ERRA Proceeding

To Do:

LEAN will continue to monitor the [PG&E ERRA Proceeding](#) and the [SCE ERRA Proceeding](#).

Background:

In the [Consolidated ERRA Proceeding](#), the CPUC is considering whether to end the PCIA for pre-2009 vintage customers and how to dispose of PG&E's negative PCIA balance. CCA interests are seeking to ensure that any positive treatment for pre-2009 vintages also applies to CCA-related vintages.

PG&E ERRA

- On June 1, PG&E submitted its [ERRA Testimony](#) for approval of its forecast 2018 ERRA revenue requirement. On August 4, a [Scoping Memo and Ruling](#) stated that the PCIA rulemaking, not ERRA proceedings, is the proper forum to discuss policy issues, such as changing existing methods of calculation that are applicable to all IOUs.

SCE ERRA

- On May 1, SCE submitted its [Testimony](#) for approval of its forecast 2018 ERRA revenue requirement. The California Choice Energy Authority (Cal Choice) is actively participating in this proceeding on behalf of Lancaster and other southern California cities. On August 24, the active parties in the proceeding, including Cal Choice, filed a [Stipulation](#) on issues to be addressed in the proceeding regarding SCE's proposed PCIA, with particular focus on the lack of meaningful oversight of SCE's PCIA calculation (and resulting errors that can occur).

Recent Activity:

PG&E

- December 6: [Redline](#) and [Clean](#) November Update, correcting errors and conforming corrected [Workpapers](#).
- December 18: Sonoma Clean Power (SCP) [Opposition](#) to PG&E's Motion to offer Corrected November Update into Evidence.
- December 18: Issuance of [Proposed Decision](#) adopting PG&E's 2018 ERRA forecast.
- January 2: Comments on Proposed Decision: [CCA Parties](#) and [PG&E](#).

SCE

- December 8: [Cal Choice](#) comments on Proposed Decision, asking that SCE conform its CCA departing load forecast to PG&E's, and that the PD be revised to include a finding that the Department of Energy adder is outdated and should not be used going forward.
- December 14: Final decision adopted ([D. 17-12-018](#)).
- December 21: [Advice Letter 3720-E](#) implementing ERRRA forecast revenue requirement in accordance with D.17-12-018.

Next Steps:

PG&E

- January 5: Reply Comments on the PG&E Proposed Decision
- January 11: CPUC Voting Meeting considering Proposed Decision

Renewables Portfolio Standard (RPS)-Procurement Plans

To Do:

LEAN will continue to monitor [this proceeding](#).

Background:

This rulemaking proceeding addresses ongoing oversight of the RPS program, including review of procurement plans and reporting on RPS progress. The following CCA-related RPS Procurement Plans were submitted July 21:

- [Apple Valley Choice Energy](#)
- [Lancaster Choice Energy \(LCE\)](#)
- [Silicon Valley Clean Energy \(SVCE\)](#)
- [MCE](#)
- [Peninsula Clean Energy \(PCE\)](#)
- [Pico Rivera Innovative Municipal Energy](#)
- [Redwood Coast Energy Authority \(RCEA\)](#)
- [SCP](#)

On September 22, [Apple Valley Choice Energy](#), [Pico Rivera Innovative Municipal Energy](#), [SVCE](#) and [LCE](#) submitted Updated 2017 RPS Procurements Plans. On November 1, several CCAs submitted supplemental compliance documents.

Recent Activity:

- November 14: [Proposed Decision](#) issued, approving all of the submitted CCA RPS procurement plans.
- December 4: Comments by [PG&E](#), [SCE](#), and [CCA Parties](#) (LCE, MCE, RCEA, SVCE, SCP) on PD.
- December 11: Reply Comments of [PG&E](#). (See [Summary of Reply Comments](#).)
- December 12: [Agenda Redline Decision](#), accepting CCA Parties' request on submission date for new CCAs.
- December 14: Final Decision ([D.17-12-007](#)) adopted.

PG&E's Diablo Canyon Power Plant Closure

To Do:

LEAN will continue to monitor [this proceeding](#).

Background:

On June 20, 2016, PG&E and other parties distributed a [Joint Proposal](#) governing the closure of Diablo Canyon and replacement of Diablo Canyon with a greenhouse gas (GHG) free portfolio of energy efficiency, renewables, and energy storage that includes a 55 percent RPS commitment by 2031.

Recent Activity:

- November 8: [Proposed Decision](#) issued. The PD approves retirement and \$190.4 million in certain rate recovery for costs, but otherwise denies PG&E's various requests (including authorization to procure additional energy efficiency (EE) and renewable resources, and authorization to provide community and other benefits).
 - Certain CCAs joined with other intervenors in supporting the PD. (See [Notice](#) and [Slides](#).)
- November 29: Opening Comments on PD by [PG&E](#), [Joint Intervenors](#), [SVCE](#), [PCE](#), and [City and County of San Francisco \(CCSF\)](#).
- December 4: Reply Comments on PD by [PG&E](#), [Joint Intervenors](#), and [CCSE](#).
- December 4: Joint Parties' [Ex Parte Notice](#) of two communications describing concerns with the PD.
- December 6: [Ex Parte Notice](#) of Joint Intervenors opposing the approval for Tranche 1 procurement of EE and noting that the record lacks sufficient evidence for approval of the withdrawn Tranche 2 of additional RPS and EE resources.
- December 12: [Agenda Redline Decision](#) issued; no substantive changes to proposed outcome (opportunity for PG&E to re-apply for employee retention funds).

Next Steps:

- January 11: Scheduled action at CPUC meeting; possible alternate decision on employee retention and community proposals.

SDG&E's Request to Establish a Marketing Affiliate (Advice Letter 2822-E) (CCA Code of Conduct)

To Do:

No change since last month. LEAN will continue to monitor activity related to this matter.

Background:

On January 27, SDG&E filed a revised compliance plan, [Advice Letter 3035](#), for its Independent Marketing Division (IMD). On February 16th, LEAN joined with other parties in [protesting](#) this latest advice letter. On April 6, the Energy Division issued a [Disposition Letter](#) approving AL 3035. On April 17, the CalCCA sent a [letter](#) to the Commission requesting full Commission review of the Disposition Letter, and reiterating an earlier request for an Order to Show Cause regarding lobbying activity that SDG&E/Sempra conducted before the Advice Letter was approved. CalCCA's request, however, does not suspend the effectiveness of the Energy Division's approval. CPUC staff indicated in a teleconference on July 24 that no formal action will be taken on the Order to Show Cause.

On a matter related to the CCA Code of Conduct, Cal Choice submitted a [Letter](#) to assigned Commissioners on September 25. The letter expressed concern for SCE's conduct in forming a coalition related to the PCIA. On September 28, SCE submitted a [Response](#).

Next Steps:

- The CPUC's Energy Division will prepare a draft resolution addressing CalCCA's request for full Commission review of the disposition letter. **This request is long overdue.**
- Separately, the CPUC's Legal Division is preparing a decision responding to SDG&E's application for rehearing of Resolution E-4874, which determined that SDG&E's IMD is also subject to the CPUC's affiliate transaction rules.

Tree Mortality Nonbypassable Charge (NBC)

To Do:

LEAN will continue monitoring [this proceeding](#).

Background:

On November 14, 2016, the IOUs filed their proposal to establish a Tree Mortality NBC ([Testimony](#).) CalCCA filed a [Protest](#). On July 14, 2017 CalCCA filed a [motion](#) arguing that parties should be allowed to argue for different cost recovery treatment for costs that have been statutorily authorized, on the one hand, versus costs that have simply been authorized by the Commission.

Recent Activity:

December 12: Informal Workshop on BioRAM NBC Mechanism IOU/CCA proposals. (See [Agenda](#), [CalCCA](#) and [IOUs Presentations](#).)

Next Steps:

- Early-January: Expected ruling requesting submission of workshop presentations and comments on presentations.
- TBD: A Scoping Memo will be issued defining the scope of issues and procedural schedule.

Default Time of Use ("TOU") and Marketing Education and Outreach ("ME&O") Residential Rate Rulemaking

To Do:

LEAN will continue to monitor developments in [this proceeding](#).

Background:

On June 28, a [Draft Resolution](#) was issued on PG&E's *Pilot* Residential Rate TOU program. MCE and SCP are the only CCAs participating in PG&E's Pilot TOU program; all other CCAs are excluded from participation. On July 31, MCE and SCP submitted [comments](#) on the Draft Resolution, expressing concern about PG&E's lack of progress in providing a comparable bill-calculator for CCA customers. On August 10, a [Final Resolution](#) approved PG&E's Pilot Residential Rate TOU program. The resolution clarified that PG&E may recover costs necessary to provide CCA customers with rate comparisons for the default pilot entirely through distribution rates. However, the resolution declined to provide any

direction regarding the appropriate method or cost recovery for creating a long term rate comparison tool solution for CCA customers.

On September 26, the CPUC submitted [Draft Resolution E-4882](#) addressing PG&E's ME&O on Residential *Default* TOU Rates. On October 30, [CCA parties](#) (MCE, SCP and SVCE) submitted a response to the Draft Resolution, arguing that CCA representatives should be involved in the development of marketing material.

Recent Activity:

- December 4: Annual Residential Electric Rate Summit providing status on 2017 rate changes, ME&O and TOU (See [Agenda](#) and [Summit Webpage](#))
- December 11-12: Rate Design forum encouraging integration of renewable energy, and more efficient use of storage (See [Summary](#)).
- December 14: [Final Resolution E-4882](#) (approving PG&E's ME&O plan), which now recognizes the need for coordination with CCAs in ME&O efforts.
- December 14: Final Decision adopted in ME&O rulemaking ([D.17-12-023](#)); expands the existing Energy Upgrade California campaign and allows utilities to switch customers to TOU rates in waves. (See [Redlined Version.](#))
- December 20: PG&E filed default residential TOU proposal ([PG&E Application and Testimony](#)).
- December 21: SCE filed default residential TOU proposal ([SCE Application and Testimony](#)).

Next Steps:

- January 22: Protests/Responses to PG&E and SCE Rate Design Window (Default TOU) Applications

CEC REGULATORY CASE DEVELOPMENTS

Implementation of AB 1110 – Power Source Disclosure

To Do:

No changes since last month. LEAN is monitoring developments in this [CEC Proceeding](#). (See [OIR.](#))

Background:

This proceeding considers modifications to the Power Source Disclosure Program. Retail sellers, which includes CCAs, will be required to disclose both GHG emissions intensity of their respective electricity portfolios offered to customers and the CEC's calculation of GHG emissions intensity associated with all statewide sales. Retail sellers will also annually report other information to verify procurement claims and environmental claims made for the previous year. The CEC is required to adopt program guidelines by January 1, 2018. On June 27, CEC staff issued the [AB 1110 Implementation Proposal](#). Numerous parties have submitted comments on the proposal. On September 18, PCE submitted a fairly detailed set of [Comments](#).

Next Steps:

- Development of revised implementation proposal

CPUC/CEC – JOINT ACTIVITY

Environmental Justice (EJ) and Disadvantaged Communities (DAC) Issues

To Do:

LEAN will monitor any developments related to the new DAC Advisory Group.

Background:

Senate Bill (SB) 350 requires that the CPUC and the CEC create a DAC Advisory Group (DACAG), which will assist the two Commissions in understanding how energy programs impact these communities. On July 31, the CPUC and the CEC provided notice of their [proposal](#) to establish the DACAG. (See [summary](#).) MCE filed [comments](#) on this proposal, arguing that CCAs and their representatives are uniquely positioned to communicate with and represent the DACs they serve, and therefore, that the DACAG should have at least one CCA community representative. On November 1, the CPUC released a [Draft Resolution](#) and a [Solicitation Letter](#) proposing to establish a charter for the DACAG. **On December 13/14, the CEC/CPUC approved the DACAG charter (see CPUC [Resolution](#)).**



Valley Clean Energy Alliance

23 Russell Boulevard
Davis, CA 95616

President Michael Picker
Commissioner Carla Peterman
Commissioner Liane Randolph
Commissioner Rachael Peterson
Commissioner Marth Guzman Aceves
Commissioner Clifford Rechtschaffen

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Sent via Electronic Mail

Re: Draft Resolution E-4907

Dear President Picker:

I am writing on behalf of Valley Clean Energy Alliance (“VCEA”), a Community Choice Aggregation (“CCA”), program set to begin serving customers from the City of Woodland, City of Davis and Unincorporated Yolo County in June 2018. On December 8, 2017, the Executive Director of the California Public Utilities Commission (“the Commission”) issued Draft Resolution E-4907 (“Draft Resolution”). The Draft Resolution proposes to substantially expand the Commission’s oversight of the Community Choice Aggregation (“CCA”) implementation process. We urge that Commissioners not approve this Draft Resolution as it raises important questions regarding due process and existing law regarding the Commission’s review of CCA implementation plans. Our key specific concerns are detailed below.

Process Concerns

Valley Clean Energy Alliance recognizes the challenges the Commission faces as more CCAs launch. However, we believe the public and the CPUC are best served if the CPUC follows appropriate processes and procedures in developing significant new rules. It is our view that the Draft Resolution lacks factual evidence, legal arguments and analysis of alternative solutions to resolving the issues raised in the Draft Resolution. These issues should be considered in a formal regulatory proceeding so that all stakeholders, including CCAs and local governments, are ensured due process and to ensure compliance with AB 117 (2002).

The proposed Draft Resolution allows only 20 days for stakeholders to respond to the substance of the resolution. Under normal conditions, this 20-day period is a short timeframe in which to address any proposed Commission decision. The CPUC, however, without any prior notice to affected stakeholders, chose to issue this resolution during the holiday season without an explanation as to the urgency. The result is a less than ideal public process that negatively impacts public input on issues that affect the extensive planning efforts of numerous communities throughout California.

The Resolution's reliance on confidential data is also problematic as it undermines transparency in Commission decision-making and provides no reasonable method to reach an informed conclusion. The Commission's own actions to expand access to data within the PCIA docket (R.17-06-026) in recognition of concerns over transparency and access to data serves as an example that should be applied in this instance as well. The Resolution's claims that data must be kept confidential directly undermines the progress the Commission has made in fostering a more open and collaborative process to address all parties' concerns over the current structure of the PCIA. Addressing the issues raised in the Draft Resolution in an existing or new proceeding will allow all stakeholders, including the CCAs and local governments to fully participate and provide meaningful input that will help inform the Commission's decisions.

Jurisdictional and Operational Concerns

Timing issues aside, the Draft Resolution itself poses significant due process and jurisdictional concerns. The Draft Resolution would establish a departure from the Commission's existing oversight of CCAs. It impacts the statutory authority of our Board of Directors to implement and enroll new CCA communities. It further disregards the substantial investments local governments have made to diligently, responsibly, and expeditiously establish their CCAs in compliance with all applicable rules of formation.

In our view, adoption of the resolution would unreasonably delay new communities from joining or forming CCAs. The delay would impact VCEA's potential future expansion. In addition, the effects of the proposed resolution would inhibit other CCAs from collecting timely revenue to recoup the considerable implementation expenditures made to date based on the Commission's current CCA implementation timeline. This delay could lead to significant cost burden borne by local government.

Most Appropriate Setting to Consider Issues Raised

Since the primary policy issue raised in the Draft Resolution concerns Resource Adequacy ("RA"), the Commission should use the existing RA proceeding or initiate a rulemaking to address CCA-related implementation issues. All interested parties must have access to relevant objective information and an equal opportunity to engage and provide input to give the Commission the best opportunity to make fully informed decisions. We believe that the approach taken by CPUC staff, in this case, does not facilitate a fully informed outcome.

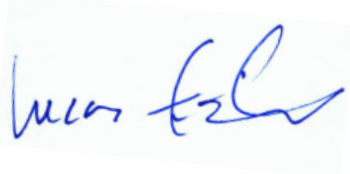
Furthermore, the Draft Resolution failed to establish a record of evidence beyond the market sensitive data provided by PG&E, which claimed the existence of stranded assets without examination by another party. To our knowledge, no CCA or other party directly impacted by the Draft Resolution was contacted nor is there any mention or analysis in a publically available form of what other alternatives were considered by staff to address the issues raised in the Draft Resolution. Before the Commission adopts the significant changes proposed in the Draft Resolution, the Commission would be well served to develop a robust factual record to justify the proposed changes to the CCA implementation process and substantiate the assertions upon which these changes are based. We believe strongly that the

existing RA proceeding or initiation of a rulemaking to address CCA-related implementation issues is the appropriate setting to examine and address the issues raised in the Draft Resolution.

VCEA respectfully requests that you and your fellow Commissioners vote “no” on the Draft Resolution. If the Commission wants to take action on the issues raised in the Draft Resolution, it should do so in an existing or newly initiated Commission proceeding.

Thank you for considering our views on this matter. Please contact Mitch Sears, VCEA Interim General Manager, at (530) 757-5610 or msears@cityofdavis.org with any questions regarding VCEA’s position on this matter.

Sincerely,



Lucas Frerichs
Board of Directors, In-coming Chair
Valley Clean Energy Alliance

cc: Tim Sullivan, Executive Director
Edward Randolph, Director of Energy Division
Nidhi Thakar, Chief of Strategy and External Affairs
James Ralph, Chief of Policy and Legal Affairs
Jennifer Kalafut, Chief of Staff for Commissioner Peterman
Rachel Peterson, Chief of Staff for Commissioner Randolph
Michael Minkus, Chief of Staff, for Commissioner Guzman Aceves
Sean Simon, Chief of Staff for Commissioner Rechtschaffen

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Long Range Calendar

DATE: January 18, 2018

RECOMMENDATION

Receive the attached long-range calendar.

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 (Woodland)	<ul style="list-style-type: none"> • Customer and Data Policies • Power Procurement Delegation • NEM Policy 	<ul style="list-style-type: none"> • Review and Approve • Approve • Review
January 29, 2018	Advisory Committee	<ul style="list-style-type: none"> • Review Enterprise Risk Policy • NEM Policy 	<ul style="list-style-type: none"> • Recommend • Recommend
February 8, 2018	Board (Davis)	<ul style="list-style-type: none"> • Review Enterprise Risk Policy • NEM Policy 	<ul style="list-style-type: none"> • Review • Recommend
February 26, 2018	Advisory Committee	<ul style="list-style-type: none"> • Enterprise Risk Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget 	<ul style="list-style-type: none"> • Recommend • Recommend • Recommend • Recommend
March 8, 2018	Board (Woodland)	<ul style="list-style-type: none"> • Enterprise Risk Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget 	<ul style="list-style-type: none"> • Approve • Review • Review • Approve
April 2, 2018	Advisory Committee	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

Apr 12, 2018	Board (Davis)	•	•
April 30, 2018	Advisory Committee	•	•
May 10, 2018	Board (Woodland)	•	•
June 4, 2018	Advisory Committee	•	•
June 14, 2018	Board (Davis)	•	•

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Authorization to submit PG&E Service Agreement and CPUC Payment

Date: January 18, 2017

Recommendation

Authorize the Interim General Manager to execute a Service Agreement with Pacific Gas and Electric Company and issue a check for \$100,000 to the California Public Utilities Commission (CPUC) in lieu of the performance Bond as mandated by the CPUC to allow VCEA to commence service.

Background

In order to become a registered retail electricity provider, VCEA is statutorily required to complete three steps:

1. Receive CPUC certification of its Implementation Plan
2. Enter into a service agreement with PG&E
3. Deposit a \$100,000 check/bond with the CPUC

The VCEA Implementation Plan outlined VCEA's basic program information to assure the CPUC that VCEA is able to meet the needs of its customers at competitive rates. The Plan was submitted to the CPUC on October 17, 2017 and we expect to receive certification no later than January 16, 2018.

Analysis & Discussion

1. **Service Agreement:** Approval of the Service Agreement with PG&E is required to set the foundation for how the data/information and funds will be exchanged between the two parties. The attached service agreement was developed by PG&E several years ago and has been approved by the CPUC as a boilerplate to provide the necessary step for CCA programs to move forward to service provision. Once the service agreement is approved, VCEA will complete the final steps to become a registered retail supplier to its customers.
2. **Post \$100,000 with CPUC:** CCA's are also required to post a performance bond or submit \$100,000 in lieu payment to the CA Public Utilities Commission pursuant to

Resolution E-4133. This funding acts as a form of insurance and stays in place for the life of the CCA program to cover such costs as potential re-entry fees (return of service to PG&E), penalties for failing to meet operation deadlines, and errors in forecasting. The \$100,000 Bond amount is included in VCEA's adopted budget.

Attachment

Form PG&E Service Agreement



Pacific Gas and Electric Company
San Francisco, California
U 39

Original
Cancelling Revised

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

27499-E
25581-E

Electric Sample Form No. 79-1029
COMMUNITY CHOICE AGGREGATOR (CCA)
SERVICE AGREEMENT

**Please Refer to Attached
Sample Form**

Advice Letter No: 3266-E
Decision No. 08-04-056

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed May 2, 2008
Effective June 2, 2008
Resolution No. _____



COMMUNITY CHOICE AGGREGATOR (CCA) SERVICE AGREEMENT

This Community Choice Aggregator (CCA) Service Agreement (“Agreement”) is made and entered into as of this ____ day of _____, _____, by and between “_____” (“CCA”), a _____ organized and existing under the laws of the state of _____, and Pacific Gas and Electric Company “PG&E”, a corporation organized and existing under the laws of the state of California. From time to time, CCA and PG&E shall be individually referred to herein as a “Party” and collectively as the “Parties.”

Section 1: General Description of Agreement

- 1.1 This Agreement is a legally binding contract. The Parties named in this Agreement are bound by the terms set forth herein and otherwise incorporated herein by reference. This Agreement shall govern the business relationship between the Parties hereto by which CCA shall offer electrical energy services. Each Party, by agreeing to undertake specific activities and responsibilities for or on behalf of customers, acknowledges that each Party shall relieve and discharge the other Party of the responsibility for said activities and responsibilities with respect to those customers. Except where explicitly defined herein (including Attachment A hereto) the definitions controlling this Agreement are contained in PG&E’s applicable rules or in the relevant community choice aggregation tariff.
- 1.2 The form of this Agreement has been developed as part of the CPUC regulatory process to implement Assembly Bill 117, was intended to conform to CPUC directions, was filed and approved by the CPUC for use between PG&E and CCAs and may not be waived, altered, amended or modified, except as provided herein or in the applicable community choice aggregation tariff, or as may otherwise be authorized by the CPUC.
- 1.3 This Agreement incorporates by reference the applicable community choice aggregation tariff as authorized and modified from time to time by the CPUC.

Section 2: Representations

- 2.1 Each Party represents that it is and shall remain in compliance with all applicable laws and tariffs, including applicable CPUC requirements.

- 2.2 Each person executing this Agreement for the respective Parties expressly represents and warrants that he or she has authority to bind the entity on whose behalf this Agreement is executed.
- 2.3 Each Party represents that (a) it has the full power and authority to execute and deliver this Agreement and to perform its terms and conditions; (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action by such Party; and (c) this agreement constitutes such Party's legal, valid and binding obligation, enforceable against such Party in accordance with its terms.
- 2.4 Each Party shall (a) exercise all reasonable care, diligence and good faith in the performance of its duties pursuant to this Agreement; and (b) carry out its duties in accordance with applicable recognized professional standards in accordance with the requirements of this Agreement.

Section 3: Term of Service

The term of this Agreement shall commence on the date of execution by both Parties hereto (the "Effective Date") and shall terminate on the earlier of (a) the date CCA informs PG&E that it is no longer operating as a CCA in PG&E's service territory; (b) the earlier termination pursuant to Section 4 hereof; or (c) the effective date of a new CCA Service Agreement between the Parties hereto. Notwithstanding the Effective Date of this Agreement, the CCA acknowledges that it may only offer Community Choice Aggregation Services to customers effective on or after the CPUC-approved date for commencement of such services by CCAs, and only after it has complied with all provisions of this Agreement and PG&E's applicable tariffs.

Section 4: Events of Default and Remedy for Default

- 4.1 An Event of Default under this Agreement shall include either Party's material breach of any provision of this Agreement, including those incorporated by reference herein, and failure to cure such breach within thirty (30) calendar days after receipt of written notice thereof from the non-defaulting Party; or such other period as may be provided by this Agreement or PG&E's applicable community choice aggregation tariff.
- 4.2 In the event of such an Event of Default, the non-defaulting Party shall be entitled to exercise any and all remedies (a) available under PG&E's applicable community choice aggregation tariff; and/or (b) provided for by law or in equity to the extent not inconsistent with PG&E's community choice aggregation tariff. In addition, in the event of an Event of Default, this Agreement may be effectively terminated upon Commission authorization.

- 4.3 Breach by any Party hereto of any provision of PG&E's community choice aggregation tariff, including a breach occurring during Exigent Circumstances as defined in Section T.3 of such tariff, which circumstances also shall include bankruptcy of CCA, shall be governed by applicable provisions contained therein and each Party will retain all rights granted thereunder. A breach of said tariff for which no remedy is specified therein shall be governed by this Agreement as an Event of Default.

Section 5: Billing and Payment

PG&E will bill and the CCA agrees to pay PG&E for all services and products provided by PG&E in accordance with the terms and conditions set forth in PG&E's community choice aggregation tariff, as stated in PG&E's Electric Rule 23 and PG&E's rate schedules. Any services provided by the CCA to PG&E shall be by separate agreement between the Parties and are not a subject of this Agreement.

Section 6: Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred, except as provided for in this Section. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever, whether in contract, tort or strict liability, except in the event of an action covered by the Indemnification provisions of Section 7 of this Agreement or by the indemnification provisions in any Nondisclosure Agreement relating to the disclosure of confidential information to the CCA, in which event this Section 6 shall not be applicable.

Section 7: Indemnification

- 7.1 To the fullest extent permitted by law, and subject to the limitations set forth in Section 6 of this Agreement, each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party, and its current and future direct and indirect parent companies, affiliates and their shareholders, officers, directors, employees, agents, servants and assigns (collectively, the "Indemnified Party"), and at the Indemnified Party's option, the Indemnifying Party shall defend the Indemnified Party, from and against any and all claims and/or liabilities for losses, expenses, damage to property, injury to or death of any person, including, but not limited to, the Indemnified Party's employees and its affiliates' employees, subcontractors and subcontractors' employees, or any other liability incurred by the Indemnified Party, including reasonable expenses, legal and otherwise, which shall include reasonable attorneys' fees, caused wholly or in part by any negligent, grossly negligent or willful act or omission by the Indemnifying Party, its officers, directors, employees, agents or assigns arising out of this Agreement, except to the extent caused wholly or in part by any negligent, grossly negligent or willful act or omission of the Indemnified Party.

- 7.2 If any claim covered by Section 7.1 is brought against the Indemnified Party, then the Indemnifying Party shall be entitled to participate in, and unless in the opinion of counsel for the Indemnified Party a conflict of interest between the Parties may exist with respect to such claim, assume the defense of such claim, with counsel reasonably acceptable to the Indemnified Party. If the Indemnifying Party does not assume the defense of the Indemnified Party, or if a conflict precludes the Indemnifying Party from assuming the defense, then the Indemnifying Party shall reimburse the Indemnified Party on a monthly basis for the Indemnified Party's defense through separate counsel of the Indemnified Party's choice. Even if the Indemnifying Party assumes the defense of the Indemnified Party with acceptable counsel, the Indemnified Party, at its sole option, may participate in the defense, at its own expense, with counsel of its own choice without relieving the Indemnifying Party of any of its obligations hereunder. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever, whether in contract, tort or strict liability.
- 7.3 The Indemnifying Party's obligation to indemnify under this Section 7 shall survive termination of this Agreement, and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Indemnifying Party under any statutory scheme, including, without limitation, under any Worker's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

Section 8: Assignment and Delegation

- 8.1 Neither Party to this Agreement shall assign any of its rights or obligations under this Agreement, except with the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee. When duly assigned in accordance with the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the assignee and the assignor shall be relieved of its rights and obligations. Any assignment in violation of this Section 8 shall be void.
- 8.2 Notwithstanding the provisions of this Section 8, either Party may subcontract its duties under this Agreement to a subcontractor, provided that the subcontracting Party shall remain fully responsible as a principal and not as a guarantor for performance of any subcontracted duties, shall serve as the point of contact between its subcontractor and the other Party, and shall provide the other Party with thirty (30) calendar days' prior written notice of any such subcontracting, which notice shall include such information about the subcontractor as the other Party shall reasonably require. If either Party subcontracts any of its duties hereunder, it shall cause its subcontractors to perform in a manner which is in conformity with that Party's obligations under this Agreement.

Section 9: Independent Contractors

Each Party shall perform its obligations under this Agreement (including any obligations performed by a Party's designees as permitted under Section 8 of this Agreement) as an independent contractor.

Section 10: Entire Agreement

This Agreement consists of, in its entirety, this Community Choice Aggregator Service Agreement and all attachments hereto, all Community Choice Aggregation Service Requests submitted pursuant to this Agreement and PG&E's community choice aggregation tariffs. This Agreement supersedes all other agreements or understandings, written or oral, between the Parties related to the subject matter hereof, with the express exception of any Nondisclosure Agreement relating to the disclosure of confidential information to the CCA. This Agreement may be modified from time to time only by an instrument in writing, signed by both Parties.

Section 11: Nondisclosure

11.1 Notwithstanding anything provided below, prior to receiving any PG&E confidential customer information, CCA agrees to enter into the CCA Non-Disclosure Agreement and be bound by its terms with respect to Confidential Information as defined therein.

Neither Party may disclose any Confidential Information obtained pursuant to this Agreement to any third party, including affiliates of such Party, without the express prior written consent of the other Party. As used herein, the term "Confidential Information" shall include, but not be limited to, all business, financial, and commercial information pertaining to the Parties, customers of either or both Parties, suppliers for either Party, personnel of either Party, any trade secrets, and other information of a similar nature, whether written or in intangible form that is marked proprietary or confidential with the appropriate owner's name. Confidential Information shall not include information known to either Party prior to obtaining the same from the other Party, information in the public domain, or information obtained by a Party from a third party who did not, directly or indirectly, receive the same from the other Party to this Agreement or from a party who was under an obligation of confidentiality to the other Party to this Agreement or information developed by either Party independent of any Confidential Information. The receiving Party shall use the higher of the standard of care that the receiving Party uses to preserve its own confidential information or a reasonable standard of care to prevent unauthorized use or disclosure of such Confidential Information. Each receiving Party shall, upon termination of this Agreement or at any time upon the request of the disclosing Party, promptly return or destroy all Confidential Information of the disclosing Party then in its possession.

11.2 Notwithstanding the preceding, Confidential Information may be disclosed to any governmental, judicial or regulatory authority requiring such Confidential

Information pursuant to any applicable law, regulation, ruling, or order, provided that: (a) such Confidential Information is submitted under any applicable provision, if any, for confidential treatment by such governmental, judicial or regulatory authority; and (b) prior to such disclosure, the other Party is given prompt notice of the disclosure requirement so that it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure.

Section 12: Enforceability

If any provision of this Agreement or the application thereof, is to any extent held invalid or unenforceable, the remainder of this Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.

Section 13: Notices

13.1 Except as otherwise provided in this Agreement, any notices under this Agreement shall be in writing and shall be effective upon delivery if delivered by (a) hand; (b) U.S. Mail, first class postage pre-paid, or (c) facsimile, with confirmation of receipt to the Parties as follows:

If the notice is to CCA:

Name of Entity: _____

Contact Name: _____

Business Address: _____

Facsimile: _____

If the notice is to PG&E:

Contact Name: _____

Business Address: _____

Facsimile: _____

13.2 Each Party shall be entitled to specify as its proper address any other address in the United States upon written notice to the other Party.

13.3 Each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters relating to Community Choice Aggregation service. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party.

Section 14: Time of Essence

The Parties expressly agree that time is of the essence for all portions of this Agreement.

Section 15: Dispute Resolution

15.1 The form of this Agreement has been filed with and approved by the CPUC as part of PG&E's applicable tariffs. Except as provided in Section 15.2 and 15.3, any dispute arising between the Parties relating to interpretation of the provisions of this Agreement or to the performance of PG&E's obligations hereunder shall be reduced to writing and referred to the Parties' representatives identified on Attachment A for resolution, with the responding Party filing its written response within thirty (30) business days after receiving the written position of the complaining party. Thereafter, the Parties shall be required to meet and confer within ten (10) business days in a good faith effort to resolve their dispute. Pending such resolution, the Parties shall continue to proceed diligently with the performance of their respective obligations under this Agreement, unless this Agreement has been terminated under Section 4.2. If the Parties fail to reach an agreement within ten (10) additional business days of the last session to meet and confer, the matter shall, upon demand of either Party, be submitted to resolution before the CPUC in accordance with the CPUC's rules, regulations and procedures applicable to resolution of such disputes.

15.2 Except as provided in Section T.3 of PG&E's applicable community choice aggregation tariff (Rule 23), any dispute arising between the Parties relating to interpretation of the provisions of this Agreement or to the performance of the CCA's obligations hereunder shall be reduced to writing and referred to the Parties' representatives identified on Attachment A for resolution, with the responding Party filing its written response within thirty (30) business days after receiving the written position of the complaining party. Thereafter, the Parties shall be required to meet

and confer within ten (10) business days in a good faith effort to resolve their dispute. Pending resolution, the Parties shall continue to proceed diligently with the performance of their respective obligations under this Agreement, unless this Agreement has been terminated under Section 4.2. If the Parties fail to reach an agreement within ten (10) additional business days of the last session to meet and confer, the matter shall, upon demand of either Party, be submitted to resolution before the CPUC in accordance with the CPUC's rules, regulations and procedures applicable to resolution of such disputes, as allowed by law or in equity, or the parties may mutually agree to pursue mediation or binding arbitration to resolve such issues.

15.3 Notwithstanding the provisions of Paragraph 15.1 and 15.2 above: (a) all disputes between the Parties relating to the payment by the CCA of any PG&E fees or charges shall be subject to the provisions of PG&E's applicable tariffs governing disputes over customer bills; (b) all disputes between the Parties regarding non-bypassable charges (including Competition Transition Charges, Cost Responsibility Surcharges, and any other nonbypassable charges adopted by the Commission) payable by community choice aggregation customers or the CCA on behalf of such customers shall be subject to the provisions of PG&E's applicable tariffs; and (c) PG&E may pursue available remedies in law or equity for unauthorized electrical use by the CCA in a court of competent jurisdiction.

15.4 If the dispute involves a request for damages, parties understand that the Commission has no authority to award damages. To resolve such issues, the parties may mutually agree to pursue mediation or binding arbitration to resolve such issues, or if no such agreement is reached, to pursue other legal or equitable remedies that are available to the parties.

Section 16: Applicable Law and Venue

This Agreement shall be interpreted, governed by and construed in accordance with the laws of the State of California, and shall exclude any choice of law rules that direct the application of the laws of another jurisdiction, irrespective of the place of execution or of the order in which the signatures of the parties are affixed or of the place or places of performance. Except for matters and disputes with respect to which the CPUC is the initial proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Francisco County, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder, and the Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

Section 17: Force Majeure

Neither Party shall be liable for any delay or failure in the performance of any part of this Agreement (other than obligations to pay money) due to any event of force majeure or other cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, work stoppage caused by jurisdictional and similar disputes, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome. It is agreed that upon the Party so affected giving written notice and reasonably full particulars of such force majeure to the other Party within a reasonable time after the cause relied on, then the obligations of the Party, so far as they are affected by the event of force majeure, shall be suspended during the continuation of such inability and circumstance and shall, so far as possible, be remedied with all reasonable dispatch. In the event of force majeure, as described herein, both Parties shall take all reasonable steps to comply with this Agreement and PG&E's applicable tariffs despite occurrence of a force majeure event.

Section 18: Unauthorized Use of Energy (Energy Theft)

- 18.1 The CCA represents and warrants that for each of its Customers, and at all times during which it provides community choice aggregation services as a Community Choice Aggregator, the CCA shall completely, accurately, and in a timely manner account for each of its Customer's loads. Load data not accounted for in this manner may provide grounds for termination of this Agreement. For verification purposes only, PG&E shall have complete access to the load data provided to the CAISO by the CCA. Such information is to remain confidential, and shall not be disclosed to any unauthorized person other than the CPUC, the California Independent System Operator or other law enforcement or regulatory authority.
- 18.2 PG&E shall notify the CCA immediately and the CCA shall notify PG&E immediately of any suspected unauthorized energy use. The Parties agree to preserve any evidence of unauthorized energy use. Once unauthorized energy use is suspected, PG&E, in its sole discretion, may take any or all of the actions permitted under PG&E's applicable tariffs.

Section 19: Not a Joint Venture

Unless specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation, or liability on or with regard to either Party. Each Party shall be liable individually and severally for its own obligations under this Agreement.

Section 20: Conflicts Between this Agreement and PG&E's Community Choice Aggregation Tariff

Should a conflict exist or develop between the provisions of this Agreement and PG&E's community choice aggregation tariff, as approved by the CPUC, the provisions of PG&E's community choice aggregation tariff shall prevail.

Section 21: Amendments or Modifications

- 21.1 Except as provided in Section 21.2, no amendment or modification shall be made to this Agreement, in whole or in part, except by an instrument in writing executed by authorized representatives of the Parties, and no amendment or modification shall be made by course of performance, course of dealing or usage of trade.
- 21.2 This Agreement may be subject to such changes or modifications as the CPUC may from time to time direct or necessitate in the exercise of its jurisdiction, and the Parties may amend the Agreement to conform to changes directed or necessitated by the CPUC. In the event the Parties are unable to agree on the required changes or modifications to this Agreement, their dispute shall be resolved in accordance with the provisions of Section 15 hereof or, in the alternative, CCA may elect to terminate this Agreement upon written notice to PG&E, which shall be effective upon the receipt thereof. PG&E retains the right to unilaterally file with the CPUC, pursuant to the CPUC's rules and regulations, an application for a change in PG&E's rates, charges, classification, service or rules, or any agreement relating thereto.

Section 22: Audits

- 22.1 PG&E shall retain such specific records as may be required to support the accuracy of meter data provided in PG&E's consolidated billings. When the CCA reasonably believes that errors related to metering or billing activity may have occurred, the CCA may request the production of such documents as may be required to verify the accuracy of such metering and consolidated billing. Such documents shall be provided within ten (10) business days of such request. In

the event the CCA, upon review of such documents, continues to believe that PG&E's duty to accurately meter and provide consolidated billing for usage has been breached, the CCA may direct that an audit be conducted. The CCA shall designate their own employee representative or their contracted representative to audit PG&E's records.

- 22.2 Any such audit shall be undertaken by the CCA, or their contracted representative at reasonable times without interference with PG&E's business operations, and in compliance with the PG&E's security procedures. PG&E and the CCA agree to cooperate fully with any such audit.
- 22.3 Specific records to support the accuracy of meter data provided in the consolidated billings may require examination of billing and metering support documentation maintained by subcontractors. PG&E shall include a similar clause in its agreements with subcontractors reserving the right to designate their own employee representative, or their contracted representative to audit records related to consolidated billing to Community Choice Aggregation Customers.
- 22.4 The CCA will notify PG&E in writing of any exception taken as a result of an audit. PG&E shall refund the amount of any undisputed exception to the CCA within ten (10) days. If PG&E fails to make such payment, PG&E agrees to pay interest, accruing monthly, at a rate equal to the prime rate plus two percent (2%) of Bank of America NT&SA, San Francisco, or any successor institution, in effect from time to time, but not to exceed the maximum contract rate permitted by the applicable usury laws of the State of California. Interest will be computed from the date of written notification of exceptions to the date PG&E reimburses the CCA for any exception. The cost of such audit shall be paid by the auditing Party; provided, however, that in the event an audit verifies overcharges of five percent (5%) or more, then PG&E shall reimburse the CCA for the cost of the audit.

22.5 This right to audit shall extend for a period of three (3) years following the date of final payment under this Agreement. Each party and each subcontractor shall retain all necessary records and documentation for the entire length of this audit period.

Section 23: Miscellaneous

23.1 Unless otherwise stated in this Agreement: (a) any reference in this Agreement to a section, subsection, attachment or similar term refers to the provisions of this Agreement; (b) a reference to a section includes that section and all its subsections; and (c) the words "include," "includes," and "including" when used in this Agreement shall be deemed in each case to be followed by the words "without limitation." The Parties agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement

23.2 The provisions of this Agreement are for the benefit of the Parties and not for any other person or third party beneficiary. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization other than a Party or a successor or assignee of a Party to this Agreement.

23.3 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.

23.4 Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter and no waiver shall be considered effective unless in writing.

23.5 Each Party shall be responsible for paying its own attorneys' fees and other costs associated with this Agreement, except as provided in Sections 6 and 7 hereof. If a dispute exists hereunder, the prevailing Party, as determined by the CPUC, or as may otherwise be determined by the dispute resolution procedure contained in Section 15 hereof, if used, or by a court of law, shall be entitled to reasonable attorneys' fees and costs.

23.6 To the extent that the CPUC has a right under then-current law to audit either Party's compliance with this Agreement or other legal or regulatory requirements pertaining to Community Choice Aggregation transactions, that Party shall cooperate with such audits. Nothing in this Section shall be construed as an admission by either Party with respect to the right of the CPUC to conduct such audits or the scope thereof.

23.7 Except as otherwise provided in this Agreement, all rights of termination, cancellation or other remedies in this Agreement are cumulative. Use of any remedy shall not preclude any other remedy in this Agreement.

The Parties have executed this Agreement on the dates indicated below, to be effective upon the later date.

On Behalf of CCA

By: _____

Name: _____

Title: _____

Date: _____

On Behalf of PG&E

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A

A. Definitions:

Billing Services - The consolidated billing services described in PG&E's community choice aggregation tariff which are provided by PG&E.

Community Choice Aggregation Customer - An end-use customer located within PG&E's service territory who purchases Community Choice Aggregation Services through the CCA.

Community Choice Aggregator (CCA) – An entity that provides electric supply services to Community Choice Aggregation customers within PG&E's service territory. A CCA may also provide certain energy efficiency and conservation programs to its Community Choice Aggregation customers as provided for under PG&E's tariffs.

CCA Charges - Charges for Community Choice Aggregation Services provided by the CCA.

PG&E Charges - Charges (a) for services provided by PG&E; or (b) which are energy-related and which are approved by the CPUC or the Federal Energy Regulatory Commission (including any nonbypassable charges (such as Competition Transition Charges, Cost Responsibility Surcharges, and any other nonbypassable charges adopted by a regulatory body) or Fixed Transition Amount Charges owing to PG&E or its affiliates, as those terms are defined under the California Public Utilities Code). Fixed Transition Amount Charges are also referred to as Trust Transfer Amount (TTA) Charges.

B. Contact Persons (Section 13.3):

Billing Services

PG&E Contact: _____

CCA Contact: _____

C. Parties' Representatives (Section 15.1):

PG&E Representative:

Contact Name _____

Business Address _____

CCA Representative:

Contact Name _____

Business Address _____

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager
Shawn Marshall, LEAN Energy US

Subject: Adopt VCEA Employee Policies

Date: January 18, 2017

RECOMMENDATION

Adopt VCEA employment policies as articulated in attached VCEA Employee Handbook

BACKGROUND AND DISCUSSION

At its meeting in November 2017, the Board of Directors received a presentation regarding VCEA's organizational chart and staffing plan. At that time, the Board directed staff to proceed with the development of employee policies and other tasks related to development of the staff team and other human-resource requirements.

VCEA consultants drafted the initial set of policies, articulated in the attached handbook, which was informed by the policies of other operational CCAs. This draft was then reviewed and edited by staff attorneys at Best, Best & Kriegers (BBK), VCEA's general counsel firm. BBK has employment and labor law experience working with several special districts and joint powers agencies in the Yolo and Sacramento region.

Once these policies are put into place, staff will take next steps in developing its employee benefits package and proceeding with staff recruitment, which is in initial stages.

ATTACHMENT

Proposed VCEA Employee Handbook



VALLEY
CLEAN ENERGY

Employee Handbook

January, 2018

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Welcome To Valley Clean Energy Alliance

DATE

Dear VCEA Employee:

INSERT COVER LETTER HERE

Sincerely,

Mitch Sears
Interim General Manager

Introductory Policies

Introduction & Future Revisions

We hope you will find your employment with VCEA to be both rewarding and challenging. Our staff are key to VCEA's success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCEA deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Our Working Relationship

VCEA does not offer tenure or any other form of guaranteed employment. Either VCEA or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCEA's General Manager can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the General Manager, and notarized.

Open Communication Policy

At VCEA, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

Equal Employment Opportunity

VCEA is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCEA's policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCEA policy.

Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCEA will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCEA will engage in a timely, good-faith,

interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCEA will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

Unlawful Harassment

VCEA intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCEA employees by any other VCEA employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCEA.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCEA, is taking place.

What Is Workplace Harassment?

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

What Is Sexual Harassment?

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as an exchange of sexual favors for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit. The law prohibits any form of protected basis harassment that impairs an employee's working ability or emotional well-being at work.

We prohibit any employee from retaliating in any way against anyone who has raised any concern about sexual harassment or discrimination against another individual. We will investigate any complaint of sexual harassment and will take immediate and appropriate disciplinary action if sexual harassment has been found within the workplace.

Responsibility

All VCEA employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the General Manager or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCEA to do so.

Reporting

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the General Manager or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCEA will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing ("DFEH") investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

Employment Policies and Practices

Classification of Employees

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCEA’s benefits programs may be affected by your employment status or classification.

All employees of VCEA whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCEA, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the General Manager.
6. INTERNS are employees who are students gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

Recruitment

VCEA will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy

and are interested in being considered for the position, you should discuss the matter with your current supervisor.

Rehired/Converted Employees

If you meet eligibility requirements for rehire at the time of your separation from VCEA, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCEA or convert from part-time to full-time status, your length of service with VCEA for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire.

Job Duties

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCEA. It is expected that VCEA will have your cooperation and assistance in performing such additional work.

VCEA also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

Work Schedules

VCEA's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

Personnel Records

A personnel file will be maintained in the office of the General Manager on each VCEA employee. You may review your personnel file during regular business hours upon making a request to the General Manager.

VCEA will keep your personnel records private. However, there are certain times when information may be given to a person outside VCEA. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCEA's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCEA are parties;
4. In a workers' compensation proceeding;

5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. To a prospective employer or other person requesting a verification of your employment.

Please promptly notify the General Manager of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCEA's benefits package could be negatively affected if the information in your personnel file is incorrect.

Inspection of Payroll Records

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCEA's General Manager. Requests will be honored within 30 days from the date they are received. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

Layoffs and Work Reductions

VCEA may implement layoffs. Employees will be selected for layoff at VCEA's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCEA as a whole at the time of the layoff.

Seniority shall be considered only when, in VCEA's opinion, all other factors are equal between two or more employees in the affected work unit. Seniority will be computed on the basis of an employee's total continuous service with VCEA. For this purpose, continuous service before and after any break in service of less than 30 days or an approved leave of absence, will be counted.

Employment Termination

VCEA strives to ensure a smooth transition for employees leaving VCEA.

VCEA and its employees have an employment relationship that is known as "employment at will." This means that employees are not required to work for VCEA for any set period of time nor is VCEA required to employ individuals for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An "at-will" employee is subject to termination of employment at any time VCEA concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCEA, rather than by the employee. In general, employees who are discharged by VCEA are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCEA's discretion.

VCEA will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCEA;
2. Fail to return from an approved leave of absence on the date specified by VCEA, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks’ notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment.

Employment Verification and References

When VCEA receives a request for references or employment verification, VCEA will disclose only the dates of employment and the title of the last position held. VCEA will provide a prospective employer with your last earned wage or salary only at your written request. VCEA will release additional information only with a signed authorization and waiver of liability.

Only the General Manager is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCEA, all requests for information regarding another employee must be forwarded to the General Manager.

Timekeeping and Attendance

Punctuality and Attendance

Regular attendance and punctuality are “essential functions” of your job. You are expected to have regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your regularly scheduled workday. Chronic lateness will not be tolerated and will result in discipline, up to and including termination.

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.
- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.

- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

Timekeeping Requirements for Non-Exempt Staff

Applicable law requires VCEA to keep an accurate record of time worked. Employee time records are official VCEA records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

Meal and Rest Periods for Non-Exempt Staff

Non-exempt employees will be given at least a 30-minute lunch break each day, generally within the first five hours of your workday. If you work more than 10 hours, you can request the opportunity to take a second meal period.

You are allowed one ten-minute rest period for every four hours of work or major portion thereof. While there is no set schedule for breaks, you are able to take restroom breaks and get refreshments as desired.

If, at any time, you are unable to take a lunch break and/or rest period because of workload, please inform your supervisor.

You are expected to observe your assigned working hours and the time allowed for meal and rest periods.

Overtime Time Provisions for Non-Exempt Staff

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, make-up time, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

Make-Up Time for Non-Exempt Staff

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work over eleven (11) hours in one (1) day or over forty (40) hours total in the week including make-up time.

Exempt Employee Time Off

Exempt employees of VCEA are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the following week whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

Lactation Accommodation

VCEA will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCEA shall make reasonable efforts to provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

Payment of Wages

Paydays are every other week. There are 26 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

Advances

We do not permit advances against paychecks or against unaccrued PTO.

Payroll Deductions, Wage Attachments and Garnishments

VCEA makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCEA is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

Reporting Time Pay

Reporting time pay will be paid under the following conditions:

1. Reporting time pay is owed when you report to work at your regularly scheduled time, but you are not put to work or are given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCEA's control.

Payment for Hours Worked During Business Travel for Non-Exempt Staff

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel pay is to be scheduled in advance, in writing by your supervisor, with the knowledge of the General Manager.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

Pay for Mandatory Meetings for Non-Exempt Staff

VCEA will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCEA).
2. The meeting, course, or lecture is directly related to your job.

3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be initiated. You will not receive compensation time spent for in voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

Standards of Conduct

Professional Business Conduct and Ethics

By accepting employment with us, you have a responsibility to VCEA and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is not to restrict your rights, but rather to be certain that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCEA values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

Unacceptable Activities:

1. Generally, conduct which is disloyal, disruptive, competitive or damaging to VCEA.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCEA; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.
8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.

10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.
11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCEA equipment or safety equipment.
13. Creating or contributing to unsanitary conditions.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism or any absence without notice; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, and taking part in malicious gossip or rumors about employees of VCEA.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCEA employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCEA's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. Conducting a lottery or gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment and vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCEA's policy of at-will employment. Either you or VCEA remains free to terminate the employment relationship at any time, with or without reason or advance notice.

Performance Evaluations

VCEA encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCEA.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you

will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of VCEA, and depend upon many factors in addition to performance. Wage and salary increases are based on merit alone, not length-of-service or the cost-of-living. Having your compensation reviewed does not necessarily mean that you will be given an increase.

Problem Resolution

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then investigate and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the General Manager who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

Alcoholic Beverage Consumption

Due to the high risk and liability involved, VCEA will not provide alcoholic beverages at social gatherings to VCEA employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

Drug and Alcohol Abuse

VCEA is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCEA to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may

result in discipline, including termination. The General Manager has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCEA:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCEA within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use and/or an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCEA will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCEA assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCEA will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a two-year period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCEA's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCEA may bring the matter to the attention of appropriate law enforcement authorities.

VCEA's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

Customer and Public Relations

The success of VCEA depends upon the quality of the relationships between VCEA, our employees, and our customers, suppliers and the general public. Our customers' impression of VCEA and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCEA:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is received.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCEA's continued success.

Confidentiality

It is your responsibility to safeguard confidential information obtained during your employment with us, including information obtained from customers and vendors of VCEA.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Such confidential information includes, but is not limited to, the following examples:

- customer lists and customer history
- research and development programs
- pending projects and proposals
- marketing strategies
- employee data

- compensation data
- budget information
- periodic business reports and summaries
- bid proposals/contract negotiations
- statistical data
- financial information
- pricing information
- passwords
- business plans

Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCEA or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the General Manager.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCEA. Any and all copies or originals of reports, notes, proposals, customer lists or other confidential and proprietary documents must be turned over to VCEA within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCEA records, reports or documents without prior management approval. Do not post confidential or proprietary information about VCEA, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

Conflict of Interest

As an employee of VCEA, you must avoid actual or potential conflicts of interest with VCEA. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

1. Being an owner, employee, consultant or vendor to any business that competes, directly or indirectly, with VCEA.
2. Having a direct or indirect financial relationship with a competitor, customers, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
3. Engaging in any other employment or personal activity during work hours, or using VCEA's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
4. Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
5. Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

Solicitation

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCEA break rooms.

Media Contact

Only contact people designated by the General Manager of VCEA may comment on agency policy or events that have an impact on VCEA. If you are contacted by a news organization, please direct all media inquiries to your supervisor, or the Director of Marketing.

Employment of Friends or Relatives

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCEA does not prohibit the hiring of friends and relatives of existing employees, VCEA is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCEA's response may include reassignment or termination of one or both of the individuals involved. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

VCEA desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCEA asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, "romantically involved" will be interpreted broadly. VCEA reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

Personal Relationships in the Workplace

VCEA is committed to maintaining a professional work environment where their supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate's job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.

For purposes of this policy, "immediate family" includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and

cousins (including analogous relationships with the parents and children of an employee's significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCEA will attempt to accommodate such requests. Please understand, however, that VCEA reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCEA unless reasonable accommodations can be made to eliminate the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCEA. If this decision is not made in the time allowed the General Manager will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCEA into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the General Manager.

Dress Policy

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

Day-to-Day Operations

Employer and Employee Property

Routine inspections of agency property might result in the discovery of an employee's personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCEA.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCEA are open to VCEA and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCEA.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner

machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCEA, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCEA's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCEA's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

Electronic Systems and Privacy

Access to VCEA's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCEA. VCEA reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCEA, and to ensure that the use of all electronic systems and equipment is consistent with VCEA's legitimate business interests, authorized representatives of VCEA may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCEA correspondence, and any and all messages sent electronically may be read by other VCEA employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCEA has business needs to access the employee's mailbox, (3) when VCEA receives a legal request that requires disclosure of e-mail messages, or (4) when VCEA has reason to believe the employee is using e-mail in violation of VCEA policies.

Social Media Guidelines

VCEA understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

Application of Policies

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

General Policies

VCEA's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCEA's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCEA's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCEA or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

Harassment

- VCEA will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring on line outside of work, will result in serious consequences, including termination.
- VCEA maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCEA policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCEA or its competitors.

Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCEA's business operations. Users who are given access to these tools may not make personal use of them either during work or non-work time. Any use that includes tapping into electronic social media should be consistent with VCEA's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

Opinions

- Employees should not refer to VCEA without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCEA. They should include disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.
- Employees may not use VCEA's logo or proprietary graphics to imply that you are speaking on behalf of VCEA.

Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the General Manager for further guidance.

Additional Guidance and Information

While VCEA's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCEA, its management, or other employees. Include a disclaimer to this effect.

Telephone Usage

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCEA. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

Cell Phone Usage

VCEA realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.

Personal cell phone use is not needed or required for work purposes and should not be used for work.

Workplace Monitoring

Workplace monitoring, both human and electronic, may be conducted by VCEA to ensure quality control, employee safety, compliance with VCEA policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCEA is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

Travel Expense Policy

VCEA will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the General Manager for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCEA will reimburse you for mileage at the current IRS reimbursement rate and for parking expenses. You should submit the appropriate expense form to the General Manager for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

Agency Property and Equipment

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCEA requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.
2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCEA provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCEA vehicle clean at all times.
7. Persons not authorized or employed by VCEA cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

Personal Use of Agency Property

You are not allowed to use agency owned property for personal use. The definition of “agency owned” assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCEA will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCEA allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee’s credit card will result in liability for the expense and may subject you to immediate termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the General Manager of VCEA. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

Driving Record and Insurance

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

Health and Safety

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCEA activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Responsible Safety Officer. The Responsible Safety Officer has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCEA's general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the General Manager and is available for your review.

Smoking Policies

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

Security

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCEA's proprietary information. At no time should unauthorized persons be allowed to roam unescorted through VCEA's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

Workplace Violence

VCEA recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCEA has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.
3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCEA premises to your supervisor or the General Manager.

The General Manager of VCEA will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCEA.

Off-Duty Use of Facilities

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

Parking

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCEA cannot be and is not responsible for any loss, theft or damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

Employee Suggestion Program

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

Employee Benefits

Benefits

VCEA has developed and invested in an employee benefit program to supplement your regular wages. VCEA will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers' Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCEA.

Official Health Plan Documents

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and

limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

Paid Time Off (PTO)

Eligibility

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for vacation, the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status), illness or injury, and personal business. Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

Accrual

Regular, full-time employees accrue between 4.6153 hours and 6.15 hours of PTO per pay period (26 pay periods per year) in your first year of eligibility. This is the equivalent to between 15 and 20 days of PTO per year, commensurate with number of years' experience and seniority level at VCEA. After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .31 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Scheduling PTO

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

PTO Caps

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

Sick Leave

For employees who are not eligible for the PTO policy as outlined above.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, eligible employees will receive 24 hours of paid sick leave. At the end of each year of employment (i.e., on the employee's anniversary date), unused sick leave will be removed from the employee's leave bank. All eligible employees will be credited with 24 hours of paid sick leave at the commencement of the next employment year. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is counted as hours worked for the purposes of computing a 40-hour week, but is not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

Holidays

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees are not eligible for holiday pay.

Insurance Benefits

Medical, Dental and Vision Insurance: We provide comprehensive medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to our insurance policies. Typically proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time and part-time employees are eligible on the first of the month once they have completed 30 days of continuous employment with VCEA. VCEA will contribute \$1,000/month towards full-time employee's medical, dental and vision benefits. Part-time employees will be eligible for a prorated contribution based on the average hours worked. You will be responsible for any excess premiums due for the coverage you choose for your dependents. Deductions from your paycheck will be made to cover this cost through payroll deductions.

Information describing your benefits will be given to you when you join the program. Employees who choose to receive health benefits must provide proof of medical, dental and vision insurance within 30 days of receiving the benefit. Employees who waive VCEA health benefits shall receive a reduced payout of \$500/month.

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, health benefits will continue through the end of the month. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your pregnancy disability leave.

Please direct any questions you have regarding your health and dental insurance to the General Manager.

Retirement Plan: We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. For more information regarding eligibility, contributions, benefits and tax status, contact the General Manager. All eligible participants will receive a summary plan description.

Disability Insurance: VCEA furnishes private long-term disability policies. For more information, contact the General Manager.

Life and Accidental Death and Dismemberment Insurance: If you are a regular full time employee of VCEA, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

Paid Family Leave (PFL) Insurance: All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

State Disability Insurance: If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the General Manager or the state's Employment Development Department.

Unemployment Compensation: We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

Social Security: Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

Workers' Compensation: VCEA purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

Section 125 (Cafeteria Plan): Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the General Manager.

Domestic Partners

VCEA believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our community of employees and their families, VCEA has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCEA wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the General Manager for more information.

Cal-COBRA

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCEA's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation,

termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCEA's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

Recreational Activities and Programs

VCEA or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work related duties.

Leaves of Absence

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCEA. It is the policy of VCEA to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCEA.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

Medical Leaves of Absence

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. If you are granted a medical leave you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work, when the employer is unable to accommodate additional leave or until the end of the month in which the leave began, whichever occurs first (unless leave of a longer duration is required by law). Your supervisor will supply you with a form for your doctor to complete, showing

the date you were disabled and the estimated date you will be able to return to work. You must present a doctor's certificate showing fitness to return to work.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCEA is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

Bereavement Leave

VCEA provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long-time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

Bone Marrow and Organ Donation Leave

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCEA that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave, however you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the

month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

Civil Air Patrol Leave

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission who have been employed by VCEA for at least 90 days immediately preceding the requested leave. VCEA reserves the right to verify the need for the leave with the Air Patrol.

Domestic Violence and Sexual Assault Victim Leave

VCEA takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a result of domestic violence or sexual assault, please let your supervisor or the General Manager know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

Jury Duty or Witness Leave

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. You may request unpaid leave for the length of absence, unless the leave of absence is taken as PTO. We will comply with federal and state requirements on pay for exempt employees. You may be requested to provide written verification from the court clerk of having served.

You must show the jury duty or witness summons to your supervisor as soon as possible so that arrangements can be made to cover your absence. Of course, you are expected to report for work whenever the court schedule permits. If you are called for jury duty during a particularly busy time, we may ask you to request the court to postpone the mandatory jury duty to a more convenient time for us. You retain all fees paid for appearing, plus transportation reimbursements received, if any.

Military Leave

If you wish to serve in the military and take military leave you should contact the General Manager for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

Pregnancy Disability Leave

Eligibility and Terms of Leave

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCEA may require you to transfer, during the period of the intermittent or reduced schedule leave, to an available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

Applying For Leave

If possible, you should give at least 30 days’ notice requesting a pregnancy-related leave. This notice must provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

Return to Work

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCEA will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;
2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCEA’s ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCEA cannot reinstate you to the position you held before the pregnancy disability leave began, VCEA will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCEA’s ability to operate safely and efficiently.

Integration With Other Benefits

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State

Disability Insurance benefits. VCEA will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

Continuation of Medical Benefits

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

School Appearance Leave

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

Time Off for Victims of a Violent or Serious Crime

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Time Off To Vote

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

Volunteer Emergency Duty Leave

VCEA will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the

time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Workers' Compensation

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

Return to Work Policy

VCEA is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business.

Receipt and Acknowledgment of VCEA Employee Handbook

I have received my copy of VCEA's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

At-Will Employment

I further understand that my employment is at-will, and neither VCEA nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCEA at any time, with or without cause. Likewise, VCEA has the right to terminate my employment with or without cause, at the discretion of VCEA. No employee of VCEA can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the General Manager.

Future Revisions

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Illness and Injury Prevention Plan

I acknowledge that I have read and understand the VCEA’s Illness & Injury Prevention Plan and that I agree to abide by these policies.

Drug and Alcohol Abuse Policy

I certify that I have read VCEA’s Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCEA of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.

Employee’s Printed Name _____

Position _____

Employee’s Signature _____

Date _____

Receipt and Acknowledgement of VCEA Handouts

Sexual Harassment Prevention Handout

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

State Disability Insurance, Paid Family Leave and Unemployment Handouts

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

Workers' Compensation Handout

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name_____

Position_____

Employee's Signature_____

Date_____

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 9

TO: Valley Clean Energy Alliance Board of Directors
FROM: Mitch Sears, Interim General Manager
SUBJECT: Communications Plan Update
DATE: January 18, 2018

Recommendation

Receive informational update.

Background and Analysis

The following is a summary of recent and planned outreach activities. In addition, the Outreach Task Force has provided feedback on various outreach materials including pamphlets, poster, and the power point presentation for community groups.

- **Collateral:** Materials have been produced for distribution through outreach activities including:
 - VCE poster, brochure, talking points, T-shirts, tote bags, stickers, and temporary tattoos.
- **Community Outreach:** A VCE Champion workshop to train advocates, city staff, members of the CAC, and other volunteers will be held on how to help spread the word about VCE. The workshop will take place on Jan 24th in Davis. As a reminder, please contact Emily Henderson if you are interested in participating.
- **Stakeholder Outreach:** VCE has been reaching out to community organizations and stakeholder groups in member communities to schedule presentations and share materials about VCE. Below is a list of past and upcoming presentations.

Completed:

- Woodland Sunrise Rotary Club (1/4)
- Yolo Flood and Irrigation District (1/9)
- Moore Village Mutual Housing Community (1/11)

Upcoming:

- Woodland Chamber of Commerce (1/17)
- Woodland Kiwanis Club (1/22)
- El Marcero CSA (1/23)

- Woodland Downtown Collaboration (1/26)
 - Wild Wings CSA (2/7)
 - Capay Valley Citizen Advisory Committee (2/7)
 - Downtown Davis Association (2/8)
 - Davis Sunset Rotary (2/14)
 - Mutual Housing Community- Davis Properties (2/15)
 - Esparto Unified School District (2/22)
 - Davis Sunrise Rotary (3/9 or 3/23)
- **Customer Notifications:** Customer notices are currently being developed and will be shared with the CAC and Board in February.

Attachment

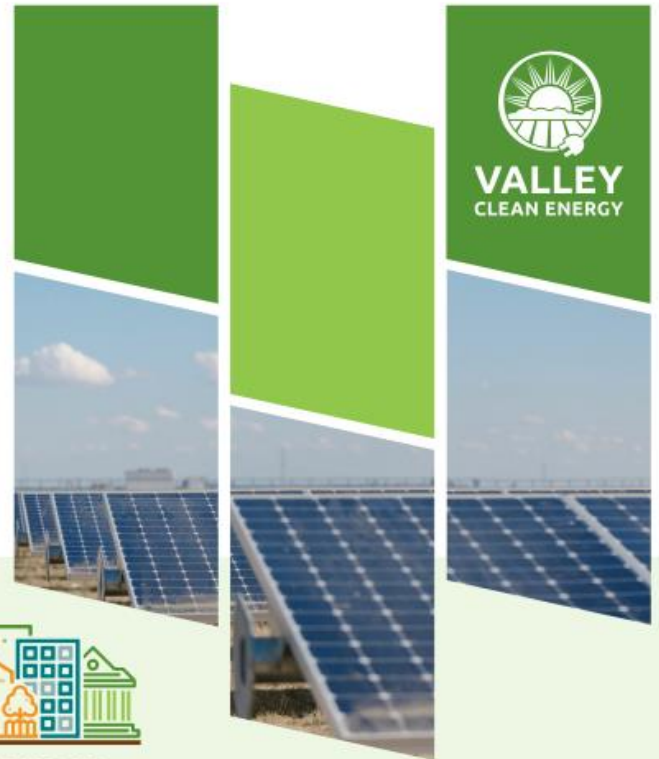
1. VCE Poster (Sample)

COMING SUMMER 2018!

We are **Valley Clean Energy**,
your official community-
governed electricity provider.

You now have the power to choose and save.

Valley Clean Energy (VCE) is bringing cleaner energy at competitive rates to Woodland, Davis, and unincorporated Yolo County. Residents and businesses now have a choice in who provides your power and how much of your electricity comes from clean, renewable sources—such as solar and wind.



SOURCE
VCE

Valley Clean Energy pools the electricity demands of our communities and purchases power with higher renewable and lower greenhouse gas content than is offered by PG&E.



DELIVERY
UTILITY (PG&E)

PG&E continues to deliver the electricity, restore service during outages, maintain the power lines, read your meter, and send you a single, consolidated bill, as required by state law.




CUSTOMER
YOU

You'll receive cleaner energy at competitive rates without doing a thing!

To learn more visit ValleyCleanEnergy.org

 [Facebook.com/ValleyCleanEnergy](https://www.facebook.com/ValleyCleanEnergy)

 [@VCEnergy](https://twitter.com/VCEnergy)

 [@VCEnergy](https://www.youtube.com/@VCEnergy)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Recognition of Service – Community Advisory Committee Member Amanda Beck

DATE: January 18, 2018

RECOMMENDATION

Approve the attached resolution recognizing and thanking Amanda Beck for her service as a member of the Community Advisory Committee.

VALLEY CLEAN ENERGY ALLIANCE

A RESOLUTION HONORING AMANDA BECK FOR HER SERVICE ON THE COMMUNITY ADVISORY COMMITTEE

WHEREAS, Amanda performed exemplary service on the Valley Clean Energy Alliance Community Advisory Committee; and

WHEREAS, her positive energy contributed to the success of the Community Advisory Committee's initial formation; and

WHEREAS, her deep experience regarding local clean energy project development contributed significantly to the Board's confidence in the community advisory process; and

WHEREAS, her knowledge and understanding of the needs of the Clarksburg community enriched the Community Advisory Committee's perspective and efficacy; and

WHEREAS, her commitment to greener, locally controlled energy for communities enhanced the value that VCEA offers its customers.

NOW, THEREFORE on January 18, 2018, the Board of Directors of the Valley Clean Energy Alliance offers their deep gratitude for, and recognition of, her service.

Lucas Frerichs
Board Chair

Mitch Sears
Interim General Manager

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 11

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Michelle Yung, Sacramento Municipal Utility District (SMUD)

SUBJECT: Customer and Data Policies

DATE: January 18, 2018

RECOMMENDATION

Staff recommends the Board adopt a resolution that approves the attached Customer and Data Policies. The Customer Policy is consistent with what was communicated in the CPUC Implementation Plan submitted in October 2017.

Customer Policies including the following subsections:

- Terms and Conditions of Service: This policy covers applicable VCEA rates and billing policies as well as the policy around enrollments and opt-outs.
- Delinquent Accounts: This policy covers how overdue customer accounts will be handled by VCEA.

Data Policies including the following:

- Privacy Policy: This policy covers the data collected by VCEA, how it is used, and general security protections. It also covers individual choice, children's privacy, cookies, and any third party providers that collect and analyze web usage.
- Security Breach Policy: This policy covers the response to security breach incidents involving VCEA sensitive and confidential data. It covers definitions of covered information, security, incident handling, notification and auditing.

These policies adhere to industry standards and CPUC rules and will be made available to VCEA customers on the VCEA website for review at any time. Should CPUC rules change or the Board deems appropriate, the policies may be updated and approved by the VCEA Board.

BACKGROUND AND ANALYSIS

Customer Policies

CCAs in California have established standard Customer Policies for their customers to reference the Terms and Conditions of CCA service, enrollments and opt-outs. The proposed VCEA Customer Policies are consistent with the terms and conditions adopted by other CCAs within California and adhere to CPUC standards.

Data Policies

Information security is of paramount importance and the following policies have been drafted to ensure that the appropriate CPUC rules around data privacy and security breach are adhered to by VCEA and its third party contractors.

Privacy Policy

Valley Clean Energy Alliance (VCEA) is committed to protecting customer privacy, and as such complies with the California Public Utilities Commission's (CPUC) "Rules Regarding Privacy and Security Protections for Energy Usage Data" (found here: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M026/K531/26531585.PDF>).

The VCEA Privacy Policy provides more detail than that of some of the other CCAs; however, Staff believes the additional detail provides more transparency in terms of what VCEA does with the data collected and any third parties that may have access to this information.

Security Breach Policy

This Security Breach Policy has been developed to provide for a consistent response to security breach incidents involving VCEA sensitive and confidential customer data. The goal of this Policy is to ensure that VCEA responds appropriately to security breaches and ensures that the appropriate communications are taking place when necessary.

The VCEA Security Breach Policy will be administered by the selected Data Management Provider, Sacramento Municipal Utility District (SMUD).

REQUESTED ACTION

Adopt a resolution that approves the Customer and Data Policies included in Attachments A and B, respectively.

ATTACHMENT A
Customer Policy



VALLEY
CLEAN ENERGY

DRAFT

Valley Clean Energy Alliance
Customer Policy

1/5/2018

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1 Terms and Conditions of Service

1.1 Rates

VCEA generation rates are detailed on the Rates page of website. Any changes to rates will be adopted at duly noticed public meetings of the VCEA board of directors. Pacific Gas and Electric Company (PG&E) charges VCEA customers a Power Charge Indifference Adjustment (PCIA) and franchise fees. VCEA's rates are designed to be competitive with PG&E net of these fees. PG&E will continue to charge fees for delivering power to your home or business, and for providing various customer services. Please contact PG&E for more information about these charges.

1.2 Billing

Each month, VCEA customers receive a single monthly bill from PG&E, just as they would under PG&E service. This bill includes all recent electric charges, including VCEA's power generation charges. PG&E will continue to charge you for the services they provide. For your convenience, PG&E forwards the power generation portion of the bill due to VCEA when you pay your monthly bill. You'll receive just one bill and need to make a single payment each month to PG&E.

1.3 Enrollment

Valley Clean Energy Alliance is the default electric power provider within the cities of Davis, Woodland and Yolo County (excluding West Sacramento and Winters). When you begin a new electric service account in the City of Davis, Woodland or Yolo County (excluding West Sacramento and Winters) or transfer an existing account outside of VCEA territory to a new address in VCEA territory, you will be automatically enrolled in VCEA's Light Green program. You may choose to enroll in VCEA's UltraGreen service, which guarantees 100% clean, renewable energy service at competitive prices.

1.4 Opt-Out

You have the right to opt out of VCEA without penalty at any time prior to your service starting with VCEA or within 60 days after your VCEA service starts. If you opt out, you will still be charged for all electricity you used before the transfer of electric service. If you decide to opt back in to PG&E after the 60-day enrollment period, VCEA will charge a one-time administrative fee (\$5 residential and \$25 commercial); however VCEA will be waiving this fee for the first year of a customer's enrollment with VCEA. By opting out, you will also be subject to PG&E's then current rates, terms and conditions of service. For details on PG&E's rate, terms and conditions, please visit PGE.com. Accounts will be transferred at the beginning of the next billing cycle. In order for your request to be processed on your next billing cycle, your request must be received at least 5 business days prior to the end of the current billing cycle. To opt out, please call

VCEA or visit valleycleanenergy.org. Please have your electric bill handy so that we can process the request.

2 Delinquent Accounts

Valley Clean Energy Alliance (VCEA) customer accounts that are overdue will be sent a late payment notification by PG&E. If payment in full is not received following the late payment notification, the customer account may be returned to Pacific Gas and Electric Company (PG&E) generation service on the next account meter read date. Customers returned to PG&E are subject to applicable termination fees and may not return to VCEA service for a period of 12 months.

ATTACHMENT B

Data Policy



VALLEY
CLEAN ENERGY

DRAFT

Valley Clean Energy Alliance
Data Policy

1/5/2018

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1 Privacy Policy

Notice of accessing, collecting, storing, using and disclosing energy usage information

Valley Clean Energy Alliance (VCEA) is committed to protecting your privacy, and as such we comply with the California Public Utilities Commission's (CPUC) "Rules Regarding Privacy and Security Protections for Energy Usage Data" (found here: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M026/K531/26531585.PDF>).

Data we collect and how we use it

We collect from Pacific Gas & Electric (PG&E) the following information regarding electricity customers within our jurisdictional territory: name, address, phone number, email address, account information, and electric usage information (collected from the customer's meter). This personal information is used only for core VCEA business, for example planning for and providing electricity, customer service, generating charges for your bill, and VCEA service improvement. Your personal data is only kept for as long as is necessary for business purposes.

As you use the VCEA web site, we collect information automatically sent to us by your browser, as well as information about your usage of the site. The links that are clicked on, the pages that are viewed, and time spent on the site are some of the usage statistics and information used in composing web site analytics and reports that help us measure the usefulness of our site. One of the pieces of data automatically sent to us is your IP address. Your IP address is an internet protocol address number automatically assigned to you when you're using the internet. It is logged by our servers and is used to provide web-related services for you, and analytics to VCEA. We do not associate your IP address with personal customer data that we receive from PG&E.

General security protections

As required by the CPUC, VCEA uses appropriate administrative, technical and physical safeguards to protect your information from unauthorized access, including: reasonable employee training, independent audits and annual reporting activities.

De-identified information

De-identified or aggregated information is not subject to privacy restrictions, and VCEA may use or share such information when the data is sufficiently de-identified or aggregated to the point where it is no longer personally identifiable.

Individual choice and access

VCEA will provide to you, upon request, access to your personal information collected by VCEA, which we can update or correct with your input.

VCEA only collects the minimum information needed to provide services to our customers. If you do not wish us to collect and store your information, we may not be able to deliver the associated service(s).

Children's privacy

We do not monitor or track the ages of the visitors to our website, but we realize that children under the age of 18 may be interested in the information offered on our website. We ask that parents monitor their children's use of our website and prohibit them from submitting personal information to our website.

California Do not track disclosures

Your browser may have a "Do not track" setting, but unfortunately there is not yet a common understanding of how to interpret this signal, so VCEA's website does not currently respond to browser "Do not track" signals.

Cookies

The VCEA website uses cookies to enhance our customers' web browsing experience. Cookies are small text files placed temporarily on your computer by a web server. VCEA does not collect personal data from cookies, as they are only used to directly provide a customer-friendly web experience.

Google Analytics and web service providers

VCEA website may utilize web-based third party service providers to collect and analyze web usage and traffic. These third parties are listed below with a description of why and how VCEA uses their services. They have their own privacy policies and may collect personal information in accordance with their own data collection policies and practices.

VCEA uses Google Analytics to improve our web-based service offerings, and in order to do that Google Analytics collects your device's IP address (rather than your name or other identifying information), and we do not combine the information collected through Google Analytics with any other information you or PG&E may have provided to us. Google cookies may be used to collect web site usage information such as how often users visit this site, what pages they visit, and what other sites they visited prior to coming to this site. Learn more about how we and Google use this information at <http://www.google.com/policies/privacy/partners/>.

Hotjar provides VCEA with a different kind of analytics than Google, but collects similar information. Hotjar cookies may be used, but VCEA does not combine the information collected through Hotjar with any other information you or PG&E may have provided to us. Learn more about Hotjar and their privacy practices at <https://www.hotjar.com/privacy>.

Third parties

In order to provide the services to which you have subscribed, VCEA may utilize third party service providers. VCEA holds these third parties to the same high privacy standards we have

set for ourselves. We only share with these entities the minimum amount of information necessary to provide the services we require of them, and they are not permitted to use the shared information for any other purpose.








In rare circumstances, VCEA may be forced to share your identifiable information with other third parties in accordance with CPUC rules and orders, as well as state and federal law. We may also need to do this during situations involving an imminent threat to life or property. Other than for these rare circumstances, VCEA will not release personal information about you to any other person or business for any secondary purposes without your written consent.

Effective date and updates

The effective date of this policy is [ENTER DATE]. A reminder notice of this policy will be provided on an annual basis to customers via an on-bill message guiding customers to the most updated version on our website at [LINK HERE]. We will communicate any changes through a prominently posted notice on our website and through the aforementioned annual notice to customers. Previous versions of this policy can be found at [LINK HERE].

Accountability

Customers having any questions or concerns regarding the collection, storage, use, or distribution of customer information, or who wish to view, inquire about, or dispute any customer information held by us or limit the collection, use, or disclosure of such information, may contact [ENTER PERSON AND CONTACT INFO HERE].

Type of Data Collected		General Data Practices		Data Sharing	
	contact: name, mailing address, email, or phone number		data retention: explicitly stated duration of retention for personal data collected		affiliates: affiliates and subsidiaries bound by the same privacy practices
	computer: IP address, browser type, or operating system		user control: users allowed to access and correct personal information		contractors: third party contractors bound by the same privacy practices
	interactive: browsing behavior or search history				

2 Security Breach Policy

Purpose

This Security Breach Policy (“Policy”) has been developed to provide for a consistent response to security breach incidents involving VCEA sensitive and confidential data. The goal of this Policy is to ensure that VCEA responds appropriately to security breaches and ensures that the appropriate communications are taking place when necessary.

Scope

This document is applicable to all directors, officers, and employees of VCEA and any other individual or entity acting for or on behalf of VCEA, whether operating inside or outside of the United States (collectively “Covered Persons”). Third parties, including but not limited to contractors, consultants, agents, intermediaries, and joint-venture partners, must be informed about this policy and agree to comply with its tenets.

Definitions

Covered Information: any usage information obtained through the use of the capabilities of Advanced Metering Infrastructure when associated with any information that can reasonably be used to identify an individual, family, household, residence, or non-residential customer, except that covered information does not include usage information from which identifying information has been removed such that an individual, family, household or residence, or non-residential customer cannot reasonably be identified.

Data quality & security

VCEA is committed to protecting the confidentiality, integrity, and availability of Covered Information. VCEA ensures, to the extent practicable, that collected information is accurate, relevant, timely, and complete in order to maintain as high a level of data quality as possible.

VCEA implements reasonable administrative, technical, and physical safeguards to protect Covered Information from unauthorized access, destruction, use, modification, or disclosure.

Security systems and monitoring

VCEA uses reasonable administrative, technical and physical safeguards and procedures, as well as state of the art security systems as detailed in the system security plan, to monitor its information systems for anomalies and security events that may indicate an incident or breach.

VCEA requires third party service providers to deploy industry standard security controls and perform adequate security status monitoring of the environment and systems used to support VCEA.

Incident handling

When a security incident is believed to have been discovered, support staff will contact their supervisors and the contract manager (if applicable) in order to make management aware as soon as possible. Management will appoint an incident commander, who will be responsible for officially declaring an incident and directing the response (Incident Commander).

Upon determination that an unauthorized person obtained access to or compromised VCEA data or systems, the Incident Commander may direct staff to take the following actions, considering the nature of the event and the presence of any exigent circumstances:

- Assess the scope and character of the incident
- Document the details of the incident and VCEA's handling of the incident
- Begin an incident handling log
- Direct the acquisition, securing, and preservation of evidence
- Contain the incident
- Eradicate the cause of the incident
- Restore the integrity of the system/recover affected systems
- Mitigate the ability for the incident to reoccur/remediate any associated security vulnerabilities

Notification of breach

Once VCEA has identified the type and scope of the information compromised or accessed by an unauthorized person, VCEA will notify the appropriate parties as described in the following sections.

VCEA Customers

Due to the nature of VCEA's work with its Customers, it is possible that PII related to a customer may be breached. If this occurs, VCEA will assess the need to contact the affected Customer or Customers. However, as VCEA does not collect the data elements that require mandatory breach notification in the state of California, it is not anticipated that notification will be required by law. Final determinations regarding mandatory breach notifications will be made by VCEA Legal Counsel.

Law enforcement

If VCEA feels that the information is likely to be misused, or if it is believed to otherwise be a benefit by doing so, VCEA will contact local law enforcement, report the incident, and ask for a copy of the report. VCEA may also contact the local office of the Federal Bureau of Investigations (FBI).

If a law enforcement investigation is opened, VCEA will consult with the applicable agency or agencies regarding the timing and content of any required notifications to avoid compromising or impeding the investigation.

If law enforcement informs VCEA that notification would jeopardize its ability to conduct an investigation and requests that VCEA delay notification, such notice from law enforcement will be in writing and VCEA will delay notification for the period requested by law enforcement. If VCEA determines that the delay is patently unreasonable, VCEA will notify law enforcement that the applicable state agencies and individuals will be notified within a reasonable time frame.

CPUC

In the event of a breach affecting the Covered Information of more than 1,000 customers, VCEA will send a notification of the breach to the Executive Director of the CPUC within two weeks of the detection of a breach or within one week of notification by a third party of such a breach. VCEA will also send notification of a breach to the Executive Director of the CPUC if specifically requested by the CPUC.

Evaluation and response

Once the incident has been confirmed to be resolved, the Incident Commander will also ensure the following actions take place:

- Report the findings and actions taken in response
- Conduct a lessons learned session to determine if response was appropriate and if additional changes are needed
- Recommend policy updates if necessary

Notification language

The text of all notifications will be approved by VCEA management.

Notifications will contain all information and data elements that are required by law and will be distributed as prescribed by the same.

Accountability and auditing

VCEA will file an annual report with the CPUC's Executive Director within 120 days of the end of the calendar year to notify the CPUC of all required notifications. The report will detail the number of demands for disclosure of customer data pursuant to legal process or situations of imminent threat to life or property. The report will also contain a description of all security breaches in the calendar year that affected Covered Information, the number of authorized third parties accessing Covered Information, as well as any known violations of or instances of non-compliance to CPUC rules or contractual provisions experienced in the calendar year, with a detailed description of each instance.

VCEA will make available to the CPUC upon request or audit:

- Privacy notices provided to customers
- Internal privacy and data security policies

- The categories of agents, contractors, and other third parties to which VCEA discloses customer information for a primary purpose (VCEA does not disclose customer information for secondary purposes)

VCEA will provide training on an annual basis to all employees with access to Covered Information. Training will cover topics such as privacy, information security and data quality.

VCEA will conduct an independent audit of its data privacy and security practices every three years or whenever required by the CPUC. The audit will monitor compliance with data privacy and security commitments, and VCEA will report the findings to the CPUC.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _____

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING
A CUSTOMER AND DATA POLICES POLICY

WHEREAS, the Valley Clean Energy Alliance (“VCEA”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”), the City of Davis (“Davis”), and the City of Woodland (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, in order to achieve its strategic goals, VCEA must establish clear customer and data policies.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts a Customer Terms and Conditions of Service Policy, Delinquent Accounts Policy, Data Privacy Policy, and Data Security Breach Policy (Exhibit A).

ADOPTED, this _____ day of _____, 2018, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Chair

Secretary

Approved as to form:

Interim VCEA Counsel

EXHIBIT A - Customer and Data Polices

EXHIBIT A

VCEA Customer and Data Polices

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Valley Clean Energy Alliance Board

FROM: Mitch Sears, Interim General Manager
Gary Lawson, Sacramento Municipal Utility District (SMUD)

SUBJECT: Procurement Guide and Delegations for 2018 and 2019 Power Procurement

DATE: January 18, 2018

RECOMMENDATION

Staff recommends the Board adopt a resolution that:

1. Approves the Procurement Guide, a redacted version of which is attached.
2. Approves a specific delegation to SMUD for procuring VCEA's power portfolio for 2018 and 2019.

BACKGROUND AND ANALYSIS

Once the CPUC certifies VCEA's implementation plan, and immediately upon VCEA's execution of the Service Agreement with PG&E and filing of the requisite \$100,000 security with the CPUC, SMUD will begin procuring VCEA's portfolio to meet VCEA's goals of serving its Yolo county communities with renewable and clean energy starting June 1. We expect those procurements to begin at the end of January. This Procurement Guide lays the framework for how SMUD, as VCEA's Wholesale Energy Services Provider, will go about these power procurements.

Procurement Guide

The Procurement Guide addresses each of the energy products that VCEA will need in its portfolio to meet its renewable and clean energy targets, as well for supplying the price hedging products necessary to fix VCEA's energy cost on a forward basis. The products discussed are:

Renewables

The renewable energy supply will form the foundation of VCEA's clean portfolio to achieve the 42% target renewable content established by the Board. Renewables will be procured in volumes sufficient to cover VCEA's default power product (Light Green) as well as its opt-up, 100% renewable product (Ultra Green).

Non-RPS Carbon Free

The non-RPS carbon free power makes up the balance of VCEA's targeted 75% clean portfolio.

Resource Adequacy

Resource adequacy is the generating capacity that VCEA is obligated by law to provide to support system reliability, and is based upon the monthly peak capacity of VCEA's loads plus a 15% reserve margin.

CAISO Market Power

As a Load Serving Entity within the CAISO market, VCEA's daily power needs will be supplied directly from the CAISO market. SMUD will purchase market power on a Day-Ahead basis for VCEA, based upon daily forecasts of VCEA's hourly loads.

Price and Locational Hedging Products

The pricing of the market power purchased from the CAISO is not known in advance. In order to fix its energy costs in advance, VCEA must find supplier that will sell it market power at contractually fixed prices. Alternatively, VCEA must find an entity that is willing to financially fix the cost of market power. Congestion Revenue Rights (CRRs) that will be allocated to VCEA as part of the Load Serving Entity allocation will be used to hedge some of the locational price risk.

Carbon Allowances

VCEA may need to import clean power from an out-of-state entity that has large hydro in its power portfolio. Such a supplier (known as an asset controlling supplier) may have small amounts of carbon emitting resources in its portfolio. In order to offset that small carbon component, VCEA will need to procure carbon Allowances.

Specific Delegation

The specific delegation authorizes SMUD to procure all of the forward products for VCEA's power portfolio for 2018 and to begin procurement of the forward products for VCEA's 2019 power portfolio. Additionally the delegation limits the procurement authority such that the expected power budgets for 2018 and 2019 won't be exceeded by more than 5%. The power budget values used for the delegation are those included in the financial model used to set the renewable and clean power targets and the targeted rate discount at the December, 2017 Board meeting. The expected power costs for calendar year 2018 are \$28.45 million, and for calendar year 2019 are \$41.84 million.

Staff also recommends the a 5% margin be added to the delegation in the event that procurement costs come in higher such that the total forecast power budget would be expected to be higher than in the financial model. VCEA's financials can cover a total power budget that exceeds estimates by up to 5%. This added margin also will facilitate the procurement process, given the short time frame in which to procure the 2018 power. Additionally, VCEA staff and/or EROC (to the extent it is functioning) will be reviewing responses to solicitations with SMUD as to their impact on the power budget. In the event that procurements are coming in at a higher cost than expected and that the total power budget may exceed the stated amounts, VCEA staff would need to come back to the Board for additional delegated authority.

Future Delegations

In March, the Board will be finalizing its budget and finalizing rates for 2018. Staff will have additional recommendations at that time for delegations needed for conducting day-to-day trading and scheduling activities for VCEA upon launch.

REQUESTED ACTION

Adopt a resolution that approves the Procurement Guide, a redacted version of which is in Attachment A, and approve the specific procurement delegation in Attachment B.

ATTACHMENT A

Valley Clean Energy Procurement Guide



Valley Clean Energy Alliance Procurement Guide

DRAFT 1/10/2018

Adopted January 18, 2017

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1 Purpose and Scope

The intent of the VCEA Procurement Guide is to provide a roadmap of how the power portfolio for VCEA will be procured in the short run. This is not a resource plan, insofar as a resource plan deals with issues such as the long term resource goals of a CCA. Ultimately long term resource goals will end up in procurement actions. Because no specific long term goals have been established, no specific goals are included in this Procurement Guide. This guide covers:

- Principles Guiding Portfolio Development
- Channels for Procurement
- Regulatory Requirements
- Steps to Procurement
- Portfolio Composition
- Procurement Approach and Hedging Strategy

2 Principles Guiding Portfolio Development

The portfolio developed for VCEA will be guided by the following principles. The portfolio will:

- Meet standards defined by the CAISO's Reliability Requirements Business Practice Manual
- Satisfy CPUC Resource Adequacy requirements
- Comply with annual RPS content standards
- Consist of the product mix from renewables and non-RPS clean energy as directed by VCEA
- Target the level of hedging as directed by VCEA
- Adhere to risk mitigating directives and delegations of VCEA's Enterprise Risk Oversight Committee (EROC)
- Adhere to applicable Federal, regional, and local requirements.

3 Channels for Procurement

SMUD will access power markets and to transact on behalf of VCEA using the following types of marketing channels:

- Direct Solicitation - SMUD will use its existing relationships to seek suitable bilateral agreements with counterparties directly
- Electronic Exchange Platforms - SMUD will use its access to platforms such as ICE(Intercontinental Exchange) to research markets and transact
- Electronic Auction Platforms - SMUD will use its access to platforms such as EnerNoc to create and enter auctions for desired products
- Brokers - SMUD will use its existing agreements with brokers to help locate trade partners for desired products

Considerations for the channel(s) used include:

- Type of product
- Market liquidity
- Credit Quality and Availability
- Timing
- Cost/fees
- Existing Counterparties and Transactions
- Resource and Counterparty diversity
- Market Conditions

4 Regulatory Requirements

4.1 Resource Adequacy

As a Load Serving Entity (LSE), VCEA is subject to the Resource Adequacy (RA) program imposed by the CPUC and adopted by the CAISO. The RA program is designed to ensure sufficient resources to operate the grid reliably. An LSE is required to demonstrate on an annual and monthly basis that it has procured enough capacity to support 115% of its peak loads from physical resources not already committed elsewhere. The required amounts are determined by the CPUC based on forecast load.

Total RA Requirements

The total RA requirement of an LSE is determined based on a CEC adjusted forecast plus a 15% planning reserve margin. The CPUC makes a determination of how to allocate that requirement to all LSEs. LSEs must procure and provide their total RA requirement using Local Capacity and System Capacity. Additionally, some of the RA capacity must have flexible ramping capabilities to meet the need of the CAISO to follow rapid changes in load. These types of RA resources are discussed below.

Local RA Resources

Local RA capacity is provided from generating resources located in areas where there are transmission constraints impacting the ability to serve load. The requirement for Local RA Resources is determined by the CAISO based on an annual study using a 1-10 weather year and an N-1-1 contingency impacting those constrained areas. The responsibility for providing RA from Local Capacity is prorated out to LSEs based upon their load.

System RA Resources

The balance of the total RA Requirement can be supplied from qualifying generating resources that are not in areas with local capacity constraints.

Flexible RA Requirements

Flexible RA Requirements are based on an annual CAISO study that assesses at the largest three hour ramp for each month needed to run the system reliably. Flexible capacity can be provided from either Local or System RA resources.

4.2 Renewables Portfolio Standards

The portfolio must meet the RPS requirements set by the CPUC. The percentage of the portfolio that must be supplied by RPS-eligible sources each year is detailed below. Compliance will be

determined by the renewable energy credits (RECs) retired within the multi-year compliance periods.

Table 4.1. Annual RPS Minimum Requirements

Compliance Period	Year	RPS Percentage
3	2018	29.0%
	2019	31.0%
	2020	33.0%
4	2021	34.8%
	2022	36.5%
	2023	38.3%
	2024	40.0%
5	2025	41.7%
	2026	43.3%
	2027	45.0%
6	2028	46.7%
	2029	48.3%
	2030	50.0%

The California Energy Commission (CEC) certifies the RPS-eligibility of renewable resources. The Western Renewable Energy Generation Information System (WREGIS) assigns Renewable Energy Certificates (RECs) and tracks REC ownership used as evidence for compliance with renewable portfolio requirements. The CPUC enforces the RPS for LSE’s under its jurisdiction.

There are three Portfolio Content Categories of renewable resources under RPS, determined by how the REC and associated energy are delivered to California for use by LSEs in California. Table 4.2 below shows the categories and their definition.

Table 4.2. RPS Product Content Categories

Portfolio Content Category	Definition
PCC 1	Bundled energy and REC delivered to the California power grid without substituting electricity from another source. Renewables generated inside CA are by default PCC 1, but out-of-state generators must meet certain scheduling guidelines. The minimum amount of procurement allowed from PCC1 for compliance period 3 (2017-2020) is 75%.
PCC 2	Bundled energy and REC where the energy can be substituted with non-renewable sources imported into the state. An out-of-state wind resource where the shortfall in energy is firmed up by another resource falls into this category.
PCC 3	Unbundled REC with no obligation for physical delivery of energy. The maximum amount of procurement allowed from PCC3 for compliance period 3 is 10%.

5 Steps to Procurement

Develop load forecast for relevant market/operating period

Estimate initial Resource Adequacy and RPS requirements necessary to satisfy regulatory requirements

Receive input from VCEA regarding preferred portfolio mix of renewables, clean energy and other resources

Perform market reconnaissance to estimate current prices and provide VCEA feedback on cost estimates for targeted portfolio mix

Based upon market survey and VCEA input, prepare for solicitation

Obtain authorization and delegation to transact

Obtain CPUC RA determination

Go to market and execute transactions. If market conditions or regulatory requirements change significantly, provide feedback to VCEA and adjust course as directed.

Report results of procurement process

Manage daily operations of portfolio management

Monitor portfolio/counterparty credit and limits/market exposure

6 Portfolio Composition

6.1 Renewables

The renewable content established by VCEA's Board for its 2018 portfolio is 42%, with the breakout between the RPS minimum requirements and the additional discretionary renewable content shown in in Table 6.1 below. The table shows the 42% renewable content target carried forward in time, although the Board has made no specific determination of portfolio content beyond the end of 2018.

Table 6.1 VCEA Renewable and Clean Energy Portfolio Content

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Renewable Content	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	43.3%	45.0%
PCC 1 - Calculated	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
PCC 2 - Calculated	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PCC 3 - Calculated	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RPS Required Minimums	29.0%	31.0%	33.0%	34.8%	36.5%	38.3%	40.0%	41.7%	43.3%	45.0%
PCC 1	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
PCC 2	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PCC 3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Incremental Discretionary Renewables	13.0%	11.0%	9.0%	7.2%	5.5%	3.7%	2.0%	0.3%	0.0%	0.0%
PCC 1	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
PCC 2	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PCC 3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non Renewable Carbon Free	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	31.7%	30.0%
Total Carbon Free	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%

However, VCEA's likely long term goal may be to increase the renewables and clean energy content of the portfolio. As such, for procurement and hedging purposes, It will be assumed that VCEA's mix will be at least 42% renewable going forward. The 42% renewable energy component exceeds the 2018 minimum RPS requirement of 29% of Retail Load by 13% of Retail Load.

The renewables component will consist of 75% from PCC 1 and 25% from PCC 2 for the 29% minimum renewable content required for compliance with RPS. The additional 13% discretionary renewable content will be supplied 100% from PCC-2 resources. The amount of PCC-3 renewables targeted for procurement is zero. However, PCC 3 could be utilized to make up for any shortfalls in renewable energy content in a given year stemming from volumetric changes in forecast versus actual load or volumetric changes in delivery of renewables. This could occur if VCEA's load in a given year is greater than forecast. Use of PCC-3 would only be used as insurance that VCEA meets its desired power mix for the year when additional procurement of PCC 1 and 2 products is not feasible. Excess PCC1 and PCC-2 beyond what are needed in any given year, can be rolled over into the following year, as required.

Projected REC requirements for 2018 and 2019 are shown below in Table 6.2, based on initial load forecasts. Note that 2018 load is a partial year load, reflecting VCEA's June 1, 2018 launch.

Table 6.2. Targeted Total Renewable Energy Volumes for 2018-2019, MWhs

	2018	2019
	Total	Total
Retail Load	446,476	757,840
RPS % Target	42.0%	42.0%
Total RECs	187,520	318,293
PCC1	97,109	176,198
PCC2	90,411	142,095

6.2 Non-RPS Carbon Free

As Table 6.1 shows, the total targeted clean energy component of VCEA's portfolio is 75%. For 2018, this means the remaining 33% of clean energy not supplied from RPS qualifying resources will be sourced from non-RPS qualifying large hydro resources.

Supplies of large hydro will primarily come from the Northwest, from entities that own or have rights to offer the power directly sourced from a specific hydro project or set of hydro projects. Power directly from zero- or low-carbon resources are known as Specified Source supplies. For large hydro Specified Source power, the carbon factor of the power imported will be 0.00 tonnes CO₂/MWh.

6.3 Resource Adequacy

Preliminary estimates for RA requirements have been prepared based on forecast load. These are shown in table 6.3 below.

Table 6.3. Estimated Resource Adequacy Volumes, MW

Estimated RA Requirements	2018											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total RA	-	-	-	-	-	200	236	216	182	125	87	92
Greater Bay Area	-	-	-	-	-	0	31	31	31	31	31	31
PG&E Other	-	-	-	-	-	0	48	48	48	48	48	48
System	-	-	-	-	-	200	158	137	103	46	9	14
Flexible	-	-	-	-	-	0	28	27	45	44	48	55

Estimated RA Requirements	2019											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total RA	91	83	82	113	158	229	239	214	180	126	89	93
Greater Bay Area	30	30	30	30	30	30	30	30	30	30	30	30
PG&E Other	47	47	47	47	47	47	47	47	47	47	47	47
System	14	6	4	35	80	151	161	137	103	49	12	16
Flexible	41	48	39	38	35	32	27	26	43	42	46	53

The above RA estimates will be updated when VCEA receives its CPUC RA determination, which will be after VCEA files for this determination in early February, 2018.

6.4 CAISO Market Power

Because VCEA customers reside in the CAISO balancing authority, their load will be served physically by CAISO Market Power. VCEA is therefore subject to paying the price at the Load Aggregation Point (LAP) where it is assumed to take power.

Day Ahead traders will analyze and create daily load forecast profiles. Forecasted hourly loads for VCEA will be bid into the CAISO Day Ahead market by 10am the prior day. All awards from the Day Ahead market will carry over to the real time market. Any deviations in VCEA's actual load from what is scheduled in the Day Ahead will pay or be paid at the Real Time market prices.

6.5 Hedging Products

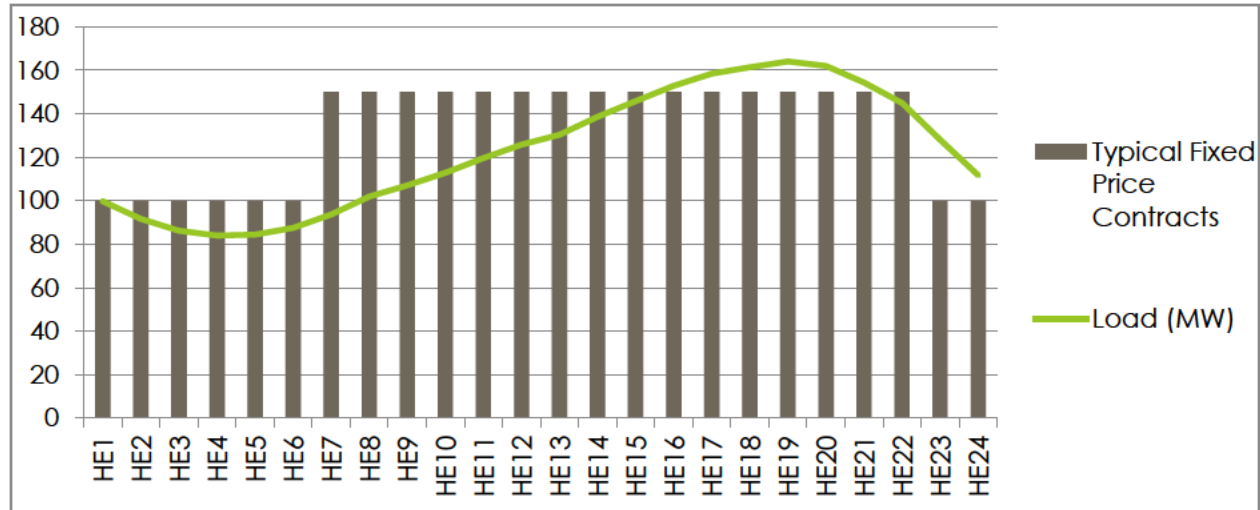
Options to mitigate price risk of the CAISO market include: 1. NP-15 Futures; 2. Fixed price delivery contracts; and, 3. Congestion revenue rights.

NP-15 Futures (Physical or Financial)

NP-15 futures allow a buyer to fix the price for specified forward periods at set volumes of energy delivery. This hedges against the volatility of Day Ahead clearing prices in the CAISO market but does not protect against congestion and loss charges between the NP15 trading hub and VCEA's LAP. These futures products are traded in standard lots of 25MW for yearly, quarterly, monthly durations, for off and on-peak hours daily. Futures contracts can be procured such that the monthly energy delivered under the contracts gets close to forecast energy load for VCEA during that month, but because of the 25 MW blocks the match won't exactly match in quantity. Additionally, futures are typically at flat quantities across peak and/or non-peak hours, therefore the shape does not perfectly track VCEA's system load shape. This leaves VCEA short in some hours, and long in other hours, even though on a monthly basis the energy volume of the futures contract(s) will be close VCEA's forecast load. Figure 6.5 shows an example of how on a typical day, the standard futures contract could be structured to deliver

nearly the same energy quantity as the forecast load. However, as discussed the 25 MW blocks procured for on peak hours provide more energy in the example day than exactly needed for load. NP-15 futures can either be purely financial, or can involve the physical delivery of power.

Chart 6.1 Standard Futures Product vs. Load Profile



Bilateral Fixed Price Delivery Contracts (Physical or Financial)

With bilateral fixed priced delivery contracts, a buyer and seller can agree on a fixed price, duration, and point of delivery at any CAISO Aggregated Pricing Node or Physical Generator location. This approach fixes the energy price at the agreed delivery point but does not protect against congestion and losses between delivery point and VCEA's LAP. Fixed price delivery contracts can also be delivered and shaped into schedulable quantities on a daily basis in order to better match hourly fixed price energy delivery to VCEA load. This provides a more “perfect” hedge than flat on peak and off peak financial hedging instruments. Shapeable products have a price premium as compared to non-shapeable products. Bilateral fixed price delivery contracts can either be purely financial, or can involve the physical delivery of power.

Day Ahead Fixed Price Delivery Contracts (Physical)

The Futures and Bilateral Contracts are procured on a month-ahead, season-ahead, and/or year(s)-ahead basis, using a long term load forecast of expected loads. When Day-Ahead scheduling is performed, the expected loads for the day being scheduled are much better known. During the Day Ahead trading and scheduling process any short-falls and excesses between VCEA's load and the fixed price hedging volumes for the next day, are resolved by selling energy for any long hours at fixed prices and purchasing energy to cover any short hours at fixed prices, so that 100% of VCEA's is at known prices (100% hedged) going into Real Time.

Congestion Revenue Rights

Sellers are not likely to enter fixed price contracts for delivery direct to load. Congestion Revenue Rights (CRR's) can be used to hedge against congestion between the point a seller supplies power (a "source" node) and location where the buyer has load (a "sink" node). The CRR owner for those respective source and sink nodes would be entitled to the congestion charges between the source and sink, as calculated by the CAISO. This would, in effect, offset the congestion charges incurred by the difference in price the buyer receives at source node and price paid at the sink node. Holders of CRR's can also be obligated to incur charges if the congestion is in the opposite direction to the power flow they are intended to hedge against.

CRR's are made available to LSEs in two ways: 1. LSE allocation; and, 2. CRR auction process conducted by the CAISO.

CRRs are limited in that they are designed to cover energy flows that are blocked into on-peak and off-peak periods; they are not shapeable.

6.6 Carbon Allowances

For large hydro power imported from the Northwest from Specified Sources, there should not be any associated carbon emissions, therefore it is not anticipated that carbon allowances will need to be procured. In the event that VCEA does incur a Cap and Trade compliance obligation for power imports, the Allowances will not be procured on a forward basis for the imported ACS power, but will be procured by SMUD on behalf of VCEA at quarterly California Air Resource Board auctions.

7 Procurement Approach and Hedging Strategy

7.1 Load Assumed for Procurements

Retail Load

The initial load forecast for VCEA is shown in Attachment A. If all eligible PG&E customers were to join the VCEA program, the forecast of retail energy and capacity loads would be as shown in the two columns with the heading “Retail Load w/No Opt Outs.” However, the underlying assumption in the financial modeling and initial procurements is that 10% of potential VCEA customers choose to opt out of participation in the VCEA program. The resulting forecast of retail energy and capacity loads that will be procured for VCEA are shown in the two columns with the heading “Retail Load 10% Opt Outs.”

Renewable and clean energy resources will be procured as a percentage of retail load, assuming 10% opt-outs.

System Load

System Load is the wholesale load of VCEA. The System Load is the Retail Load factored up for Distribution Losses. The System Load forecast of energy and capacity for VCEA is shown in the columns of Appendix A with the heading, “System Load.”

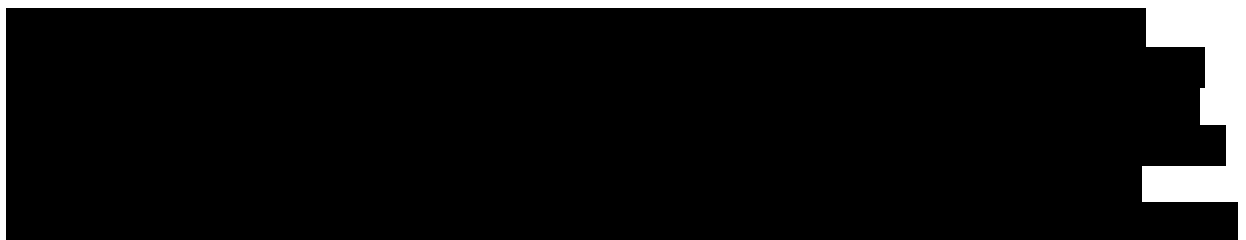
Procurement of RA and price hedging will be done on the forecast of system load also assuming 10% opt-outs.

Post Launch

After launch, the amount of customers opting out will be better known. In July, 2018, an assessment of the actual opt outs will be performed and the load forecast will be adjusted accordingly. Any material short positions for 2018 supply will be covered with additional purchases of products in August pursuant to recommendations from SMUD and authorization from VCEA’s Board and VCEA’s EROC.

THE FOLLOWING SECTIONS CONTAIN COMMERCIALY SENSITIVE INFORMATION - INFORMATION REDACTED

7.2 Volumetric Risk RA, Renewables, Non-RPS Clean Energy



[Redacted]

Hedging Products

[Redacted]

Carbon Allowances and PCC-3 RECs

[Redacted]

Renewables

[Redacted]

[Redacted]

Non RPS Carbon Free

[Redacted]

Resource Adequacy

[Redacted]

[Redacted]

[Redacted]

7.3 Market Price Risk

[Redacted]

Fixed Price Market Power

[Redacted]

[Redacted]

Chart 7.1. Base Load and Variable Load Components of VCEA's Load

7.4 Locational Price Risk

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

7.5 Procurement Timing for Hedging

[Redacted]

Procurement Milestone Date	Products Procured, by Period
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]



Appendix A Initial Load Forecast

Month	Retail Load w/No Opt Outs		Retail Load 10% Opt Outs		System Load		
	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Min, MW
June, 2018	47,056	209	42,351	188	40,822	197	3
July, 2018	97,239	238	87,515	214	91,777	225	67
August, 2018	91,432	219	82,288	197	86,296	206	68
September, 2018	75,290	194	67,761	174	71,061	183	59
October, 2018	64,363	140	57,927	126	60,748	132	54
November, 2018	58,852	105	52,967	94	55,547	99	52
December, 2018	61,853	110	55,668	99	58,379	104	53
January, 2019	61,992	108	55,793	97	58,510	102	53
February, 2019	53,515	102	48,163	92	50,509	96	53
March, 2019	57,570	97	51,813	88	54,336	92	48
April, 2019	59,272	127	53,344	114	55,942	120	48
May, 2019	72,854	166	65,569	150	68,762	157	57
June, 2019	86,449	233	77,804	210	81,594	220	70
July, 2019	97,802	239	88,022	215	92,309	225	69
August, 2019	91,390	216	82,251	194	86,257	204	68
September, 2019	75,678	190	68,110	171	71,427	180	60
October, 2019	64,547	139	58,092	126	60,921	132	55
November, 2019	58,756	105	52,880	95	55,455	99	52
December, 2019	62,219	109	55,997	98	58,724	103	54
January, 2020	61,917	109	55,726	98	58,440	103	53
February, 2020	55,278	103	49,750	92	52,173	97	54
March, 2020	57,731	99	51,958	89	54,489	93	47
April, 2020	59,409	126	53,469	113	56,072	119	50
May, 2020	72,570	160	65,313	144	68,494	151	58
June, 2020	87,377	232	78,639	209	82,469	219	67
July, 2020	98,096	239	88,287	215	92,586	226	71
August, 2020	91,042	217	81,938	195	85,928	204	68
September, 2020	75,645	191	68,081	172	71,396	181	61
October, 2020	64,003	139	57,603	125	60,408	131	55
November, 2020	58,834	105	52,951	94	55,529	99	52
December, 2020	62,724	109	56,451	98	59,201	103	56

Year	Retail Load w/No Opt Outs		Retail Load 10% Opt Outs		System Load		
	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Energy, MWhs	Peak, MW	Min, MW
2018	496,085	238	446,476	214	464,630	225	52
2019	842,044	239	757,840	215	794,746	225	48
2020	844,628	239	760,165	215	797,185	226	47

Appendix B Definitions

Commodity Price/Market Price

The price at which electricity, gas, capacity, and renewable attributes are bought and sold.

Congestion Revenue Right

Congestion Revenue Rights (CRR) are financial instruments used in the Day Ahead market to hedge the difference in price between two locations caused by congestion.

Counterparty

An entity to which an exposure to financial risk might exist.

Customer Load

A single customer's power usage that receives power from the electric system.

Day-Ahead

Refers to the day before actual power flow begins. For example, in the CAISO, the Day-Ahead market for Tuesday's flow date closes on Monday at 10am.

Energy Products

Means all commodities and commodity related products, both physical delivery and financial instruments, related to meeting the wholesale energy, regulatory, hedging, and or risk management needs of VCEA. The types of products include, but are not limited to: Energy; Capacity; Resource Adequacy; Local Capacity; System Capacity; Ancillary Services; Environmental Attributes (including but not limited to RECs, Carbon Allowances, and other required environmental attributes); Forwards; Futures; Swaps; Options; Congestion Revenue Rights; and other energy and commodity related products as needed.

Enterprise Risk Oversight Committee (EROC)

This is the committee, established in accordance with the VCEA Board Wholesale Energy Risk Management Policy Manual, initially adopted December 14, 2017, as it may be revised.

Financial Product

A contract in which the value is derived from an underlying physical commodity but which does not require physical delivery or receipt of the commodity.

Load Aggregation Point (LAP)

A Load Aggregation Point is a set pricing nodes used in the CAISO market for the submission of demand bids and for settlement of demand. The purpose of a LAP is to collapse into a single pricing node, the various locations of a load serving entities load that are distributed throughout the system.

Long Position

A long position means there is not an open or short position, and that excess supply exists. In addition, as load forecasts are updated, if an excess exists, that excess is also considered a long position. For the renewable power purchase example (see *Open Position*), if 60,000 MWhs has been procured for a 50,000 MWh need, a long position of 10,000 MWhs will exist.

Open Position

For any given timeframe, any commodity requirement that is unfilled is considered to be an open position. For instance, if there is a requirement to procure 50,000 MWhs of renewable power in a calendar year, until 50,000MWhs of renewable power purchases have been secured, there will be an open position equal to the remaining MWh value needed to reach 50,000 MWhs.

Physical Product

A contract which requires the seller to physically deliver, and the buyer to physically receive a given commodity.

Price Risk (or Market Price Risk)

Price Risk is the risk that prices for power are different than have been assumed for financial planning and budgeting. Price risk is hedged by procuring fixed-price forward contracts for power.

Portfolio

The aggregation of commodity related products (both physical and financial) procured to serve load and meet other policy goals.

Portfolio Manager

A core service provided by the WESP which broadly encompasses the responsibility for managing the purchase and sale of energy commodity related products in the commodity portfolio in an effort to serve load and meet other policy goals.

Real-Time

Refers to the actual day in which power flows. In the CAISO, the Real-time market opens at 1pm the day before flow date and closes for each hour 75 minutes prior to the start of scheduled flow.

Renewable Energy Certificate (REC)

A REC is evidence of the production equal to one megawatt-hour of generation from a certified renewable energy resource.

Retail Load

The summation of all customers' loads that receive power from the electric system.

Short Position

A short position is an open position. The volumetric value of a short position is determined by the shortfall in volume compared to the requirement. For the renewable power purchase example, if 30,000 MWhs of the 50,000 MWh requirement has been procured, a short position of 20,000 MWhs remains.

Specified Source

A Specified Source is an out-of-state generator that meets the requirements of the California Air Resources Board such that the carbon intensity of that resource's emissions (typically zero, or lower than that of unspecified imports) can be declared by the California entity importing the power.

System Load

The summation of all customers' loads that receive power from the electric system. System Load includes applicable transmission and/or distribution losses.

Volumetric Risk

The effect of fluctuations in demand for load or for production of generation from a generator.

Western Renewable Energy Generation Information System (WREGIS)

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC)

Attachment B
Procurement Delegation

SMUD is authorized to procure all forward products needed for VCEA’s 2018 power portfolio, and to begin procurement of the forward products for VCEA’s 2019 power portfolio. Forward products specifically include, renewable power, non-RPS clean power, resource adequacy, and fixed price market power. Procurements will be conducted in accordance with the guidelines in the Procurement Guide and within the following parameters:

Power Budget Element	Parameter
Total net power budget, Calendar Year (CY) 2018	Delegation to procure all forward products for 2018, such that the costs of the forward purchases don’t cause the total expected CY 2018 power costs to exceed \$29.87 million (\$28.45 million expected power budget, plus 5%).
Total net power budget, CY 2019	Delegation to begin procurement of forward products for 2019, such that the costs of the forward purchases don’t cause the total expected CY 2019 power costs to exceed \$43.93 (\$41.84 million expected power budget plus 5%).

In the event that power portfolio purchases are coming in above budget, and it appears that the total net power budget may exceed the specified amounts, VCEA staff will need to come back to the Board for additional authority to proceed.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _____

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING
A PROCUREMENT GUIDE AND DELEGATING PROCUREMENT AUTHORITY TO VCEA STAFF
AND SMUD FOR ENERGY PROCUREMENT FOR CALENDAR YEARS 2018 AND 2019

WHEREAS, the Valley Clean Energy Alliance (“VCEA”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”), the City of Davis (“Davis”), and the City of Woodland (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, in order to achieve its strategic goals, VCEA has established procurement policies and goals; and

WHEREAS, the Procurement Guide provides the roadmap for implementing the procurement policy; and

WHEREAS, delegation by the Board to VCEA Staff and SMUD to procure power for calendar years 2018 and 2019, consistent with the procurement policy and guide, will allow VCEA to serve customers at launch and into the first phase of program operation.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the VCEA Procurement Guide (Exhibit A), and delegates procurement authority to VCEA Staff and SMUD, in the amounts of \$28.45 million dollars for calendar year 2018 (7 months operation) and \$41.84 million dollars for calendar year 2018 (12 months operation), in a manner consistent with VCEA procurement policies and the VCEA Procurement Guide.

ADOPTED, this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair

Secretary

Approved as to form:

Interim VCEA Counsel

EXHIBIT A - Customer and Data Policies

EXHIBIT A

VCEA Procurement Guide