Meeting of the Board of Directors of the Valley Clean Energy Alliance (VCEA)
February 8, 2018
5:30 PM

Davis Community Chambers, 23 Russell Blvd, Davis CA, 95616

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

If you have anything that you wish to be distributed to the 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 January 18, 2018 Board Meeting

5. Delegation of Authority for Certain Regulatory and Legislative Matters

6. Approval of Regulatory and Legislative Review and Action Policy

7. Approval of Organization Audit Schedule

8. Long Range Calendar

REGULAR AGENDA

9. Approve Resolution Adopting Net Energy Metering (NEM) Policy (Action)

10. Communications Plan Update and Review of Customer Notification Materials (Informational)

11. Introduction of Draft Enterprise Risk Policy (Informational)

12. Introduction of Ultra Green Policy – 100% Renewable Customer Option (Informational)

13. Community Advisory Committee Report (Discussion)

14. Regulatory and Legislative Update (Informational)

15. General Manager's Report (Informational)

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 January 18, 2018 Board Meeting

DATE: February 8, 2018

RECOMMENDATION

Receive, review and approve the attached draft minutes from January 18, 2018 Board Meeting

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
January 18, 2018

The Board of Directors of the Valley Clean Energy Alliance met in regular session beginning at 5:30 p.m. in the Yolo County Board of Supervisors Chambers, 625 Court Street, Woodland, 95695.

Board Members Present:	Skip Davies (Alternate), Robb Davis (arrived at 5:40pm), Lucas Frerichs, Don Saylor, Tom Stallard
Board Members Absent:	Angel Barajas, Duane Chamberlain

Approval of Agenda

Stallard moved, seconded by Saylor to approve the agenda. Motion passed by the following vote:

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

Public Comment

None

Approval of Consent Agenda

Approval of:

- Minutes from December 14, 2017 – with adjustment of Skip Davies presence in audience at the 12/14/17 meeting.
- Regulatory and Legislative Update
- Long Range Calendar
- PG&E Service Agreement and Authorization to submit VCEA CPUC Bond
- Adopt VCEA Personnel Policy
- Communications Plan Update
- Recognition of Service – Community Advisory Committee Member Amanda Beck

The board expressed their thanks for Amanda Beck's service on the Community Advisory Committee.

S. Davies moved, seconded by T. Stallard to approve the consent agenda. Motion passed by the following vote:

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

Communications Plan Update

Board Questions and staff responses are summarized below:

1. What is the status on scheduling community meetings?

A schedule has been created and has been shared with the board.

2. Are we considering augmenting existing plan with Sacramento News & Review?

Yes. Staff is in discussions with Circlepoint and Sacramento News & Review. Staff will bring back a recommendation.

D. Saylor moved, seconded by T. Stallard to approve the Communications Plan. Motion passed by the following vote:

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

Adopt VCEA Policies

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

Customer Policies:

- 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 VCE. If the customers remain delinquent, VCEA can send them back to PG&E.

Data Policies:

Privacy Policy

- This policy covers the data collected by VCEA, how it is used, and general security protections.
- It 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.

Board questions and staff responses summarized below

1. The update to the customer policy involved integrating changes that were suggested made by the CAC?

Yes.

Board Comment
None

Public Comment
None

R. Davis moved, seconded by D. Saylor to approve the customer & data policies. Motion passed by the following vote:
AYES: Davies, Davis, Frerichs, Saylor, Stallard
NOES: None
ABSENT: Barajas, Chamberlain

VCEA Short Term Procurement Guide and Financial Delegation for Energy Procurement for 2018 and 2019	Mitch Sears, Interim General Manager, VCEA Outlines the guide for how VCEA will procure energy for 2018 and 2019. Provides board delegation from board to staff to purchase energy. Gary Lawson, SMUD The Implementation plan was certified this week. Authorizing Mitch to execute the PG&E Service agreement and submission to CPUC Bond.

Tonight, staff is asking the board to adopt a resolution to:

1. Approve the Procurement Guide (Attachment A);
2. Approve the specific delegation to SMUD for procuring VCEA's power portfolio for 2018 and 2019 (Attachment B).

Background:
Procurements will begin in January contingent on:

- CPUC certification of Implementation Plan (expected January 16)
- Submission by VCEA of its CPUC CCA Registration Certification request (planned for January 19)

Procurement Timing:

- Late January/February - Pre-Launch solicit for 100% of expected renewables large hydro for 2018
- March – Complete RA purchases for 2018
- By August – Post Launch Solicit for any 2018 makeup renewables needed for fewer Opt-Outs and known Opt-Ups.
- Throughout 2018 conduct procurements for 2019

Staff had a review cycle with the Advisory Committee, incorporating feedback from them.

Procurement Objectives:

- Procure the Energy Products necessary to form VCEA's power portfolio:
- PCC-1 and PCC-2 renewable energy volumes to achieve 42% renewable content
- 33% non-RPS clean energy (large hydro)
- Resource Adequacy
- CAISO Market Power
- Fixed price market power for fixing VCEA's power cost (hedging)

- Procure needed Energy Products at lowest cost

The purpose of the Procurement Guide lays out the criteria for the products purchased. It also includes a section on specific procurement strategy (which has been redacted because of the commercially sensitive nature of the information). The specific delegation allows SMUD to procure forward products for 2018 and 2019 within certain dollar limits:

- 2018 - $29.87 million ($28.45 million plus 5% contingency)
- 2019 - $43.93 million ($41.84 million plus 5% contingency)

For the launch acquisition of non-renewable energy, we will use an auction platform where there is a ten minute bidding process. For the renewable energy, we will send out email solicitation with a one-page outline of the energy characteristics we are looking to purchase and energy suppliers will have five days to reply.

In the future, when VCEA is procuring long-term energy contracts, we will allow three to four weeks to reply, followed by a six-week period of research and due diligence, followed by discussions with one or two counterparties, initial conversations, and contract negotiations.

Board questions and staff responses summarized below

1. Typically, how many entities are out there that would be bidding?

Varies by product. For non-renewables, we anticipate 6-8 suppliers. For renewables we expect as many as 10-15.

2. What is resource adequacy?

Resource adequacy is basically VCEA's share of the overall capacity requirement. This share is identified by comparing VCEA's peaks with the system peak.

3. When you are soliciting suppliers, how can small-scale local generators be a part of that process either now in the time ahead? How do small scale local entities fit in?

There is absolutely a place for local renewables to be integrated into the portfolio. This is more likely in a longer time frame. After launch, we will be returning to CAC and board about local resources and how they might fit into VCEA's portfolios in the future.

4. As we think about our providers, would it be helpful for us to establish criteria?

For the short term procurements, we need to get running by June. For the longer-term procurements, we would intend to come back to the board following launch for further direction.

5. When did VCEA decide on the 42% renewable energy content for the default product?

That was the discussion at the December board meeting.

6. Will the level of renewables increase over time?

Quite possibly, though that is up to the board.

7. Have we purchased anything yet?

No, staff is awaiting board approval.

8. How will staff report back to us on the portfolio? Will it happen in open session or closed session?

Most CCA's provide sensitive information to board members, but redact information in the public staff report.

9. Davis folks will be asking for details about the sources.

Staff can bring more information on best practices and a recommendation back to the board on the best way to address concerns about transparency.

Public Comment
None

R. Davis moved, seconded by D. Saylor to approve VCEA Short Term Procurement Guide and Financial Delegation for Energy Procurement for 2018 and 2019. Motion passed by the following vote:

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

Introduction to Net Energy Metering (NEM) Policy Options

Mitch Sears, Interim General Manager, VCEA
This is a discussion and information session for the board. Staff's intention is to provide background information and tease out policy issues and board priorities. The policy will return to the board in February for final approval.

Michael Champ, Enterprise Performance, SMUD
Net Energy Metering is a statewide policy to provide credits to solar customers for excess generation. Customers are billed monthly according to their net usage by time-of-use period, and can carry over credits for excess generation. At year-end, customers may be compensated for any net surplus generation.

Within VCEA service area, there are 3,971 customers (as of at December 2016).

- ~3,700 Residential
- 200 Commercial

In 2016, these customers generated 34,000 MWh of excess generation. (By billing period). However, most customers are not generating excess.

It is important to consider the long-term effects of VCE's NEM policy. Solar panels are a 30-year asset that folks are installing in their home, based on current structure, so it is critical that VCE design policies for the long-term.

Board Questions and staff responses are summarized below:

1. Do we have a sense of the size of the 400 businesses?
   Yes, we can provide that.
2. What is SMUD's policy on NEM?
   SMUD is bound by legislation.
3. What are the driving factors for folks to adopt roof-top solar?
   - Economic incentive (noticeable difference between SMUD and PGE and their number of NEM customers)
   - Probably every customer has their own determinants, one is predictably, solar is a long-term investment
4. What are the trends in NEM polices for the other CCE's that are in development/coming on line?

Shawn Marshall, Lean Energy – The trend is towards matching PG&E and paying out at wholesale rates. This does not harm NEM customers, but does not offer them benefits. There is concern about PCIA rates and the spiking costs of resource adequacy. We are seeing more discussion towards cost caps and cost containments. Solar installers are very invested in CCA's offering incentivized products, particularly as the federal tax credit will be expiring.

CAC Input

- Expect more favorable NEM policy than PG&E
- Sensitive to complexity of program to the customer
- Interest in compensation that reflects time-of-use value of energy produced (longer term)
- Interest in further incentives for using prime solar locations, either through NEM or alternative policies. If you decided you didn't want to incentivize at not retail, where in community areas we might want to place solar

Board Comments

- Interested in understanding how different NEM policies effects different categories of our ratepayers. Depending on how we structure this, it could benefit different customers in different ways.
- For the sake of equity, it would be helpful to understand where the NEM customers are located and how different pricing structures are going to affect them. We want to avoid policies that benefit urban consumers over rural consumers.
- Would like to create a more favorable NEM policy than PG&E
- Would like to understand how is VCE's NEM policy is going to be presented to the customers so that it is recognizable. Consistency and clear communication with our customers is going to be very important.
- Differentiating VCEA from other CCA's is fine.
- Incentives might cause folks to take actions that are beneficial to all
- 1 penny – translates to $350,000 cost to VCEA
- Typically, folks who have already have solar, have resources. We want folks to consume greener energy, but we also want to incentivize more efficient consumption. It might be interesting to create a program to forego the penny and use those funds on energy conservation programs.
- We need to understand the cost impacts to VCEA of the payback at retail, versus payback at wholesale – customers may not engage at that level of detail, but it might have large financial implications for VCEA.

Public Comment
None

Next Steps
Staff and consultants will bring recommended policy to the February 8th Board meeting, along with the pros/cons of various options. Key considerations in the development of the policy will include:

- Not harming existing NEM customers
- Providing continued incentive for rooftop solar

- Ensuring customer understanding of program
- Managing impact to agency budget and overall power portfolio
- Alignment with other NEM programs

Community Advisory Committee Report

Christine Shewmaker, Vice-Chair, Community Advisory Committee (CAC)
In response to the Board's charge to the CAC, the committee has created three Launch Phase Task Groups:

1. Energy. Braun, Flynn, Kristov, Springer
2. Outreach. Task Group: Aulman (Chair), Baird, Hunter
3. Legislative and Regulatory – 2018 legislative session: Hunter (Chair), Flynn, Kristov, Shewmaker.

At the January 11 meeting, the CAC discussed:

1. Power Procurement
   - Unanimous approval of staff recommendation
   - Discussed power mix options
2. Customer and Data Polices
   - Unanimous approval of staff recommendation with two suggested changes
   - Clarifying language in Terms and Condition of Service section (sp. Rates and Billing subsection)
   - Modifying/clarifying Delinquents Accounts section to include examples or ranges of timeframes before customer is returned to PGE
3. Launch Phase Energy Task Group Appointed
4. Net Energy Metering Policy Options
   - Received informational presentation
   - Member of the public attended to express concerns about NEM program
   - CAC will review NEM again on 1/29 and make recommendation

CAC will plan to review and offer input on the power mix of the default and 100% renewable products. CAC is glad to see that the VCEA staffing process is moving forward.

General Manager's Report

Mitch Sears, Interim General Manager

- Outreach – there are ongoing presentations taking place in VCEA's member jurisdiction communities
- Staffing – working with SMUD to identify dedicated staff, we will likely have folks joining us in February. Job descriptions have been developed, VCEA will be working with Yolo County HR department
- Banking – Board approved working with River City Bank, this is proceeding
- Office Location – we are exploring the possibility of temporarily 9-month use of the Hunt Boyer
- Procurement Conference
- City of Davis is considering of different revenue generation, including the possibility of a user utility tax potential tax. This timing may be a challenge for VCEA.

Board Member and

None

Staff
Announcements

Meeting was adjourned at 6:59pm

Emily Henderson
Administrative Assistant

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

TO: Valley Clean Energy Alliance Board of Directors

FROM: Chad Rinde, Asst. Chief Financial Officer, Yolo County
Mitch Sears, Interim General Manager, VCEA
Shawn Marshall, LEAN Energy US

SUBJECT: Delegation of authority to VCEA General Manager and his designee(s) to take positions and action on regulatory and legislative items impacting VCEA

DATE: February 8, 2018

RECOMMENDATIONS:

1. Adopt a resolution delegating certain authority to VCEA General Manager and his designee(s) to take positions and action on regulatory and legislative items impacting VCEA.

BACKGROUND & DISCUSSION:

On occasion, the General Manager will be approached with a time-sensitive request to submit a letter of support (or opposition) regarding regulatory, legislative, or other initiatives impacting Valley Clean Energy's mission and operations. This policy is intended to delegate authority to the General Manager and/or his relevant designee(s) to take necessary action in various regulatory and legislative items on behalf of VCEA when certain conditions are met.

With this policy the Board would delegate authority to the General Manager and his/her relevant designees to sign letters, e mails, correspondence, join in petitions and similar actions with regard to regulatory and legislative items on behalf of VCEA, when the following conditions are met:

1. The regulatory, legislative, or related item or proposed action is directly related to and consistent with or will adversely impact VCEA's mission and operations.
2. Because of time constraints, bringing the matter to the Board of Directors at a special meeting or its next scheduled meeting is not practical.
3. The General Manager has investigated and is aware of the positions, if any, of (1) other California CCAs and its trade association Cal-CCA; (2) state and federal legislators representing Yolo County and its cities and (3) VCEA's member agencies.

4. The General Manager has conferred with the Chair of the Board (or Vice Chair in the Chair's absence) and both the General Manager and the Chair/Vice Chair agree that: (a) the position that the General Manager intends to take is consistent with the mission of VCEA; (b) bringing the matter to the Board at its next scheduled meeting or at a special meeting is not practical or appropriate under the circumstances; and (c) taking the position without a vote of the Board is appropriate under the circumstances.
5. The General Manager will report positions taken pursuant to this policy at the next regularly scheduled Board of Directors meeting as part of the General Manager's Report or Regulatory/Legislative Report.

Attachments:

1. Resolution (Policy included as Resolution Exhibit A)

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _______

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING POLICY # ________ PROVIDING LIMITED DELEGATION OF AUTHORITY TO THE GENERAL MANAGER TO TAKE POSITIONS ON CERTAIN REGULATORY AND LEGISLATIVE ACTIONS

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, VCEA, from time to time, is approached with time-sensitive requests to take positions in support or opposition of regulatory, legislative or other initiatives that could impact VCEA's mission and operations: and

WHEREAS, VCEA desires to provide express authority for its General Manager to act on behalf of VCEA on these time-sensitive matters, as set forth in the enclosed Policy;

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. The Board of Directors hereby approves Policy # ___ providing a limited delegation of authority to the General Manager to take positions on certain regulatory, and legislative actions. A copy of the Policy is attached hereto as Exhibit A and incorporated herein.

ADOPTED, this ____________ day of ______________, 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Chairpersonexecuted

____
Secretary

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EXHIBIT A

POLICY # ______

("Limited Delegation of Authority to General Manager Regarding Regulatory and Legislative Actions")

Exhibit A

VCEA POLICY #_____

Policies and Procedures Related to: Delegation of Authority to General Manager to take positions on Certain Regulatory and Legislative Items

Subject: Delegation of authority to VCEA General Manager and his designee(s) to take positions and action on regulatory and legislative items impacting VCEA.

Purpose: On occasion, the General Manager will be approached with a time-sensitive request to submit a letter of support (or opposition) regarding regulatory, legislative, or other initiatives impacting Valley Clean Energy's mission and operations. This policy is intended to delegate authority to the General Manager and/or his relevant designee(s) to take necessary action in various regulatory and legislative items on behalf of VCEA when certain conditions are met.

Policy: Valley Clean Energy Alliance hereby delegates authority to the General Manager and his/her relevant designees to sign letters, e mails, correspondence, join in petitions and similar actions with regard to regulatory and legislative items on behalf of VCEA, when the following conditions are met:

1. The regulatory, legislative, or related item or proposed action is directly related to and consistent with or will adversely impact VCEA's mission and operations.
2. Because of time constraints, bringing the matter to the Board of Directors at a special meeting or its next scheduled meeting is not practical.
3. The General Manager has investigated and is aware of the positions, if any, of (1) other California CCAs and its trade association Cal-CCA; (2) state and federal legislators representing Yolo County and its cities and (3) VCEA's member agencies.
4. The General Manager has conferred with the Chair of the Board (or Vice Chair in the Chair's absence) and both the General Manager and the Chair/Vice Chair agree that: (a) the position that the General Manager intends to take is consistent with the mission of VCEA; (b) bringing the matter to the Board at its next scheduled meeting or at a special meeting is not practical or appropriate under the circumstances; and (c) taking the position without a vote of the Board is appropriate under the circumstances.
5. The General Manager will report positions taken pursuant to this policy at the next regularly scheduled Board of Directors meeting as part of the General Manager's Report or Regulatory/Legislative Report.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report Item - 6

TO: VCEA Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Adoption of Legislative/Regulatory Review and Action Policy

DATE: February 8, 2018

Recommendation

Adopt a resolution approving a Legislative/Regulatory Review and Action Policy

Background and Analysis

Legislative and regulatory actions at the State level can have significant impacts on the success of CCA programs. Valley Clean Energy (VCE) would benefit from a policy that directed the timely and effective response to legislative and regulatory matters. The attached policy provides direction for how VCE would adopt positions on proposed legislation and regulations, including the role of the VCE Board, staff and Community Advisory Committee (CAC). The policy was drafted by the CAC in consultation with Staff and was recommended for approval by the CAC on December 4, 2017.

This policy works in conjunction with the related policy delegating certain authority to the General Manager to take action on behalf of VCE on time sensitive legislative and regulatory matters. The related delegation policy is included as agenda item 5.

Attachment

1. Resolution (Policy included as Resolution Exhibit A)

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _______

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING
A LEGISLATIVE AND REGULATORY ACTION 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 monitor and respond to legislative and regulatory matters in a timely and effective manner.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts a Legislative and Regulatory Action 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 - Legislative and Regulatory Action Policy

EXHIBIT A

Legislative and Regulatory Action Policy

Exhibit A

VCEA POLICY #_____

POLICY AND PROCEDURES RELATED TO VCEA POSITIONS ON PROPOSED LEGISLATION AND REGULATIONS

Subject: Policy and Proceedure to identify and recommend positions on proposed legislation and regulatory matters

Purpose: The charge to the VCEA Community Advisory Committee (CAC) from the VCEA board states that the CAC should "Collaborate with VCEA staff with monitoring legislative and regulatory activities related to Community Choice Energy issues."

This policy and procedure is designed to implement the Board's direction by establishing a procedure for identifying the need for VCEA positions and for taking positions on identified proposed legislation and regulatory matters. This procedure is designed to enable VCEA to be nimble and to respond to requests for legislative or regulatory action in a timely manner, especially throughout the legislative session.

This policy and procedure is intended to work in conjunction with other polices allowing VCEA to respond to legislative and regulatory matters in an expedited manner .

Policy:

1. The CAC Legislative Task Group will monitor proposed regulatory and legislative actions to identify those on which a VCEA position is needed by reviewing the proposed legislation and regulations followed by CalCCA. The Task Group will also review positions recommended by CalCCA on those issues. If the CAC Task Group disagrees with a position recommended by CalCCA, the Task Group will forward its alternative recommendation, along with CalCCA's recommended position for comparison, as well as the positions recommended by CalCCA on the remaining issues, to the CAC. The CAC will review the Task Group's recommendations and forward its recommendations to the VCEA board. (VCEA is a member of CalCCA, a statewide trade-association representing CCAs throughout California, with a professional staff and legislative/regulatory expertise.)

2. The procedure outlined in Section 1 may be updated in the future (such as six months after launch of VCEA) to consider whether it would be beneficial to VCEA also to track and consider positions on proposed legislation and regulatory issues not included in the issues tracked by CalCCA, and if so, how VCEA would monitor the legislative and regulatory arenas to identify such issues.

3. The VCEA Board will designate two VCEA Board Members and the General Manager as having the authority to take action on proposed legislation and regulations, in consideration

of the recommendations of the CAC and CalCCA, consistent with the policy adopted in Section 1 above.

4. The CAC legislative Task Group will review the materials provided by CalCCA and LEAN Energy throughout the year and will identify 2-4 high priority issues that VCEA may want to emphasize in its legislative and regulatory outreach efforts. The CAC will recommend criteria to explain why a bill or proposed regulation is considered a priority and will propose these criteria to the Board.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Valley Clean Energy Alliance Board of Directors

FROM: Chad Rinde, Asst. Chief Financial Officer, Yolo County
Mitch Sears, Interim General Manager, VCEA
Shawn Marshall, LEAN Energy US

SUBJECT: Financial Audit – Alternative Audit Schedule

DATE: February 8, 2018

RECOMMENDATIONS:

1. Approve VCEA Treasurer to request alternative audit cycle of a two year audit to the Board of Supervisors for the period of July 1, 2016 to June 30, 2018.

BACKGROUND & DISCUSSION:
The Valley Clean Energy Alliance was formed via a Joint Powers Agency Agreement in December, 2016. The fiscal year of the VCEA was established as July 1 to June 30 of each fiscal year. VCEA is required to contract an auditor to audit the agencies financial statements each fiscal year in accordance with *Generally Accepted Accounting Principles.* This audit is required to be done on an annual basis in accordance with government code section 26909 and the JPA agreement unless authorization has been granted by the County Board of Supervisors for an alternative schedule. Pursuant to the Joint Powers Agreement, this audit should be completed within six months of the end of the fiscal year (December 31, 2017 for the year ended June 30, 2017).

Due to the timing of formation, there was minimal revenue and expenditure activity in the period from December, 2016 through June 30, 2017. This minimal activity excluding the $1 million in funds loaned during that period from Yolo County and City of Davis was total revenue activity of $3,373 in interest earnings and expenditures of $436 excluding member agencies.

Government Code 26909 allows for a special district by unanimous request of the governing board with unanimous approval of the board of supervisors to replace the annual audit with a biennial audit covering a two year period.

During the start-up period of formation, staff time and startup capital is precious to ensure the agency meets the targeted go-live date of providing power sales. Therefore, VCEA staff are requesting the that VCEA Board approve the request to go to the Board of Supervisors of Yolo County to replace the annual audit for the fiscal year ended June 30, 2017 with a biennial audit for the fiscal years ended 2017 and 2018.

VCEA staff are cognizant of the need for financial accountability and believe the relationship with the Yolo County Department of Financial Services provides a mechanism for oversight of VCEA transactions as well as commits to providing financial updates, reports and information as requested to the VCEA board. However, it is prudent to ensure that the benefits of an audit outweigh the costs and due to the minimal activity prior to June 30, 2017, we believe it is prudent to consolidate the audit of that time period into a biennial audit for the period ended June 30, 2018.

Attachments:

A. Government Code 26909

California Code, Government Code - GOV § 26909

<Section operative until Jan. 1, 2027. See, also, § 26909 operative Jan. 1, 2027.>

(a)(1) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(2) If an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(3) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special district pursuant to this section shall be borne by the special district and shall be a charge against any unencumbered funds of the district available for the purpose.

(4) For a special district that is located in two or more counties, this subdivision shall apply to the auditor of the county in which the treasury is located.

(5) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller or ex officio county controller.

(b) A special district may, by unanimous request of the governing board of the special district and with unanimous approval of the board of supervisors, replace the annual audit required by this section with one of the following, performed in accordance with professional standards, as determined by the county auditor:

(1) A biennial audit covering a two-year period.

(2) An audit covering a five-year period if the special district's annual revenues do not exceed an amount specified by the board of supervisors.

(3) An audit conducted at specific intervals, as recommended by the county auditor, that shall be completed at least once every five years.

(c)(1) A special district may, by unanimous request of the governing board of the special district and with unanimous approval of the board of supervisors, replace the annual audit required by this section with a financial review, or an agreed-upon procedures engagement, in accordance with the appropriate professional standards, as determined by the county auditor, if the following conditions are met:

(A) All of the special district's revenues and expenditures are transacted through the county's financial system.

(B) The special district's annual revenues do not exceed one hundred fifty thousand dollars ($150,000).

(C) The special district shall pay for any costs incurred by the county auditor in performing an agreed-upon procedures engagement. Those costs shall be charged against any unencumbered funds of the district available for that purpose.

(2) If the board of supervisors is the governing board of the special district, it may, upon unanimous approval, replace the annual audit of the special district required by this section with a financial review, or an agreed-upon procedures engagement, in accordance with the appropriate professional standards, as determined by the county auditor, if the special district satisfies the requirements of subparagraphs (A) and (B) of paragraph (1).

(d)(1) A special district may, by annual unanimous request of the governing board of the special district and with annual unanimous approval of the board of supervisors, replace the annual audit required by this section with an annual financial compilation of the special district to be performed by the county auditor in accordance with professional standards, if all of the following conditions are met:

(A) All of the special district's revenues and expenditures are transacted through the county's financial system.

(B) The special district's annual revenues do not exceed one hundred fifty thousand dollars ($150,000).

(C) The special district shall pay for any costs incurred by the county auditor in performing a financial compilation. Those costs shall be a charge against any unencumbered funds of the district available for that purpose.

(2) A special district shall not replace an annual audit required by this section with an annual financial compilation of the special district pursuant to paragraph (1) for more than five consecutive years, after which a special district shall comply with subdivision (a).

(e) Notwithstanding this section, a special district shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

(f) Upon receipt of the financial review, agreed-upon procedures engagement, or financial compilation, the county auditor shall have the right to appoint, pursuant to subdivision (a), a certified public accountant or a public accountant to conduct an audit of the special district, with proper notice to the governing board of the special district and board of supervisors.

(g) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

« Prev (http://codes.findlaw.com/ca/government-code/gov-sect-26908-5.html)

Next » (http://codes.find code/gov-sect-26909-nr2.html)

Read this complete California Code, Government Code - GOV § 26909 on Westlaw (https://1.next.westlaw.com/Document/IE95CB5B0ECE211E6B46C80B8ED93F916/View/FullText.html?originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default))

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager, VCEA

SUBJECT: Long Range Calendar

DATE: February 8, 2018

RECOMMENDATION
Receive, review and approve the attached long range calendar.

VALLEY CLEAN ENERGY ALLIANCE

2018 Advisory Committee and Board Meeting Dates and Topics

MEETING DATE		TOPICS	ACTION
February 8, 2018	**Board** DAVIS	• NEM Policy	• Approve
February 26, 2018	**Advisory Committee** WOODLAND	• Enterprise Risk Policy • Ultra Green Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget	• Recommend • Recommend • Recommend • Recommend • Recommend
March 22, 2018	**Board** WOODLAND	• Enterprise Risk Policy • Ultra Green Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget	• Approve • Approve • Approve • Approve • Approve
April 2, 2018	**Advisory Committee** DAVIS	•	•
April 12, 2018	**Board** DAVIS	•	•
April 30, 2018	**Advisory Committee** WOODLAND	•	•
May 10, 2018	**Board** WOODLAND	•	•
June 4, 2018	**Advisory Committee** DAVIS	•	•
June 1, 2018 -- LAUNCH			

June 14, 2018	**Board** DAVIS	•	•
July 2, 2018	**Advisory Committee** WOODLAND	•	•
July 12, 2018	**Board** WOODLAND	•	•
July 30, 2018	**Advisory Committee** DAVIS	•	•
August 9, 2018	**Board** DAVIS	•	•
September 3, 2018	**Advisory Committee** WOODLAND	•	•
Sept 13, 2018	**Board** WOODLAND	•	•
October 1, 2018	**Advisory Committee** DAVIS	•	•
October 11, 2018	**Board** DAVIS	•	•
October 29, 2018	**Advisory Committee** WOODLAND	•	•
November 8, 2018	**Board** WOODLAND	•	•
December 3, 2018	**Advisory Committee** DAVIS	•	•
December 13, 2018	Board DAVIS	•	•

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 9

TO:	Valley Clean Energy Alliance Board of Administration
FROM:	Mitch Sears, Interim General Manager Michael Champ, SMUD
SUBJECT:	Net Energy Metering Policy
DATE:	February 8, 2018

RECOMMENDATION

Staff is requesting the VCEA Board to adopt Net Energy Metering policy option 4, and the recommended administrative policy decisions.

BACKGROUND AND ANALYSIS

At the January 18, 2018 VCEA Board meeting, the Board directed staff to develop a recommended Net Energy Metering (NEM) Policy that incentivizes increased solar adoption, and is beneficial to existing NEM customers. Staff has analyzed the administrative impacts of implementing a NEM policy, as well as the economic impacts of several options for compensating excess generation.

Administrative Policy Decisions

When a NEM customer is enrolled into a CCA, a true-up is triggered with PG&E. This true-up may result in required payments to PG&E or adjustments to accumulated credit balances. At times farther from a customer's regular true-up date, the required payment or credit balance is likely to be larger, while at the true-up date, it should be closer to zero. Staff recommends enrolling customers on a schedule that aligns with their current PG&E true-up date, rather than all at once during the overall CCA launch. Each enrollment event of NEM customers will require VCEA to pay a $4,475 mass enrollment fee to PG&E. Thus, having 12 monthly enrollments rather than combining with the existing mass enrollment will incur an additional one-time expense of $49,225.

Staff recommends truing up all NEM customers annually on their April bill cycle. Currently, customer true-ups occur on the anniversary of the system operation approval date. April true-up will result in operational efficiencies, and reduced chances for errors or missed payments, as VCEA will manage one process for the year, rather than several overlapping monthly processes.

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

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

Excess Generation Policy

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

Staff discussed three alternative NEM policies with the Community Advisory Committee (CAC):

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

Through the conversation on the options, the CAC found that Options 2 and 3 spent large amounts annually on customers who have already installed solar, and would prove relatively difficult to change if VCEA wanted to alter incentives in the future.

The CAC asked staff to develop a recommendation that:

- Communicates VCEA's commitment to and support of NEM
- Reserves the bulk of the budget for incentives that can be targeted to new NEM customers instead of existing NEM customers
- Increases the ability to shift incentives as policy needs change. This could include, for example, shifting focus from solar to batteries or demand response.

In response, staff has developed the following two additional options for Board consideration:

4. Compensate monthly at retail plus a $0.005/kWh adder. Settle net surplus generation at wholesale energy rate plus a $0.005/kWh adder. Use additional funding for targeted solar incentives.
5. Compensate monthly at retail plus a $0.01/kWh adder. Settle net surplus generation at wholesale energy rate plus a $0.01/kWh adder. Use additional funding for targeted solar incentives.

These new options place a higher emphasis on incentivizing new NEM development and allow for more nimble shifts in policy moving forward, while still ensuring VCEA has a strong value proposition for existing NEM customers. This distribution of benefits across existing customers for a representative year can be seen in the table below.

Table 1 - Customer Financial Benefit of Various NEM Options

	Total Gain		Options				
	From	To	1	2	3	4	5
# Impacted Customers	$ 1,000	and up	10	133	161	11	17
	$ 500	$ 1,000	4	237	226	6	18
	$ 100	$ 500	39	1,065	1,048	49	86
	$ -	$ 100	764	3,879	3,879	4,216	4,161
	No impact	$ -	4,539	42	42	1,074	1,074
Average Impact	$ 1,000	and up	$ 2,709	$ 1,938	$ 9,915	$ 2,599	$ 3,789
	$ 500	$ 1,000	$ 584	$ 669	$ 668	$ 604	$ 808
	$ 100	$ 500	$ 270	$ 277	$ 275	$ 246	$ 192
	$ -	$ 100	$ 9	$ 30	$ 30	$ 12	$ 23
	No impact	$ -	4,539	42	42	1,074	1,074
		Total Cost	**$ 50,000**	**$ 830,000**	**$ 2,150,000**	**$ 100,000**	**$ 190,000**

Option 1 does not change the NEM calculation for the majority of customers. It only affects the 18% of customers (primarily non-residential) who net surplus generate on an annual basis. Options 2 and 3 provide benefits to nearly all customers. These options also provide far higher rates for net surplus compensation, paying as much as $0.20/kWh compared to a retail rate of around $0.035. Option 2 caps this benefit at $2,500/customer, while Option 3 leaves it uncapped, thus greatly benefitting large surplus generators.

Options 4 and 5 provide benefits to customers with net surplus generation, and to those who are not yet meeting their entire bill through retail credits. However, they exactly match PG&E's policy for customers who currently have a $0 bill at true-up time but are not surplus generators. For these customers, the benefit of VCEA's policy is that if they have changes in load or solar production in future years, VCEA's rates would be more favorable than PG&E's.

Staff recommends adopting a NEM policy in line with Option 4. This provide a benefit for the majority of customers moving from PG&E to VCEA, while leaving the majority of the budget available for targeted incentives to solar customers. While the structure and level of incentives remains to be determined, the $730k difference between Option 2 and Option 4 could fund $500 rebates for 1,460 new NEM installations each year. As needs change, the rebate level could be adjusted and the types of technologies targeted could be shifted rapidly. Option 4 provides the best balance between recognizing and appreciating the value of existing NEM customers, while also providing a flexible and cost effective method for increasing solar adoption and reducing greenhouse gas emissions.

CONCLUSION

Staff is seeking Board adoption of the following Net Energy Metering Policy decisions:

- Initial enrollment of NEM customers on a monthly basis, based on PG&E true-up date

- Annual true-up for all NEM customers held annually in April
- Cash-out only for customers with more than $100 in credits who opt-in. Other customers will have credit balance roll over to the next billing cycle.
- Credit customer monthly for excess generation at retail plus $0.005/kWh, without additional compensation for participation in renewable programs
- Settle annually at the wholesale value of net surplus generation plus a $0.005/kWh adder.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _______

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING
A NET ENERGY METERING (NEM) 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 carry out its Mission, VCEA is setting Net Energy Metering rates and associated administrative policies to encourage local generation of renewable energy.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts a Net Energy Metering 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 - Net Energy Metering Policy

EXHIBIT A

Net Energy Metering Policy

Exhibit A

VCEA POLICY #_____

POLICY AND PROCEDURES RELATED TO VCEA NET ENERGY METERING (NEM)

Subject: Policy and Proceedures setting NEM rates and associated administrative policies.

Purpose: VCEA is setting a NEM policy to encourage and incentivize local renewable energy production. The NEM policy is intended to:

- Communicate VCEA's commitment to and support of NEM;
- Create an incentives approach that can be targeted to new NEM customers; and
- Increase VCEA's ability to shift incentives as policy needs change.

Policy:

1. Initial enrollment of NEM customers shall be on a monthly basis, based on PG&E true-up date;
2. Annual true-up for all NEM customers shall be held annually in April;
3. Cash-out only for NEM customers with $100 or more in credits. NEM customers with less than $100 in credits will have credit balance roll over to the next billing cycle (no loss of credits);
4. Credit NEM customers monthly for excess generation at retail plus $0.005/kWh, without additional compensation for participation in renewable programs;
5. Settle NEM customers annually at the wholesale value of net surplus generation plus a $0.005/kWh adder.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report Item - 10

TO: VCEA Board of Directors

FROM: Mitch Sears, Interim General Manager
Rochelle Germano, Circlepoint

SUBJECT: Communications Plan Update

DATE: February 8, 2018

Recommendation

This is an informational report – no action requested.

Background and Analysis

This report provides an update on outreach activities performed to date for VCE, and outlines activities planned for the coming months as VCE prepares for the launch of service in June 2018.

Outreach to Date

Circlepoint has been working closely with VCE staff to develop materials, establish an online presence for VCE, and engage the community through presentations. Outreach activities completed include:

- Creating the logo and brand identity for the service, as well as the two energy products (LightGreen and UltraGreen)
- Creating and launching the VCE website: valleycleanenergy.org
- Holding a photo shoot to gather photo assets of members of the community to use in future marketing
- Establishing and posting to social media accounts (Twitter, Facebook, LinkedIn, YouTube)
- Drafting the script for the call center (administered by SMUD)
- Creating a variety of materials to promote the service, including: talking points, PPT template, tote bags, t-shirts, stickers, temporary tattoos, poster, brochure, table runner
- Creating materials for and hosting a VCE advocates training (also video-taped for future trainings)
- Scheduling presentations with community groups and local governments (9 completed, 8 scheduled for future dates so far)

Circlepoint is also in the midst of additional activities, including:

- Creating an animated video to explain the service

- Working with SMUD to incorporate the web forms for opting in, opting out, opting up, and opting back in
- Creating a guide for agricultural customers
- Creating a guide for business customers
- Creating a pop-up banner for events
- Drafting customer notifications for all accounts prior to service launch (scheduled to be mailed April 1 and May 1); Note: these notifications will be presented to the Board at the February 8th meeting for feedback.

Future Outreach
As VCE moves closer to service launch, upcoming activities will focus on finalizing the mailed customer notifications and developing and launching the advertising campaign. The media mix for the advertising campaign will include:

- Digital
    - Facebook
    - Google Adwords
    - Impre Network (Spanish-language sites)
- Outdoor
    - Yolobus
    - Davis Community Transit
- Print/Online
    - Sacramento News & Review (see additional detail below)
    - Sacramento Bee
    - Davis Vanguard
    - Davis Enterprise
    - The News Ledger (West Sacramento)
    - Daily Democrat (Woodland)

Circlepoint is also working with the Sacramento News & Review to create an 8-page insert that will be distributed in local newspapers (22,000 copies), with an additional 2000 copies delivered to VCE for use in outreach. This insert will includes interviews of local community members to humanize the story of VCE.

In addition to advertising, VCE will pursue memberships with the Woodland and Davis Chambers of Commerce, as well as sponsorship of the Yolo County Fair and Yolo County Farm Bureau.
The advertising campaign is planned to launch in late March, prior to the first mailing to customers.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO:	Valley Clean Energy Alliance Board of Administration
FROM:	Mitch Sears, Interim General Manager Toni Hoang, SMUD
SUBJECT:	Review of Draft Enterprise Risk Management Policy
DATE:	February 8, 2018

BACKGROUND AND ANALYSIS

Staff is presenting a draft Enterprise Risk Management (ERM) Policy for Board review. Following the Board meeting, any feedback will be incorporated and the policy will be presented at the March Board meeting for approval.

The Enterprise Risk Management Policy includes the following sections:

- Introduction: This section introduces the value of ERM as a structured approach to managing risk and uncertainty. It lays out the objectives of VCEA's ERM function, providing the framework for evaluating and managing risk in the organization's decision-making process. The policy defines VCEA's risk appetite as conservative but balanced with measured risk-taking in pursuit of the VCEA mission when the benefits are clearly understood and appropriate mitigation measures are established.
- ERM Roles and Responsibilities: The ERM roles are consistent with the Board-approved Wholesale Power Procurement & Risk Management Policy. The Enterprise Risk Oversight Committee (EROC) has primary responsibility for the implementation of ERM. The policy lays out the scope of the EROC's risk management authority. It also defines the Portfolio Manager's role in providing guidance to the EROC regarding risk management.
- Delegation of Authority and Compliance: This section defines the VCEA Board's delegation of operational control and oversight to the EROC and the Portfolio Manager. Specifically the Portfolio Manager is delegated responsibility for monitoring and reporting compliance with the Policy. The policy requires the Portfolio Manager to provide bi-annual risk management reports to the EROC.

CONCLUSION

Staff will present the Enterprise Risk Management topic at the February 8, 2018 Board meeting. Staff is seeking Board feedback on the policy, which will be incorporated for consideration at the March Board meeting.

<u>Attachment</u>

1. Draft Enterprise Risk Management Policy

DRAFT

Valley Clean Energy Alliance

Enterprise Risk Management Policy

2/2/2018

Table of Contents

1 Introduction

Background and Purpose

Valley Clean Energy Alliance (VCEA) is implementing an Enterprise Risk Management (ERM) program to provide a structured, disciplined, and consistent approach to risk management that facilitates risk-informed decision making throughout the organization. ERM supports VCEA in aligning strategy, processes, people, and technology for the purpose of evaluating and managing uncertainties in executing its mission. By strategically managing risk, VCEA can proactively reduce the chance of loss, identify and take advantage of opportunities, create greater financial stability, and protect its resources to support its mission and create value for its members.

This policy has been established to ensure appropriate identification and evaluation of risks associated with all VCEA activities, and to ensure that these risks are managed to an acceptable level.

Enterprise Risk Management Objective

This ERM Policy (Policy) establishes VCEA's ERM Program (Program) and ensures that risk management assessments and decisions are based on a consistent approach and a common language.

The objective of the Policy is to provide a framework for identifying, assessing, responding to, managing, and communicating risks and opportunities to help VCEA achieve its objectives. The framework provides the means to embed risk management as a core competency in VCEA operations, enabling it to apply consistent risk management practices at both the enterprise-wide level and within each program in a way that facilitates risk-informed decision making at all levels.

The ERM objectives are to:

- Provide the VCEA Board with transparency and insight into risks that could impact the ability to execute VCEA's mission.
- Implement well-defined risk management process, tools and techniques.
- Identify current and emerging risks, and prioritize and develop response plans when necessary.
- Increase the likelihood of success in achieving the VCEA's objectives.
- Build credibility and sustain confidence in VCEA's governance by all stakeholders including private, federal, state, and local partners.
- Improve the understanding of interactions and relationships between risks.
- Establish clear accountability and ownership of risk.
- Develop the capacity for continuous monitoring and periodic reporting of risks.

Statement of Risk Policy and Risk Appetite

VCEA's approach is to conservatively manage its exposure to financial, legal, compliance and regulatory, operational, strategic, and reputational impacts while accepting and balancing risk taking in pursuit of its mission and objectives. It recognizes that its appetite for risk varies according to the activity undertaken, that acceptance of risk is subject to ensuring that potential benefits and risks are fully understood before taking action, and that sensible measures to mitigate risk are established.

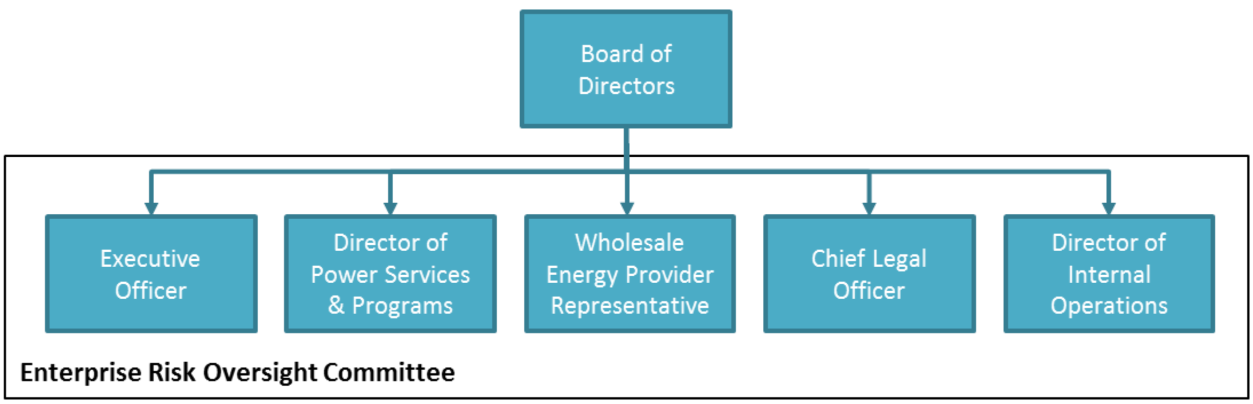
Policy Administration

The Board must approve amendments to this Policy.

2 ERM Roles and Responsibilities

Enterprise Risk Management Organizational Structure

Please refer to the Wholesale Power Procurement & Risk Management Policy, Section 3 for the ERM Risk Management Structure.



Enterprise Risk Oversight Committee (EROC)

In addition to the EROC roles as outlined in Section 3 of the Wholesale Power Procurement & Risk Management Policy, The EROC is also responsible for overseeing the development and implementation of processes used to analyze, prioritize, and address risks across VCEA. The EROC is responsible for establishing risk appetite and risk tolerance levels to ensure that risks are managed to create value for VCEA members in a manner which is consistent with this policy.

In addition to the authorities outlined in Section 3 of the Wholesale Power Procurement & Risk Management Policy, the EROC maintains the additional authority and responsibility to:

- Approve ERM processes and risk appetite and risk tolerance guidelines;
- Set commodity risk exposure limits;

- Receive and review ERM reports as described in this Policy;
- Maintain this Policy; and
- Perform any other activities consistent with this policy and governing laws that VCEA's Board determines are necessary or appropriate.

Portfolio Manager

VCEA has partnered with the Wholesale Energy Service Provider (WESP) as its Portfolio Manager. The WESP's Portfolio Manager will be responsible for providing education and recommendations to the EROC on the enterprise risk management process, identified risks, risk levels as well as mitigation strategies to fulfill its obligations under this Policy.

3 Delegation of Authority & Compliance

With the approval of the Policy, the VCEA Board is explicitly delegating operational control and oversight to the EROC and the Portfolio Manager, as outlined through this Policy.

These authorities will be broadly applied to all enterprise risk items identified through the process.

Monitoring, Reporting and Instances of Exceeding Risk Limits

The WESP's Portfolio Manager is responsible for monitoring, and reporting compliance with this Policy. If risk exceeds appropriate levels or control is insufficient, the WESP's Portfolio Manager will send notification to the EROC. The EROC will discuss the cause and potential remediation of increased risks to determine next steps for curing the exceedance.

The WESP's Portfolio Manager will provide the EROC with bi-annual reports which includes update on activities and projected risk trends of its top risks.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Michael Champ, SMUD

SUBJECT: Introduction of UltraGreen Rate Options

DATE: February 8, 2018

BACKGROUND AND ANALYSIS

UltraGreen is a voluntary program that will allow customers to purchase their power from 100% renewable sources for a price premium. Renewable Energy Certificates (RECs) are procured for 100% of opt-in customer load and retired on behalf of the customer.

In structuring VCEA's UltraGreen rate, the following factors should be considered:

1. Price structure – flat or per kWh. A flat monthly fee can be easier to communicate and market to residential customers, as they have certainty on how much they will be paying per month. A per kWh charge more closely follows the cost of providing the renewable power, ensuring each customer pays their fair share. In addition, updating the price to match renewable markets is easier with a per kWh charge.

2. Price. Above $0.015/kWh, VCEA could begin to lose customers to PG&E's SolarChoice program which is priced in a similar range for some commercial customers. $0.010/kWh is a competitive rate for both residential and commercial customers. Generally, the price is designed to cover the cost of the program, and not used to subsidize other non-program related efforts.

3. Renewable Mix. The program's REC needs could be met from the same REC procurement as the overall portfolio, or could be designed to use a different mix of PCC-1 and PCC-2 resources. Using more PCC-2 could allow quicker accumulation of reserves to build local projects that would be added to the portfolio which could assist with marketing the program.

4. Green-e Certification. Green-e is a globally recognized clean energy certification that ensures a program meets specified renewable criteria. Certification entails additional recordkeeping and marketing practices, as well as annual audits. This comes with an additional administrative cost.

Staff have analyzed the tradeoffs for each of these components and developed a series of UltraGreen program options that will be presented for initial Board feedback at the February 8th meeting. The options vary in the renewable mix and the speed with which they can generate excess returns to fund development of new local renewable projects.

CONCLUSION

Staff will present three UltraGreen program options for discussion at the February 8, 2018 Board meeting. Staff is seeking Board preferences regarding the tradeoffs associated with different UltraGreen program structures. Staff will incorporate the Board feedback and present a recommended rate structure for the UltraGreen option at the March Board meeting.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

To: Valley Clean Energy Alliance Board of Directors

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

Subject: Regulatory & Legislative Update

Date: February 8, 2018

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 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 February 2, 2018) which provides a summary overview and several links to supporting documents regarding key regulatory issues currently before the CPUC. Of particular note is **Draft Resolution E-4907** which proposes a registration and implementation plan process for CCA programs, including requirements on Resource Adequacy forecasting. Staff will be attending a CA Public Utilities Commission voting meeting on this matter on February 8th and will be available to report on results if the Board wishes an update.

In addition, on January 30th, the joint utilities filed a **Petition for Modification of the CCA Code of Conduct** adopted by Senate Bill 790 in 2011. The petition seeks to lift current limitations on utility 'lobbying' against CCA programs, which is broadly defined as communicating with public officials or the public for the purpose of convincing a government agency not to participate in or to withdraw from a CCA program. The Joint Utilities claim that the current restriction is inhibiting their ability to provide timely and effective information to local governments on CCA formation decisions. Responses to the petition for modification are due on March 1. Cal-CCA, LEAN and others will be filing responses urging the Commission not to consider the petition as other options already exist for utility marketing and communication efforts.

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

Attachments:
LEAN Energy US January/February 2018 Regulatory Report
Cal-CCA Quarterly Newsletter

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

From: Shawn Marshall, Executive Director, LEAN Energy US

Date: February 2, 2018

Subject: Regulatory Update #19, January/February 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]

CCA-SPECIFIC ACTIVITY

Draft Resolution E-4907

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. 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 (WRCOG), 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 California Community Choice Association (CalCCA), WRCOG and Desert Community Energy.

Recent Activity:

- January 11: Opening Comments on the DR. (See Joint Utilities, CalCCA and Folder of all comments.)
- January 18: Reply Comments on the DR. (See Joint Utilities, CalCCA and Folder of all reply comments.)

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[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.

Next Steps:

- February 8: CPUC Voting Meeting considering DR E-4907.

Petition for Modification of the CCA Code of Conduct

On January 30, 2018, the Joint Utilities filed a Petition for Modification of CPUC Decision 12-12-036, which adopted the CCA Code of Conduct as required by Senate Bill (SB) 790 (2011). The Joint Utilities request that the CCA Code of Conduct be modified to eliminate the current limitation imposed on utilities to refrain from "lobbying" against CCA programs, which is broadly defined as communicating with public officials or the public for the purpose of convincing a government agency not to participate in or to withdraw from a CCA program. The Joint Utilities claim that the current restriction is inhibiting their ability to provide timely and effective information to local governments on CCA formation decisions. Responses to the petition for modification are due on March 1.

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;
- Senate Bill (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.
- A tentative settlement has been reached with PG&E on phase out of the exemption; SCE is moving forward to briefing.

Next Steps:

- February 20/March 13: Opening/Reply Briefs on Track 1 issues for SCE (as revised by ALJ Ruling).

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.
- January 16-17: PCIA Workshop 2. (See Agenda, Presentations, and Video.)

Next Steps:

- January 31: Status update on next steps.
- March 12: Opening testimony due.

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.)

On October 26, Opening Comments were filed on the the Proposed RSP (CalCCA comments, General Summary and Question Summary). On November 2, there was an all-Party meeting on the proposed IRP process and RSP (See Presentation and Summary). On November 9, parties filed Reply comments on the Proposed RSP (CalCCA Reply Comments and Summary of all Reply Comments).

Recent Activity:

- December 28: Assigned Commissioner (Randolph) issued a Proposed Decision (PD) 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 and Recommendation.) As written, the PD minimizes the role of local CCA governing boards in approving IRPs, and elevates the CPUC's role over such IRPs.
- January 17: Parties filed Opening Comments on the PD (CalCCA, SCE and Folder of all Opening Comments.)

- January 22: Parties filed Reply Comments on the PD (CalCCA comments).

Next Steps:

- June 1: 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 Utilities served rebuttal testimony on August 25. CalCCA also served rebuttal testimony on August 25. On September 18, CalCCA and Joint Utilities 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:

Both the PG&E ERRA Proceeding and the SCE ERRA Proceeding have concluded with final decisions. LEAN will continue to monitor any developments.

Background:

In the Consolidated ERRA Proceeding, the CPUC considered whether to end the PCIA for pre-2009 vintage customers and how to dispose of PG&E's negative PCIA balance. CCA interests sought 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 (CCEA) 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 CCEA, 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

- January 2: Comments on Proposed Decision: CCA Parties and PG&E.
- January 11: Final Decision (D.18-01-009) adopted.

SCE

- December 14: Final decision adopted (D. 17-12-018).
- December 21: Advice Letter 3720-E implementing ERRA forecast revenue requirement in accordance with D.17-12-018.

Renewables Portfolio Standard (RPS)-Procurement Plans

To Do:

A final decision was adopted in this proceeding. LEAN will continue to monitor any developments.

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 (PRIME)
- Redwood Coast Energy Authority (RCEA)
- SCP

On September 22, Apple Valley Choice Energy, PRIME, SVCE and LCE submitted Updated 2017 RPS Procurements Plans. On November 1, several CCAs submitted supplemental compliance documents. On November 14, a Proposed Decision was issued, approving all of the submitted CCA RPS procurement plans. On December 4, comments were filed on the PD by PG&E, SCE, and CCA Parties (LCE, MCE, RCEA, SVCE, SCP). On December 11, Reply Comments were filed.(See PG&E and Summary of Reply Comments.) On December 12, the Agenda Redline Decision accepted CCA Parties' request on the submission date for new CCAs. On December 14, the Commission adopted the Final Decision (D.17-12-007).

Recent Activity:

- On January 11 PG&E, Monterey Bay Community Power Authority and San Jacinto Power filed 2017 RPS Procurement Plans, followed on January 31 by Rancho Mirage.

Resource Adequacy (RA) Rulemaking

To Do:

A Scoping Memo was recently issued in this RA Rulemaking Proceeding. LEAN will monitor developments.

Background:

The CPUC regularly considers RA-related matters in a rulemaking proceeding. This proceeding was instituted in September 2017, and on January 18, 2018 a Scoping Memo was issued. Among other things, RA-related issues associated with CCA load migration will be addressed in a decision by June 1, 2018.

Recent Activity:

- January 30: Comments of CCA Parties, PG&E, LACCE/DCE/WROCOG, and CAISO on Scoping Memo.

Next Steps:

- February 16: RA proposals from parties, including proposal on how to address CCA load migration.

Green Tariff Shared Renewables (Green Tariff)

To Do:

LEAN will monitor developments.

Background:

The Green Tariff program was authorized in SB 43 (2013). The program allows the utilities an opportunity to offer optional Green Tariff rates for customers electing to receive a higher level of renewable energy. The CPUC approved the programs in D.15-01-051. In that decision, the CPUC set a termination date of January 1, 2019 and required the utilities to file advice letters to extend the programs. On December 22, PG&E filed AL 5206-E proposing modifications to its Green Tariff program, and SCE filed AL 3722-E, proposing to terminate its Green Tariff program due to low subscription rates. (See PG&E's 2016 Annual GTSR Report and SCE's Annual GTSR Progress Report.)

Recent Activity:

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Next Steps:

- February 2: Protests to the IOUs' advice letters are due.
- February 21: Annual Green Tariff program forum.

PG&E's Diablo Canyon Power Plant Closure

To Do:

A final decision was adopted in this proceeding. LEAN will continue to monitor any related developments.

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.

On November 8, a Proposed Decision was issued, approving retirement and $190.4 million in certain rate recovery for costs, but otherwise denying 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.) On November 29 PG&E, Joint Intervenors, SVCE, PCE, and City and County of San Francisco (CCSF) filed Opening Comments on the PD. On December 4, PG&E, Joint Intervenors, and CCSF filed Reply Comments on the PD.

Recent Activity:

- January 11: Commission approves D.18-01-022. (Redline Version). The only issue revised was additional funding ($241.2 million) for employee retention.
- January 16: Green Nuclear Power filed an Application for Rehearing, asserting the decision is premature and violates the law.

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, 2017 SDG&E filed a revised compliance plan, Advice Letter 3035, for its Independent Marketing Division (IMD). On February 16, 2017 LEAN joined with other parties in protesting this latest advice letter. On April 6, 2017 the Energy Division issued a Disposition Letter approving AL 3035. On April 17, 2017 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, 2017 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, 2017. 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 Joint Utilities 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. On December 12, there was an Informal Workshop on BioRAM NBC Mechanism IOU/CCA proposals. (See Agenda, CalCCA and IOUs Presentations.)

Recent Activity:

- January 5: Initial settlement teleconference.

Next Steps:

- 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. This issue will be addressed in the Rate Design Window consolidated proceeding.

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. On December 14, the Commission approved PG&E's ME&O plan with Final Resolution E-4882, which now recognizes the need for coordination with CCAs in ME&O efforts. On December 14, a final decision in ME&O rulemaking (D.17-12-023) expanded the existing Energy Upgrade California campaign and permits IOUs to switch customers to TOU rates in waves. (See Redlined Version.)

Recent Activity – General Matters:

- January 5: Draft Resolution 4895, approving SCE's ME&O Plan issued.
- January 29: CCEA Comments on Draft Resolution 4895.

Recent Activity – Filing of Utilities' Default TOU Applications:

- December 20: PG&E filed Rate Design Window (Default TOU) Application (PG&E Application and Testimony).
- December 21: SCE filed Rate Design Window (Default TOU) Application (SCE Application and Testimony).
- January 22: Protests/Responses to PG&E and SCE Applications
    - CCA Parties' Protest and East Bay Community Energy Response to PG&E
    - California Choice Energy Authority Protest to SCE.
- January 25: ALJ Tsen issued a Ruling consolidating the three Rate Design Window applications.
- February 1: Replies to Protests/Responses on Rate Design Window Applications.

Next Steps:

- February 21: The CPUC will conduce a prehearing conference at 10am.

CEC REGULATORY CASE DEVELOPMENTS

Implementation of AB 1110 – Power Source Disclosure

To Do:

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.

Recent Activity:

- January 17: Release of Revised AB 1110 Implementation Proposal for Power Source Disclosure.

Next Steps:

- February 1: Staff Pre-Rulemaking Workshop on Updates to Power Source Disclosure.

CPUC/CEC – JOINT ACTIVITY

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

To Do:

No update since last month. LEAN will monitor any developments related to the new DAC Advisory Group.

Background:

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).

Quarterly Update
January 2018

California Community Choice Association (CalCCA) represents the interests of California's community choice electricity providers in the legislature and at state regulatory agencies.

Operational Members

Apple Valley Choice Energy
CleanPowerSF
East Bay Community Energy
Lancaster Choice Energy
Los Angeles Community Choice Energy
MCE
Monterey Bay Community Power
Peninsula Clean Energy
Pico Rivera Innovative Municipal Energy
Pioneer Community Energy
Redwood Coast Energy Authority
San Jose Community Energy
Silicon Valley Clean Energy
Sonoma Clean Power

Affiliate Members

Central Coast Power
City of Corona
City of Hermosa Beach
City of Industry
City of San Jacinto
City of Solana Beach
Desert Community Energy
Valley Clean Energy Alliance
Western Riverside Council of Governments

Apple Valley Choice Energy (AVCE)

Launched in April 2017, AVCE serves ~28,000 customers in the Town of Apple Valley, located in San Bernardino County. AVCE offers CoreChoice 35% renewable and MoreChoice 50% renewable energy service.

CleanPowerSF

Launched in 2016, CleanPowerSF serves ~82,000 customers in San Francisco. CleanPowerSF offers Green 40% renewable and SuperGreen 100% Green-e certified renewable energy service.

Large Enrollment in 2018

In preparation for enrollment of 100,000+ accounts in July 2018, outreach is underway throughout San Francisco to residential and commercial customers.

SFPUC to Celebrate 100 Years of Clean Energy

Watch sfwater.org for news, and educational opportunities to celebrate the Hetch Hetchy Power System's centennial anniversary!

East Bay Community Energy (EBCE)

EBCE will serve 11 cities in Alameda County including Albany, berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City.

Service Launching June 2018

EBCE will begin Phase 1 enrollments in June 2018 for most municipal and commercial accounts. Residential enrollment will occur in late fall 2018.

Lancaster Choice Energy (LCE)

Launched in 2015, LCE services ~55,000 customers in Lancaster, located in north Los Angeles County. LCE offers ClearChoice 35% renewable and SmartChoice 100% renewable energy service, with approximately half of its customers eligible for low-income energy programs. Lancaster is aiming to be the nation's first zero net energy city.

Constructing EV Station Infrastructure for All-Electric Vanpool Project

Lancaster, partnering with Antelope Valley Transportation Authority (AVTA), Antelope Valley Air Quality Management District, and Green Commuter, will install a series of Level II and Level III EV charging stations at public parking facilities as part of an effort to introduce an all-electric vanpool and car sharing/fleet replacement program to the Antelope Valley. Working with Green Commuter, AVTA plans to activate ten electric vanpool vehicles that will be made available to residents of AVTA's service area who commute to jobs throughout the Antelope Valley and LA Basin.

Rooftop Solar Customers Receive ~$75,000 in Annual Rebates

In October 2017, Lancaster completed its second annual true-up process for Net Energy Metered customers, who benefit from lower monthly bills, issuing approximately $75,000 in rebates.

Los Angeles Community Choice Energy (LACCE)

LACCE will serve 24 communities including Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Carson, Claremont, Culver City, Downey, Hawaiian Gardens, Hawthorne, LA County, Malibu, Manhattan Beach, Moorpark, Ojai, Paramount, Rolling Hills Estates, Santa Monica, Sierra Madre, South Pasadena, Ventura County, West Hollywood, Temple City, Thousand Oaks, and Whittier.

Service Launching February 2018

Service to County municipal buildings will begin in February, to business customers in June, and to residential customers in December.

MCE

Launched in 2010, MCE serves more than 255,000 customers in Marin County, Napa County, and the cities of Benicia, El Cerrito, Lafayette, Richmond, San Pablo and Walnut Creek. MCE offers Light Green 50% renewable and Deep Green 100% renewable energy service.

Training & Employing Local Workforce

Together FutureBuild, the City of Pittsburg, Calpine, AnswerNet and MCE hosted a job training to hire and employ local workers for a new call center. The Pittsburg Call Center is expected to bring 12 full-time customer service jobs to Contra Costa County.

MCE Solar One

In December 2017, MCE flipped the switch on MCE Solar One in Richmond. At 10.5 MW, and built with a 50% local hire requirement, the Bay Area's largest publicly-owned solar project is now supplying enough electricity for over 3,400 homes annually.

Monterey Bay Clean Power (MBCP)

Following a multi-year region-wide formation effort in Santa Cruz, Monterey, and San Benito Counties, MBCP will begin serving commercial customers March 1, 2018 and residential customers July 1, 2018. MBCP will offer three 100% carbon-free energy service options for customers.

- MBchoice, the primary service for automatic enrollment, provides a 3% rebate to customers on generation charges.
- MBgreen+ directs the 3% rebate to invest in the build-out of new, local renewables.
- MBshare directs the 3% rebate to fund local programs serving low-income ratepayers and/or nonprofit greenhouse gas reduction.

Peninsula Clean Energy (PCE)

Launched in October 2016, PCE serves ~290,000 customers throughout San Mateo County, including all 20 cities and unincorporated areas. PCE offers ECOplus 50% renewable and ECO100 100% renewable energy service.

CEO Honored as Green Power Leader of the Year

At the Center for Resource Solutions and U.S. Environmental Protection Agency's 17th annual Green Power Leadership Awards, PCE's CEO Jan Pepper was honored as Green Power Leader of the Year, recognizing her outstanding leadership by leveraging her influence, power, position, or purchasing power to increase the prevalence of renewable energy.

PCE Customers Reduce Carbon Emissions While Saving Millions Annually

PCE expects to save customers ~$17 million annually, maintaining a 5% discount compared to PG&E. After one year of county-wide operations, PCE's cleaner electricity is also expected to avoid 680 million pounds of greenhouse gas emissions, equivalent to avoiding the use of over 34 million gallons of gasoline. PCE's goal is to be 100% greenhouse gas free in 2021.

PCE's Fiscal House in Order

At its December 2017 Board meeting, PCE announced that it is now debt-free years ahead of schedule, having repaid its loans from San Mateo County as well as a $3 million loan from Barclay's.

Green-e Certification

ECO100, PCE's 100% renewable energy choice, is now Green-e certified via the nonprofit Center for Resource Solutions' Green-e Energy program.

Pico Rivera Municipal Energy (PRIME)

Launched in September 2017, PRIME serves ~18,000 customers in the City of Pico Rivera, located in Los Angeles County. PRIME offers PRIME Power 50% renewable and PRIME Future 100% renewable energy service.

Healthy and Stable Operations

Since its launch in September 2017, PRIME's participation rate hovers around 96%, with the customer base consisting of all residential and municipal customers. Service for commercial customers will begin in May 2018.

Staffing Up!

PRIME is currently operating with two full-time staff members and the support of specialized consultants, and will be opening an analyst position to assist with program development and a holistic climate action plan for the City of Pico Rivera.

Pioneer Community Energy

Pioneer Community Energy is launching service in February 2018 to more than 80,000 customers in Placer County, Auburn, Colfax, Loomis, Lincoln, and Rocklin.

Rate Savings

On December 11, 2017, Pioneer's Board of Directors voted to set electricity rates at 3% below PG&E's rates, and to compensate solar customers at slightly higher rates, compared to PG&E, for surplus generation.

Redwood Coast Energy Authority (RCEA)

Launched in May 2017, RCEA serves ~61,000 customers in Humboldt County and the cities of Eureka, Arcata, Fortuna, Ferndale, Blue Lake, Rio Dell, and Trinidad. RCEA offers REpower 40% renewable and REpower+ 100% renewable energy service.

Financial Benefits

RCEA retained approximately $10 million in Humboldt County in 2017 through local spending, reserve building, and rate savings.

Electric Vehicle (EV) Program

674 EV drivers are on RCEA's residential EV electricity rate, and RCEA operates 14 public EV charging sites that provided 2,535 charging sessions to drivers in 2017. All of its EV charging meters are opted up to 100% renewable energy.

Demand Side Management

In partnership with PG&E, RCEA worked with customers to complete 425 retrofits, resulting in more than $0.5 million in annual customer savings, and provided over $380,000 in incentives. RCEA's work with schools resulted in approximately 70 energy projects completed in 2017, funded by Proposition 39.

Silicon Valley Clean Energy (SVCE)

Launched in April 2017, SVCE serves ~242,000 customers in Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, and the unincorporated parts of Santa Clara County.

New CEO

The SVCE Board of Directors has appointed Girish Balachandran as the new CEO to lead the agency. Balachandran has more than 28 years of experience in California utilities, most recently serving as the General Manager of Riverside Public Utilities.

The City of Milpitas Joins SVCE

The Milpitas City Council, the last CCA-eligible city in Santa Clara County, voted unanimously to join SVCE in November 2017. Based on projected electricity load, the City of Milpitas will reduce greenhouse gas emissions by ~115,000 metric tons of CO_2e annually, exceeding the Milpitas 2020 Climate Action Plan goals and saving the community ~$640,000 on electric bills, based on current rates. The addition of ~25,000 Milpitas customers is expected to increase SVCE's current load by 640 gigawatt-hours,.

Establishment of Customer Program Advisory Group

SVCE is eager to return value to its customers through programs for demand management, efficiency, and fuel switching to clean electricity. Commissioned by SVCE's Board of Directors and staff to gather community input throughout the customer program goal-setting and design process, the advisory group is chartered to: serve as a conduit for community input and review of prospective residential customer programs; prioritize and recommend candidate programs through quantitative analysis; consider residential customer program recommendations through qualitative analysis; and communicate and promote Board-adopted programs.

Sonoma Clean Power (SCP)

Launched in 2014, SCP serves ~600,000 customers in Sonoma and Mendocino counties. SCP offers CleanStart 42% renewable/90% carbon-free and EverGreen 100% local, renewable energy service.

Wildfire Recovery Efforts Underway

SCP has formed a Board Ad Hoc Committee to disburse $1 million in fire relief efforts, offering assistance to Mendocino County and working with Sonoma County and Santa Rosa on early recovery efforts, including permitting issues and the possibility of obtaining funding for homes to improve fire safety by eliminating natural gas and complying with the 2020 state code mandate early.

Drive EverGreen Program 2.0 Completed

On November 30, 2017 the Drive EverGreen 2.0 program came to a close. The extension of one month, following the wildfires, helped double the numbers of electric vehicles (EVs) put on the roads. Preliminary numbers indicate that 565 EVs were leased or sold during the program (adding to the 206 vehicles discounted in the 2016 pilot program).

Statewide and Affiliate Member Updates

CCAs are forming in over 80 jurisdictions across California. The map below highlights the service areas of fully operational CCAs as well as jurisdictions considering joining a CCA or creating their own.

Valley Clean Energy Alliance (VCEA) | Davis, Woodland, Yolo County

VCEA is on track to launch service to all customers within the cities of Davis, Woodland and unincorporated areas of Yolo County in June 2018.

Desert Community Energy (DCE) | Palm Springs, Palm Desert and Cathedral Springs

DCE was formed by the Coachella Valley Association of Governments. Pending CPUC certification of its Implementation Plan, DCE plans to begin serving customers in June 2018.

City of Solana Beach

Pending CPUC certification of its Implementation Plan, DCE Solana Beach plans to begin serving customers in June 2018.

CALIFORNIA CCAs