

**Meeting of the Board of Directors of the
Valley Clean Energy Alliance (VCEA)**

April 25, 2018

5:30 PM

Woodland City Council Chambers, 300 1st Street, Woodland 95695

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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 March 22, 2018 Board Meeting

5. Approval of Long Range Calendar

6. Regulatory and Legislative Update

7. Approval of Revised Tariff Sheets Reflecting 2.5% Generation Rate Discount

8. Approval of Amended Customer Data Policy to clarify VCE's ability to remove customer data.

9. Community Advisory Committee Report – April 9, 2018 meeting.

REGULAR AGENDA

10. Approval of Line of Credit/Loan Documents with River City Bank to provide working capital to fund power purchases, initial operations and reserves as needed to support power purchases (Action)

11. Program Outreach/Customer Enrollment Update (Informational)

12. Integrated Resource Plan April 25, 2018 Workshop – Agenda Review (Informational)

13. Small Scale/Local Renewable Energy Production Potential - Presentation (Informational)

14. Community Advisory Committee Report (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: <https://valleycleanenergy.org/about-us/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 March 22, 2018 Board Meeting
DATE: April 25, 2018

RECOMMENDATION

Receive, review and approve the attached draft minutes from the March 22, 2018 Board Meeting

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
March 22, 2018

The Board of Directors of the Valley Clean Energy Alliance met in regular session beginning at 5:30 p.m. in the Woodland Council Chambers, 300 First Street, Woodland CA 95695.

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

Board Members Absent: Skip Davies (Alternate)

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

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

Public Comment None

Approval of Consent Agenda Approval of

- Minutes from February 8, 2018 Board Meeting
- Regulatory and Legislative Update
- Correct Typographical Error on Delegation for 2018 and 2019 Power Procurement
- Authorization to Contract for and Retain Regulatory and Legal Services
- Long Range Calendar

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

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

Recommendation to the Board on Adoption of an Enterprise Risk Management Policy for VCE Staff recommends the Board adopt a resolution approving the draft Enterprise Risk Management Policy.

The draft Enterprise Risk Management Policy was revised for clarity following the CAC and Board review in February. The updated version, contains two new sections: Business Practices and Management Reporting and Metrics.

- 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.
- ERM Roles and Responsibilities: The ERM roles are consistent with the Board-approved Wholesale Power Procurement & Risk Management Policy. The Enterprise Risk Oversight Committee (ERO) has primary responsibility for the implementation of ERM. The policy lays out the

- scope of the EROC’s risk management authority.
- Business Practices: This section identifies the steps of risk management and the basic process associated with each step. The intent is to provide a high-level framework.
- Specific tools and techniques for implementing enterprise risk management will be recommended by the portfolio manager following approval of the policy.
- Management Reporting and Metrics: The policy defines two enterprise risk reports that will be provided on a regular basis: a semi-annual report to the EROC and annual report to the Board.

On March 12, the CAC provided feedback on the policy document and unanimously recommended Board adoption of the Enterprise Risk Management policy.

Board questions and staff responses are summarized below:

- The thinking behind this policy is very clearly articulated in the slide presentation. Recommend appending the slides to the policy so that future board members are aware of the thinking behind the policy.

Public Comment

None

T. Stallard moved, seconded by D. Saylor to approve Enterprise Risk Policy. Motion passed by the following vote:

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

Recommendation to the Board on Adoption of the VCE UltraGreen Policy/Rate for the 100% Renewable Energy Customer Option

Gary Lawson, Manager, Energy Commodity Contracts, SMUD

The “UltraGreen” product will provide customers with 100% renewable energy. Staff determined that a flat fee was inequitable and that a volumetric charge was most fair to the customers. Staff proposed \$0.015/kilowatt hour. This price puts VCE in the range of similar products offered by other CCAs. NEM customers charges would be assessed UltraGreen premium only on their net energy usage.

Staff expects 3-5% of VCE customers will choose to enroll in the “UltraGreen” 100% Renewable Energy program. The program will generate a fund of \$200-\$300k/year that will be allocated to pursue local energy generation.

Staff is recommending the Board adopt a resolution establishing a voluntary 100% renewable program that:

- Charges an additional \$0.015/kWh for both residential and commercial customers
- Is sourced with a mix of PCC-1 and PCC-2 resources equivalent to VCEA’s overall renewable portfolio
- Uses any excess net revenue to fund local renewable projects

- Is Green-e certified

Board questions and staff responses are summarized below:

- When Green-e conducts an annual audit, will the results be shared with customers?

Green-e does not share those results automatically. VCE will want to promote this certification.

- How can CCAs offer a 100% wind program if the wind is not always blowing?

CCA programs look at the energy consumed across a whole year, and that much energy is generated by their wind program. It is not tied to time of usage.

- How would the 1.5 cents/ kWh surcharge apply to the different rates?

It will be applied to all customers based on their usage.

- How was this cost developed?

The cost was developed by considering the underlying costs of procuring additional renewables.

- But it also generates reserves. Did we have a target for those reserves or did it just happen?

Staff sought to keep the program cost based. The higher the charge, the less attractive the program will be. Another consideration was the cost of PG&E's 100% Solar product.

- How will the marketing and outreach work for the 100% Renewable Program?

It will be an option on website, included in the presentations, and will be included in the first notice. The marketing for this specific program can be augmented as VCE moves forward.

- Is there any projections for how many numbers of customers we can expect to opt up?

Based on similar programs in other CCA's, we are projecting 3-5% for the first year.

- In the future, how would VCE cover marketing costs fro this program?

The excess revenues could be used for both marketing and local energy generation programs.

- How does the proposed NEM treatment -- in which NEM customers who choose to opt up to UltraGreen would have charges assessed UltraGreen premium only on their net energy usage -- compare to other CCAs?

It is fairly common.

- Does the annual cost for the Green-E certification vary based on the size of the organization?

No, it is a fixed cost.

- Are SMUD's program Green-E certified?

Yes, SMUD's renewable programs are Green-E certified.

- There is no cap on how many customers can enroll in this program. What would happen if the enrollment was 10% rather than 3-5%. Would we run into difficulties covering renewables for these customers?

No. VCE would just procure additional renewable energy.

Public Comment

None

Board Discussion

R Davis moved, seconded by D. Saylor, to approve staff recommendation. Motion passed by the following vote:

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

NOES: None

ABSENT: None

Recommendation to the Board on Program Launch related to Energy Rates, Power Mix and Budgets

Gary Lawson, Manager, Energy Commodity Contracts, SMUD

The VCE board initially set a policy of a 2% generation rate discount, which allowed us to achieve our goal for a 90-day operating cost reserve fund fairly quickly. However, PG&E increased their generation rate on March 1.

Under this new situation, a 4% discount would allow us to maintain our original projections in developing a reserve. However, since adopting this initial policy, VCE has proceeded in procuring a bank loan with a rolling line of credit. River City Bank insists on being repaid before the municipalities. This means that the repayment of each municipality's loan of \$500,000 will be delayed.

VCE needs to be cautious of the debt service coverage ratio. The debt service coverage ratio (DSCR) has a minimum of 1.25. A 4% discount would move VCE's

DSCR to 1.8. In addition, we do not know how PG&E rates might shift in the future, and PCIA is also a large variable.

However, another balancing point is that the opt-out rate will likely be lower if the discount rate is higher.

Staff is recommending that the Board adopt a resolution establishing the following:

- VCEA rates, included as Attachment 1, which are set at a 2% discount from PG&E's generation rates placed into effect March 1, 2018, net of PCIA and Franchise Fees.
- A Power Mix of 42% renewable, 75% clean for the default product.
- An Operating Budget of \$1.62M for March-June 2018.
- Administrative authority for VCEA staff to consolidate the Operating budget and the Implementation budget and direction to return to the Board for approval of a consolidated 2017-18 budget.
- A Delegation of Authority to the Interim General Manager to put in place new comparable rates schedules for any new rate schedules that PG&E may put in place at a level of 2% below PG&E's generation rate for such new tariff, net of PCIA and Franchise Fees.

Board questions and staff responses are summarized below:

- Is the difference between 2% and 3% enough to make customers not opt-out?

Staff does not have data on what the impacts of increasing the discount 1% might be on customer choices. Shawn Marshall, LEAN Energy has shared anecdotally that with MCE the difference between 1-2-3-4% did not make a significant change in the customer opt out rate. San Mateo's CCA developed their projections based on a 15% opt out rate. They are seeing only a 2% opt out.

- When will the VCE Board be setting 2019 rates?

Staff plans to bring forward the 2019 rates for board approval in November or December 2018.

- The rate that we set for launch will only be in place for six months?

Correct. The VCE board can adjust the rates when they choose. Staff suggests that the rates be set annually.

Board comments are summarized below:

- In the future, the board requests that staff please print the presentations in color.
- VCE would like to pay down the debt, and repay the founding municipalities, as swiftly as possible.
- At this juncture, VCE needs to be overly cautious and build reserves.

- I will advocate for increasing the discount. 2% is underwhelming for our customers who we are trying to attract and energize.
- Our customers are all automatically enrolled, unless they opt out. There's no guarantee that 3 or 4% generates enthusiasm.
- I wonder why a customer would give up a 2% discount, just because it's not a larger discount. Turning down a small savings seems unlikely.
- I would rather pass the savings directly to our rate payers rather than to future VCE decision-makers.
- The value of VCE is not just lower rates. It is also about local control and increasing renewables. We want rates to be lower, but I don't want VCE to pay interest on the debt.
- It is important to remember that this discount only applies to the energy generation cost. For my bill, that is only about 40% of my bill. A 2% discount on 40% of my bill is insignificant.
- Increasing the discount is one of the most effective ways to distinguish VCE from PG&E.
- Sustaining the current rate of 2% sends a good signal to the bank and our founding municipalities that we are serious about repaying our loans.
- We are trying to balance different values – we want to move more quickly to enable local programming, we want to build our reserve, and we want to minimize our opt-out rate. I appreciate the conversation.

Public Comment

Christine Shewmaker.

Appreciated the board's discussion of balancing building reserves, paying down debt, increasing rate discounts for customers, and building local programs. Suggested the board wait six months and then either increase discount or increase the level of renewable energy in the default rate.

The board chose to take up the first bullet point of the staff recommendation first, and then consider the rest of the staff recommendation.

D. Saylor moved, seconded by A. Barajas, that VCE increase the discount to a 3% discount from PG&E's generation rates.

T. Stallard made a substitute motion, seconded by L. Frerichs, that VCE remain at a 2% discount from PG&E's generation rates.

AYES: Barajas, Davis, Frerichs, Saylor, Stallard

NOES: Saylor, Chamberlain

ABSENT: None

Per section 3.7 of VCE Joint Exercise of Powers Agreement, the motion fails. Due to the requirement that board action shall require the affirmative vote of at least one director appointed by each member jurisdiction.

D. Saylor moved, seconded by L. Frerichs, that VCE increase the discount to a 2.5% discount from PG&E's generation rates.

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

T. Stallard moved, seconded by A. Barajas to approve balance of staff recommendation. Motion passed by the following vote:

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

The board requested an informational item be placed on the agenda for the next meeting on the possibility of VCE engaging with local, small energy providers.

Integrated
Resource Plan –
Introduction and
Schedule

Olof Bystrom, Manager, Energy Research and Development, SMUD

The Integrated Resource Plan (IRP) is a long-term plan which will help set VCE's future energy procurement strategies. The plan will be returning to the board several times over the next six months for review, input and eventual approval in June.

In February, the CPUC has adopted a process that requires all load-serving entities under their jurisdiction to adopt an IRP. The IRPs are due in August 2018. This process will be about 1-year shorter than these planning processes usually take, so VCE will build in flexibility.

Key Dates for Integrated Resource Plan (IRP) Process

- February 8 – CPUC IRP Decision
- June 1 – CCA go-live
- July – VCEA Board Approves IRP
- August 1 – VCEA Submits IRP to CPUC

Key Issues for VCEA

- Articulates the long term Vision/Mission/Objectives and Action Plan with respect to
 - Resource mix
 - Local sources
 - Battery storage
 - Demand-side programs (EV, EE DR, etc.)
 - Costs / Rates
 - GHG targets
- Regulatory Compliance
- Approval and public stakeholder review process
- Retaining operational and strategic flexibility

CPUC-Required IRP Features (per February 2018 adoption by CPUC)

- Covers 2018-2030
- Must include at least one conforming portfolio based on 2017 IEPR Mid Demand Case
- 1-3 year action plan

- Report on GHG emissions of portfolio
- Methodology explanation
- Demonstrate compliance with PUC 454.52(a)(1), i.e. GHG, RPS, Just and reasonable rates, minimize ratepayer bills, reliability, diversity and sustainability, local pollution, distribution systems

Proposed IRP Milestones

- April – CAC meeting to review and discuss resource options and preferences
- End of May – Draft IRP Report
- June Board Meeting – discussion and feedback on draft IRP
- July – Board Approves IRP
- August 1 – VCEA Submits IRP to CPUC

The Community Advisory Committee (CAC) will be holding a workshop on April 26, 2018 to begin developing the IRP. The board will review, discuss and offer feedback on the draft IRP at their June meeting. VCE will need to file an IRP every two years.

Public Comment

None

Board Comments

- This is the type of planning discussions that the board has been talking about having.
- This is a compliance document, but we have the opportunity to use it to identify what the key policy decisions will be.
- It will be interesting and exciting to get into the some of the long term questions.

Community
Advisory
Committee Report

Gerry Braun, Chair, Community Advisory Committee (CAC)

The Chair and Vice Chair of the CAC will meet early next week with the VCE Board Chair and Vice Chair and the Interim General Manager for a check-in meeting. The CAC charge was focused on the launch phase. Now we are transitioning to operations phase, so this meeting will help clarify how the CAC can be most helpful in this next phase.

The CAC is looking forward to the IRP workshop and the IRP development process.

General Manager's
Report

The board requested that the IRP workshop agenda be sent to the board.

Mitch Sears, Interim General Manager

- Staff recruitment: We are in the interview process for the outreach specialist. We hope to make an offer next week or the week after. We have gone thru initial screening for Board/Admin. Making progress on the Assistant General Manager position.
- VCE has fully procured energy for 2018.

- Vicky and the SMUD team have worked hard to identify staff who will be serving VCE under the SMUD contract.
- Introduced Lisa Limaco as VCE's Finance and Operations Director.
- Introduced Chris Cole as VCE's Key Accounts Representative
- Outreach to the 200 largest energy customers in the VCE service area has begun.
- Chad Rinde will be drafting a subordination agreement to go to each jurisdiction, outlining that the cities and Yolo County will be subordinating their loans until after bank loan is repaid. We anticipate repayment will take place within the five year window that was originally discussed.

Board Member and Staff Announcements

Duane Chamberlain

Please ensure that the first notice letter is clear that the discount is 2.5% off the generation rate, not the full rate.

Lucas Frerichs

Recently attended the Yosemite Policymakers Conference and presented about Valley Clean Energy and the partnership with SMUD. Monterey Community Power have a Community Advisory Committee (CAC) that has been operating on an ad hoc basis. They requested, and we have sent, our CAC charter to them, which they greatly appreciated.

Tom Stallard

Also attended the conference and greatly enjoyed Lucas' presentation. CCA's are a wonderful trend statewide. During the last week of February, attended a program at the Teton Science School which is a 100% renewable community. Hopefully VCE can help move us in this direction.

Mitch Sears

Met with Farm Bureau. A letter will be sent out by Farm Bureau to their members, at VCE's cost, with the details of VCE.

Emily Henderson

Due to schedule conflicts, the VCE board will meet next on Wednesday, April 25. Due to room availability, this meeting will take place at Woodland Council Chambers, 300 First Street, Woodland. Please note that not all board members will be able to attend.

Meeting was adjourned at 7:23pm

Emily Henderson
Administrative Assistant

**VALLEY CLEAN ENERGY ALLIANCE
Board of Directors Meeting**

Staff Report Item – 5

TO: VCEA Board
FROM: Mitch Sears, Interim General Manager
SUBJECT: Long Range Calendar
DATE: April 25, 2018

Recommendation

Review and approve long range calendar.

VALLEY CLEAN ENERGY
2018 Meeting Dates and Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
February 8, 2018	Board DAVIS	<ul style="list-style-type: none"> • NEM Policy 	<ul style="list-style-type: none"> • Approve
March 12, 2018	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • Enterprise Risk Policy • Ultra Green Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget • Integrated Resource Plan 	<ul style="list-style-type: none"> • Recommend • Recommend • Recommend • Recommend • Recommend • Informational
March 22, 2018	Board WOODLAND	<ul style="list-style-type: none"> • Enterprise Risk Policy • Ultra Green Policy • Final Rate Discount • Final Power Mix • Power/Operational Budget • Integrated Resource Plan 	<ul style="list-style-type: none"> • Approve • Approve • Approve • Approve • Approve • Informational
April 9, 2018	Advisory Committee WOODLAND	<ul style="list-style-type: none"> • Integrated Resource Plan 	<ul style="list-style-type: none"> • Informational
April 25, 2018	Board WOODLAND	<ul style="list-style-type: none"> • Revised Tariff Sheets Reflecting 2.5% Rate Discount • Amended Date Policy • Outreach/Enrollment Update • Integrated Resource Plan Workshop 	<ul style="list-style-type: none"> • Approve • Approve • Informational • Informational
April 26, 2018	IRP Working Session WOODLAND	<ul style="list-style-type: none"> • Integrated Resource Plan 	<ul style="list-style-type: none"> • Working session

April 30, 2018 (Tentative)	Advisory Committee WOODLAND	•	•
May 10, 2018	Board WOODLAND	• Recontracting Master Agreement	• Approve
June 4, 2018	Advisory Committee DAVIS	• Integrated Resource Plan	• Informational
June 1, 2018 -- LAUNCH			
June TBD, 2018	Board DAVIS	• Integrated Resource Plan	• Discussion
July 2, 2018	Advisory Committee WOODLAND	• Integrated Resource Plan	• Recommend
July 12, 2018	Board WOODLAND	• Integrated Resource Plan	• Approve
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 6

To: Valley Clean Energy Alliance Board of Directors

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

Subject: Regulatory & Legislative Update

Date: April 25, 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 full operations. 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. Once the contract with Keyes & Fox, VCEA’s regulatory counsel, commences we anticipate that most or all of the regulatory monitoring and action items will shift to their service contract.

Regulatory Priorities

Attached please find LEAN’s most recent regulatory report (dated April 4, 2018) which provides a summary overview and several links to supporting documents regarding key regulatory issues currently before the CPUC. Priority issues discussed in that report include:

- Resolution E-4907 and Resource Adequacy Rulemaking
- Joint Utilities’ Petition to modify Code of Conduct (SB 790)
- PCIA Rulemaking (2 tracks)
- Integrated Resource Planning
- Time of Use (TOU) Pilots and Applications
- RPS Procurement Plans
- Implementation of AB 1110 – Power Source Disclosures

Legislative Priorities

Shalini Swaroop, Policy Director at MCE and a member of the Cal-CCA legislative committee, recently reported on 5 bills that are on the Cal-CCA watch list. As of now, CCAs are not sponsoring any legislation in the 2018 session, but will remain engaged in these and other bills.

- AB 2208 (Aguiar-Curry) – Baseload in RPS
- SB 1135 (Hertzberg) – New Resource Adequacy Rules
- AB 2693 (Quirk) – Natural Gas Cost Recovery

- AB 2726 (Levine) – GHG Accounting Mechanisms
- SB 100 (De Leon) – 60% RPS in 2030, 100% Carbon-Free Grid in 2045

Cal-CCA is also actively engaged at the California Energy Commission regarding the implementation of AB 1110 (Ting) – GHG accounting and reporting methodology.

Attachments:

1. LEAN Energy US April 2018 Regulatory Report
2. Cal-CCA Quarterly Update



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

From: Shawn Marshall, Executive Director, LEAN Energy US

Date: April 4, 2018

Subject: Regulatory Update #21, March /April 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

Final Resolution E-4907

On December 8, the CPUC issued [Draft Resolution E-4907](#), (DR) proposing a registration and implementation plan process for CCA programs, including requirements on Resource Adequacy (RA) forecasting. The DR would have, in effect, delayed until 2020 the launch of any CCA program that had not submitted an Implementation Plan as of December 8. In response to submitted comments, revisions were made to offer flexibility for CCA programs that wish to serve load in 2019, but had not submitted an Implementation Plan as of December 8, 2017.

On February 8, the Commission approved [Final Resolution E-4907](#). The Energy Division gave a [presentation](#) at the Commission Voting Meeting to explain the purpose, requirements and revisions to Resolution E-4907. In sum, the Resolution requires that all CCA programs meet the same forecasting and contracting process for RA as all other Load Serving Entities (LSEs) prior to serving new customers. Energy Division claims the Resolution serves two major purposes: (1) to ensure that CCA programs are incorporated into the annual RA process when they launch or expand (to help avoid cost-shifting); and (2) to satisfy an outstanding order in D. 05-12-041, which required a process on how to submit implementation plans for CCAs and obtain registration for RA. Energy Division states publication of this process will provide needed clarity to prospective communities about how to submit Implementation Plans and obtain registration.

The Final Resolution grandfathers all CCA programs that submitted implementation plans prior to December 8, 2017. Additionally, the Resolution also includes the Energy Division’s plan to process CCA implementation plans submitted by March 1, 2018, within 45 days (which is half the statutory mandate of 90 days.) For CCAs that weren’t grandfathered under either of these options, and want to serve load in 2019, there is a waiver process with two options:

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.

1. The CCA can negotiate with the investor-owned utility (IOU) to buy RA needed to serve their load.
2. If the CCA is not able to buy the RA from the IOU, the CCA can submit a letter to the CPUC, and the RA will be assigned at a CPUC determined price.

Recent Activity:

- March 12: The City and County of San Francisco (CCSF) filed an [Application for Rehearing \(A. 18-03-005\)](#).
- March 27: Joint IOUs' [Response](#) to CCSF's Application.

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 were filed on March 1. (See [CalCCA Response](#), [WRCOG-LACCE-DCE Response](#), [Other Responses](#).)

Recent Activity:

- March 12: [Reply Comments](#) of Joint IOUs addressing other parties' responses.

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](#) is addressing exemptions from the PCIA for customers participating in the CARE and MB programs (PCIA Exemption). As previously reported, a tentative settlement has been reached with PG&E on phase out of the exemption, while SCE moved forward to briefing as noted below. [Track 2](#) is considering alternatives to the current PCIA methodology, with initial emphasis placed on how to get proper access to PCIA data through a protective order. On January 16-17, PCIA Workshop 2 took place. (See [Agenda](#), [Presentations](#), and [Video](#).) On February 20, Opening Briefs were filed on SCE Track 1 Issues. (See: [SCE](#), [CCEA](#), [CforAT](#), [ORA](#), [LACCE/DCE/WRCOG](#)). On March 2, an [Amended Scoping Memo](#) was issued.

Recent Activity:

Track 1 – PCIA Exemption

- March 13: Reply Briefs on Track 1 issues for SCE. (See [Reply Brief Folder](#).)
- March 28: PG&E filed a [Motion](#) seeking approval of a settlement agreement regarding the PCIA Exemption.
 - PCIA Exemption will apply to CCA customers that receive service prior to the date PG&E first starts phasing-out the PCIA Exemption (probably 2019).
 - Phase-out will occur over a 4-year period in equally increments (e.g., 25% PCIA in 2020, 50% PCIA in 2021, 75% PCIA in 2022, and 100% PCIA in 2023).

Track 2 – PCIA Successor

- April 2: Direct Testimony: ([CalCCA Testimony](#) and [Joint IOUs](#)). (See [Combined Folder](#) of all Testimony.)
 - [CalCCA Press Release](#); [CalCCA Testimony Fact Sheet](#).

Next Steps:

- April 23: Concurrent rebuttal testimony served.
- May 7-11: Evidentiary Hearings.
- June 1: Concurrent Opening Briefs/ Request for Final Oral Argument Filed and Served.
- June 15: Concurrent Reply Briefs.
- Late July 2018: Proposed Decision mailed for comment.

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 addressed 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, the Energy Division proposed a prescriptive approach, 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 be subjected to fewer requirements.

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 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](#)).

On December 28, Assigned Commissioner (Randolph) issued a [Proposed Decision](#) (PD) setting requirements for CCA programs and other LSEs' IRPs and adopting a two-year planning cycle for the CPUC to consider IRP filings. (See [Initial Summary and Recommendation](#).) As written, the PD minimized the role of local CCA governing boards in approving IRPs and elevated the CPUC's role over such IRPs. On January 17, Parties filed Opening Comments on the PD ([CalCCA](#), [SCE](#) and [Folder](#) of all Opening Comments.) On January 22, Parties filed Reply Comments on the PD ([CalCCA comments](#)).

On February 8, the CPUC approved [D.18-02-018](#) (see [Redline PD](#)). Of note, the decision moves the first IRP submittal date from June 1 to August 1, 2018. The decision also acknowledges a certain degree of distinction and separation between the CPUC and local governing boards, but does not go as far as CalCCA had requested. The decision also clarified that any CCA that has an approved implementation plan as of the scheduled IRP filing date should be required to file an IRP, even if it is not yet serving load. The decision maintained the “Alternative” Plan approach for CCAS serving less than 700 GWh per year in load, but added a number of additional requirements for these IRP submittals (see [D.18-02-018](#) at 135).

On February 28, several parties (including PG&E and Natural Resources Defense Council) jointly filed a [Petition for Modification](#) seeking to modify D.18-02-018 to authorize greenhouse gas-free procurement to replace Diablo Canyon.

Recent Activity:

- March 30: [Response of CalCCA asking that the Petition for Modification be rejected.](#) (See [Other Parties Responses](#))

Next Steps:

- August 1: IRP filings by individual CCAs.

CCA Bond Requirements

To Do:

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 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. Opening Briefs were filed on November 6 ([Joint IOUs](#) and [CalCCA](#)) and Reply Briefs were filed on November 20. ([Joint IOUs](#) and [CalCCA](#)).

Recent Activity:

- March 15: East Bay Community Energy filed a [Motion for Party Status](#).

Next Steps:

- [Issuance of a Proposed Decision is expected in first quarter 2018.](#)

Resource Adequacy (RA) Rulemaking

To Do:

LEAN will monitor developments in this [RA Rulemaking Proceeding](#).

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.

On January 30, parties filed comments on the Scoping Memo (see comments of [CCA Parties](#), [PG&E](#), [LACCE/DCE/WROCOG](#), and [CAISO](#)). On February 16, RA proposals were filed (See [Energy Division](#), [CCA Parties](#), [SCE](#), [PG&E](#) and [Folder](#) of all Proposals.) A workshop to discuss these proposals took place on February 22-23. (See [Agenda](#), [ED Presentation](#) and [Email Ruling](#) noting issues for comment.)

Recent Activity:

- March 7: Comments of [CCA Parties](#), [PG&E](#), and [SCE](#) on Track 1 Proposals and Workshop. (See [Folder](#) with all).
- March 16: Reply Comments of [CCA Parties](#), [PG&E](#), and [SCE](#). (See [Folder](#) with all reply comments).

Next Steps:

- May 2018: Proposed Decision on Track 1 Proposals.
- June 2018: Final Decision on Track 1 Proposals.

Residential Rates, Default Time of Use (TOU), and Marketing Education and Outreach (ME&O)

To Do:

LEAN will monitor developments in the [Residential Rate Rulemaking](#) and [Rate Design Window Applications](#).

Residential Rate TOU-Pilots

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-comparison tool for CCA customers. On August 10, a [Final Resolution](#) approved PG&E's Residential Rate TOU Pilot 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 is expected to be addressed in the consolidated Rate Design Window proceeding (addressed below).

Residential Default TOU-ME&O

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 ([D.17-12-023](#)) was issued in the residential rate rulemaking on statewide ME&O. This decision expands the existing Energy Upgrade California campaign and permits IOUs to switch customers to TOU rates in waves. (See [Redlined Version](#).)

On January 5, the Commission issued [Draft Resolution 4895](#), approving SCE's ME&O Plan for Residential *Default* TOU Rates; CCEA submitted [Comments](#) on the DR. On February 8, the Commission approved [Final Resolution E-4895](#). The resolution requires SCE to file a Tier 2 advice letter to provide a proposal describing how it intends to engage with CCAs in its service territory regarding the development of default TOU ME&O materials.

Default TOU- IOU Applications

On December 20, PG&E filed its Rate Design Window (Default TOU) Application ([PG&E Application and Testimony](#)). On December 21, SCE filed its Rate Design Window (Default TOU) Application ([SCE Application and Testimony](#)). On January 22, parties filed Protests/Responses to the applications. (See CCA Parties' [Protest](#) to PG&E and East Bay Community Energy [Response](#) to PG&E; see CCEA [Protest](#) to SCE). On January 25, ALJ Tsen issued a [Ruling](#) consolidating the three IOU Rate Design Window applications ([PG&E - A.17-12-011](#), [SCE - A.17-12-012](#), [SDG&E - A.17-12-013](#)). On February 14, a joint [Prehearing Conference Statement](#) was filed, and a [Prehearing Conference](#) was held on February 21. On February 23, the CCA Parties' and CCEA filed a [Supplemental Prehearing Conference Statement](#), further arguing that the issue of cost allocation is within the scope of the proceeding. On March 1, a [Scoping Memo](#) was issued for Phase 1 (which will address SCE's and PG&E's requests to delay roll-out until late-2020).

Recent Activity:

- March 12: Opening Comments on Phase 1 regarding timing for roll-out ([PG&E](#), [SCE](#), [SDG&E](#), [ORA](#), [EDF](#), [CFC](#)).
- March 19: Reply Comments on Phase 1 ([PG&E](#), [SCE](#), [SDG&E](#), [CforAT](#), [EDF](#), [CCA Parties](#), [UCAN](#)).
 - Most parties support a delayed roll-out of residential Default TOU for PG&E and SCE (October 2020).

Next Steps:

- April 10: ME&O Working Group Meeting to discuss a plan related to the rollout of default TOU rates. ([Notice](#))
- April 20: Expected issuance of Phase 1 Proposed Decision (on timing issues).
- April/May: Issuance of subsequent scoping memo on other (non-timing) issues.

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 CPUC adopted the Final Decision ([D.17-12-007](#)).

Recent Activity:

- 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](#).
- [March 2: Valley Clean Energy Alliance](#) filed its 2017 RPS Procurement Plan.

Green Tariff Shared Renewables (Green Tariff or GTSR)

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](#).)

On February 2, protests were filed on IOU advice letters. (SCE AL 3722-E: [Joint Parties](#), the [Joint Solar Interests](#), [Clean Coalition](#), and [ORA](#); PG&E AL 5206-E: [CCA Parties](#), [CCSF](#), [ORA](#), [SEIA](#) and [CCSA](#)). On February 9, the IOUs filed replies to the protests ([SCE](#) and [PG&E](#)). On February 21, the Annual Green Tariff program forum took place (See [Agenda](#) and [Presentation](#).)

Recent Activity:

- [March 15: PG&E 2017 Annual Progress GTSR Report](#) and [SCE Annual GTSR Progress Report](#).

Next Steps:

- [Disposition letter or draft resolution in response to PG&E and SCE advice letters.](#)

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 CPUC 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 CPUC. On December 12, there was an Informal Workshop on BioRAM NBC Mechanism IOU/CCA proposals. (See [Agenda](#), [CalCCA](#) and [IOUs](#) Presentations.) An initial settlement teleconference took place on January 5.

Recent Activity:

- **March 14: [Ruling](#) denying CalCCA Motion to include consolidated cost recovery issue in scope of application.**

Next Steps:

- TBD: 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.

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](#). On January 17, the CEC released the [Revised AB 1110 Implementation Proposal](#) for Power Source Disclosure.

On February 1, there was a staff workshop on the updates to the Power Source Disclosure regulations (see [Notice](#), [Slides](#), and [Transcript](#)). On February 23, [parties filed comments on the Revised Proposal \(See CalCCA Comments and Joint Utility comments\)](#).

Recent Activity:

- [March 6: Comments of UC on Revised Proposal.](#)

Next Steps:

- CEC staff continues to work on the AB 1110 Implementation Proposal. AB 1110 set a January 1, 2018 CEC adoption timeframe, with reporting of GHG intensity occurring after December 31, 2018, though this adoption timeframe may be extended.

CPUC/CEC – JOINT ACTIVITY

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

To Do:

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

Background:

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](#)); the CEC subsequently [approved](#) 10 members of the DACAG.

On a related note, on March 2, [CCEA submitted a Proposal to provide CCA support services in the San Joaquin Valley.](#)

Next Steps:

- [April 4: DACAG Meeting at CEC.](#)
- [April 6: Parties will file comments on CCEA's San Joaquin proposal](#)

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

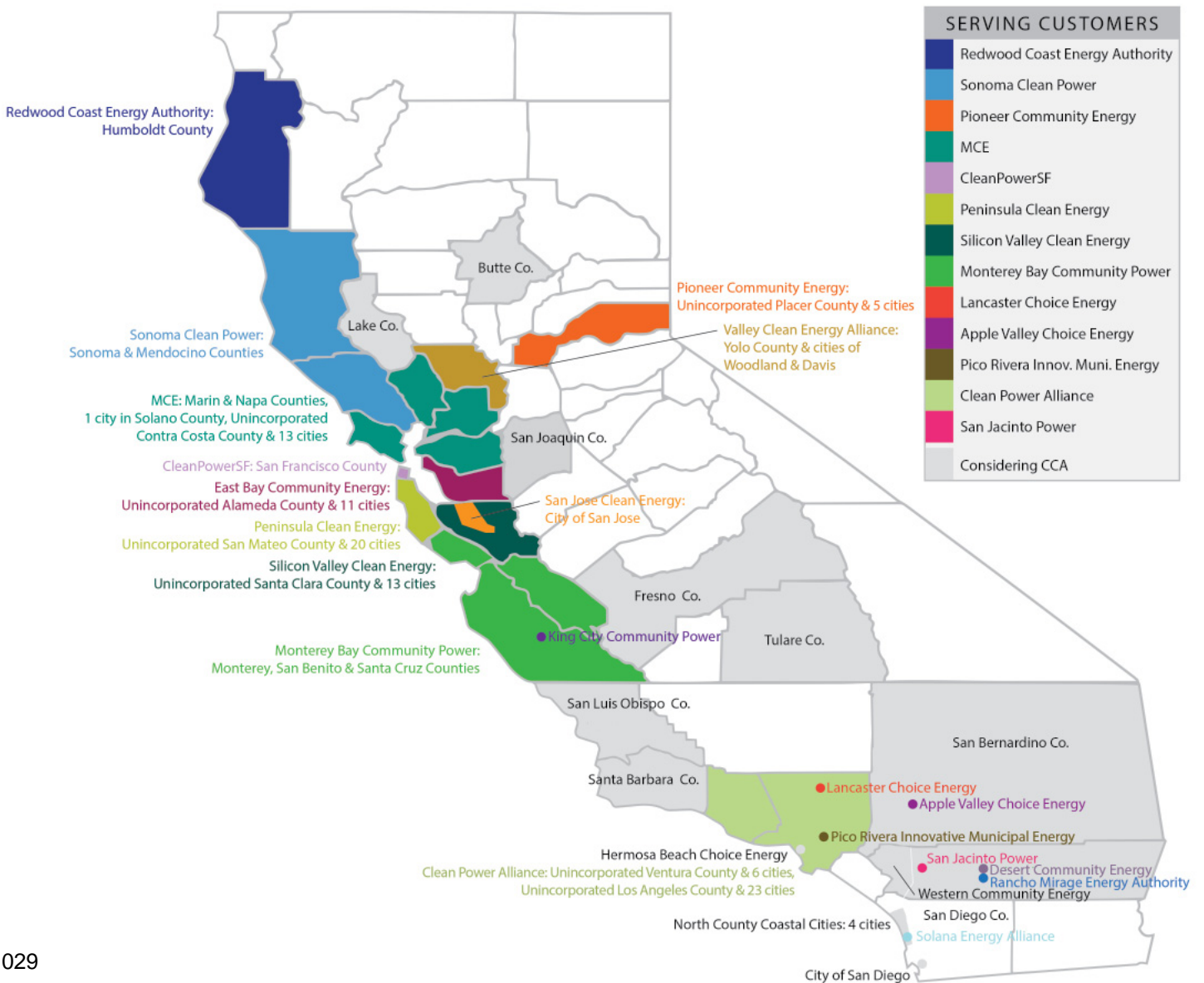
16 Operational Members

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

9 Affiliate Members

Central Coast Power • City of Corona • City of Hermosa Beach • City of Industry • North County Coastal Cities • San Jacinto Power • City of San Luis Obsipo • Solana Energy Alliance • Western Riverside Council of Governments •

California Community Choice Aggregation Programs



Apple Valley Choice Energy (AVCE)

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

AVCE Celebrated One-Year Anniversary with Continued Rate Savings

Before it's launch, the Apple Valley Town Council adopted a rate schedule to ensure sufficient revenue to cover operating expenses and provide for reserves. AVCE customers continue to receive a minimum of 3% savings on the energy generation portion of their bill. In addition, residents that are in the CARE program receive approximately 13% savings on the energy generation rates and Net Energy Metering customers benefit by receiving more than double the credits currently provided by Southern California Edison.

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.

Citywide Enrollment & Education

In preparation to complete citywide enrollment by July 2019, CleanPowerSF is enrolling additional residential and commercial customers in July 2018 and April 2019. Outreach is underway to educate customers about the CleanPowerSF program.

Clean Power Alliance (CPA)

Launching in 2018, CPA will serve 31 communities including Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Camarillo, Carson, Claremont, Culver City, Downey, Hawaiian Gardens, Hawthorne, LA County, Malibu, Manhattan Beach, Moorpark, Ojai, Oxnard, Paramount, Redondo Beach, Rolling Hills Estates, Santa Monica, Sierra Madre, Simi Valley, South Pasadena, Temple City, Thousand Oaks, Ventura County, West Hollywood, and Whittier.

New Name Adopted

Los Angeles Community Choice Energy Authority adopted Clean Power Alliance of Southern California as its new legal name.

Service Launched & Expanding Through 2019

Service in unincorporated LA County, Rolling Hills Estates, and South Pasadena began in February for municipal buildings and commercial building service is scheduled for June. Service to all other customers in its service area is scheduled for early 2019.

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

Service is launching to municipal and commercial customers in June 2018, and residential customers in November 2018. Net Energy Metering customers will begin service in 2019.

Cleaner, Lower Cost Service Options

EBCE will offer Bright Choice 38% renewable, 85% carbon-free, at a 1.5% discount compared to PG&E and Brilliant 100 40% renewable, 100% carbon-free, at the same cost as PG&E. Brilliant 100 will be the default service for Albany and Hayward customers. Several cities have passed resolutions to opt up municipal accounts to Brilliant 100, including Albany, Emeryville, Hayward, and Piedmont.

Lancaster Choice Energy (LCE)

Launched in 2015, LCE serves ~55,000 customers in Lancaster, 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.

CPUC Certified LCE's Elect to Administer Energy Efficiency Program Plan

The CPUC has issued draft Resolution E-4917 approving a budget of \$1,174,996 for LCE's 3-year energy efficiency program.

- » The Small Commercial Direct Install Program will provide no- and low-cost retrofits to reduce demand and energy consumption for commercial customers with peak electric demand of 200 kW or less per month. LCE will provide a free on-site assessment to eligible customers and recommend measures such as LED lighting, fluorescent lighting, hi-bay lighting, refrigeration, LED signs, occupancy sensors, smart power strips, and communicating programmable thermostats.
- » The Residential Energy Advisor Program will provide free information on energy efficiency products, programs, and evaluation services which will include telephone administered home surveys to recommend upgrades or applicable programs. In-person audits and information about home upgrades, plug loads and appliances, income-qualified programs, financing programs, and other local government programs will also be provided.

MCE

Launched in 2010, MCE serves ~470,000 customers in Marin County, Napa County, unincorporated Contra Costa County and the cities of Benicia, Concord, Danville, El Cerrito, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Richmond, San Pablo, San Ramon, and Walnut Creek. MCE offers Light Green 50% renewable and Deep Green 100% renewable energy service.

2017 Energy Efficiency Savings

Small businesses saved 1,453,000 kWh, 838 therms, and 270 kW in demand reduction through MCE's energy efficiency program.

Service Launched to 9 New Contra Costa County Communities in April

MCE expanded its service area to include 9 additional communities in Contra Costa, adding approximately 200,000 customers.

Monterey Bay Community Power (MBCP)

MBCP offers service in Santa Cruz, Monterey, and San Benito Counties. Service to commercial customers launched in March 2018 and residential service is scheduled for July 2018.

Customer Rebates and Community Investment

In 2018, MBCP plans to provide \$4 Million in customer rebates and invest \$3 million in local GHG reducing programs while building reserves for financial stability.

MBchoice, the primary service for automatic enrollment, provides a 3% rebate on generation charges, annually in December.

- MBgreen+ directs the 3% rebate to invest in the build-out of new, local renewables.
- MBshare directs the 3% rebate to fund local low-income and/or nonprofit GHG reduction programs.
- MBprime provides 100% renewable electricity for one extra penny/kWh. Customers may keep their rebate or direct it to MBgreen+ or MBshare.

Peninsula Clean Energy (PCE)

Launched in October 2016, PCE serves ~290,000 customers in San Mateo County. PCE offers ECOplus 50% renewable and ECO100 100% renewable energy service.

Increasing GHG-Free Content 5% annually to 100% GHG-Free by 2021

Greenhouse gas-free content for ECOplus increased to 85% in 2018, while maintaining a 5% discount compared to PG&E.

Communications Efforts for Hard to Reach Communities

PCE awarded grants to five local nonprofits to communicate with low-income and native Spanish and Chinese speakers about PCE energy discount programs.

Municipalities Going 100% Renewable

The County of San Mateo, local transit agencies, and 15 of 20 cities have enrolled in ECO100 100% renewable energy service.

Pico Rivera Municipal Energy (PRIME)

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

Pioneer Community Energy

Launched in February 2018, Pioneer serves ~81,000 customers in unincorporated Placer County, Auburn, Colfax, Loomis, Lincoln, and Rocklin.

Average 9% Rate Savings for Residents and Businesses

Rancho Mirage Energy Authority

The City of Rancho Mirage will launch service on May 1 and offer Base Choice 35% renewable energy service.

Redwood Coast Energy Authority (RCEA)

Launched in May 2017, RCEA serves ~62,000 customers in Humboldt County, Eureka, Arcata, Fortuna, Ferndale, Blue Lake, Rio Dell, and Trinidad. RCEA offers REpower 40% renewable and REpower+ 100% renewable energy service.

Local Power Generation

RCEA is exploring an offshore wind energy project on the coast of Humboldt County and is also partnering with Schatz Energy Research Center/Humboldt State University, the County of Humboldt, and PG&E to build a \$9 million microgrid, featuring a 9-acre 2.25 MW solar array and 8 MWh of energy storage at Humboldt's regional airport. The project is expected to provide wholesale electricity to RCEA, as well as emergency resiliency and energy savings.

Electric Vehicle (EV) Program

RCEA operates 14 public EV charging sites that have provided 11, 281 sessions, saving 113,680 lbs of CO2 emissions since 2011. There are 908 EV drivers registered in Humboldt County. All RCEA's EV charging meters are opted up to 100% renewable energy.

Community Advisory Committee

RCEA's Community Advisory Committee is expanding to include up to 15 members to provide decision-making support and input to the RCEA Board while engaging with the community.

San Jacinto Power (SJP)

Launched in April 2018, San Jacinto Power serves ~15,000 customers in City of San Jacinto, Riverside County serves. SJP offers Prime-Power 35% renewable and EverGreen 100% renewable energy service.

San Jose Clean Energy (SJCE)

Launching in September 2018, SJCE will serve the City of San Jose, the 10th largest city in the US and the 3rd largest City in California

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. SVCE offers GreenStart 50% renewable and GreenPrime 100% renewable energy service.

Lower Rates

SVCE's Board of Directors set electric generation rates effective April 1, 2018, saving average residential customers \$40 annually.

Solana Energy Alliance (SEA)

Launching service on June 1, 2018, SEA will be the first CCA in San Diego County. SEA will offer options for customers to upgrade to a 100 percent renewable energy program called SEA Green. Customers with solar panels can join the SEA net energy metering program to get credit for electricity their systems return to the grid.

Sonoma Clean Power (SCP)

Launched in 2014, SCP serves ~221,000 customers in Sonoma and Mendocino counties. SCP offers CleanStart 42% renewable/90% carbon-free and EverGreen 100% local, renewable energy service.

Awarded California Energy Commission (CEC) Grant

The CEC's EPIC Grant, which offers just over \$13 million in grant funding, could lead to a doubling of energy efficiency savings in existing buildings over a three-year period. The bulk of the budget will go towards building out a physical Energy Marketplace, which would be a storefront partnership offering a regulated marketplace for energy products, training, and contractor referral.

Wildfire Recovery Efforts

SCP staff continue to support the County of Sonoma, City of Santa Rosa, Sonoma County Transportation Authority, Association of Bay Area Governments, and the Governor's Office to form a Renewal Enterprise District (RED) to reduce the cost and development risk of new housing by pooling public financing for infrastructure, and seeking greater regulatory certainty for projects that are climate-friendly, and built in priority areas (e.g., transit-friendly, walkable, previously-developed). SCP is also launching the Advanced Energy Rebuild program (in conjunction with PG&E and the Bay Area Air Quality Management District) in early May to promote rebuilding homes destroyed in the wildfires to a high standard of energy efficiency, and to make going carbon free easy.

Long-Term Renewable Power Supply Contracts

SCP received 81 offers for long-term (10 years or longer) Category 1 RPS-eligible renewable resources ranging from wind, solar, and geothermal all over the Western Interconnect. SCP is entering Power Purchasing Agreements with three developers for Northern California projects including 20 MWs of solar, 80 MWs of wind, and a 50 MW solar project with 5 MWs of energy storage to begin generating from 2020 through mid-2023.

Valley Clean Energy (VCE) Alliance

Launching in June 2018, VCE will serve customers within the cities of Woodland, Davis, and unincorporated areas of Yolo County.

Sacramento Municipal Utility District Agreement

SMUD will provide technical and energy services on a contract basis to VCE, including data management and call center services, wholesale energy services, credit support services, and up to five years of business operations support. VCE maintains full program control/autonomy and operational flexibility while taking advantage of SMUD's extensive energy sector experience.

Energy Choice

VCE will offer LightGreen 42% renewable at a 2.5% discount compared to PG&E, and UltraGreen 100% renewable energy at a slightly higher rate.

VALLEY CLEAN ENERGY ALLIANCE

Consent Agenda – Item 7

TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Final Tariff Sheets with 2.5% Rate Discount

DATE: April 25, 2018

RECOMMENDATION

Staff recommends the Board adopt a resolution that approves the final tariff sheets, which reflect a discount of 2.5% from PG&E's generation rates.

BACKGROUND

On March 22, 2018 the Board adopted a resolution that approved a 2.5% rate discount from PG&E's generation rates placed into effect March 1, 2018, net of PCIA and Franchise Fees. The adopted discount was a change from the recommended 2% discount. The tariff sheets presented at the March Board meeting reflected the 2% discount. The tariff sheets included in Attachment A have been updated to the approved 2.5% discount.

REQUESTED ACTION

Adopt a resolution that approves the Tariff Sheets as shown in Attachment A.

ATTACHMENT A

VCE LightGreen Residential Rates

(effective 6/1/2018)

E1, EM, ES, ESR, ET, Basic Residential

All Electric Usage \$ 0.07110 /kWh

E-TOU-A, Residential Time-of-Use

Summer

Peak \$ 0.15173 /kWh

Off-Peak \$ 0.07805 /kWh

Winter

Peak \$ 0.06657 /kWh

Off-Peak \$ 0.05264 /kWh

E-TOU-B, Residential Time-of-Use

Summer

Peak \$ 0.17306 /kWh

Off-Peak \$ 0.07258 /kWh

Winter

Peak \$ 0.06889 /kWh

Off-Peak \$ 0.05056 /kWh

E-TOU-C3, Residential Time-of-Use

Summer

Peak \$ 0.12828 /kWh

Off-Peak \$ 0.06642 /kWh

Winter

Peak \$ 0.07323 /kWh

Off-Peak \$ 0.05633 /kWh

E-TOUPP, Rate 1, Residential Time-of-Use Pilot Project

Summer

Peak \$ 0.16129 /kWh

Off-Peak \$ 0.06081 /kWh

Winter

Peak \$ 0.05713 /kWh

Off-Peak \$ 0.03880 /kWh

E-TOUPP, Rate 2, Residential Time-of-Use Pilot Project

Summer

Peak \$ 0.17748 /kWh

Part-Peak \$ 0.11811 /kWh

Off-Peak \$ 0.04749 /kWh

Winter

Peak \$ 0.05624 /kWh

Off-Peak \$ 0.03671 /kWh

E-TOUPP, Rate 3, Residential Time-of-Use Pilot Project

Summer

Peak	\$ 0.16158 /kWh
Off-Peak	\$ 0.06109 /kWh

Winter

Peak	\$ 0.06155 /kWh
Off-Peak	\$ 0.04307 /kWh

Spring

Peak	\$ 0.04938 /kWh
Off-Peak	\$ 0.03736 /kWh
Super-Off-Peak	\$ 0.01158 /kWh

E-6, EM-TOU, Residential Time-of-Use

Summer

Peak	\$ 0.19779 /kWh
Part-Peak	\$ 0.08776 /kWh
Off-Peak	\$ 0.04285 /kWh

Winter

Part-Peak	\$ 0.06778 /kWh
Off-Peak	\$ 0.05543 /kWh

EV, Residential Rates for Electric Vehicle Owners

Summer

Peak	\$ 0.20656 /kWh
Part-Peak	\$ 0.08193 /kWh
Off-Peak	\$ 0.02426 /kWh

Winter

Peak	\$ 0.05589 /kWh
Part-Peak	\$ 0.02216 /kWh
Off-Peak	\$ 0.02642 /kWh

VCE LightGreen Commercial Rates
(effective 6/1/2018)

A1, Small General Services

Summer	\$ 0.09728 /kWh
Winter	\$ 0.05904 /kWh

A1X, Small General Services with Time-of-Use

Summer

Peak	\$ 0.11106 /kWh
Part-Peak	\$ 0.08801 /kWh
Off-Peak	\$ 0.06134 /kWh

Winter

Part-Peak	\$ 0.08782 /kWh
Off-Peak	\$ 0.06742 /kWh

A-6, Small General Services with Time-of-Use

Summer

Peak	\$ 0.34272 /kWh
Part-Peak	\$ 0.10913 /kWh
Off-Peak	\$ 0.05230 /kWh

Winter

Part-Peak	\$ 0.07712 /kWh
Off-Peak	\$ 0.06007 /kWh

A-10-P, Medium General Services

Summer	\$ 0.07787 /kWh
Winter	\$ 0.05507 /kWh

Demand Charges

Max Demand Summer	\$ 4.58 /kW
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A-10-S, Medium General Services

Summer	\$ 0.08756 /kWh
Winter	\$ 0.06125 /kWh

Demand Charges

Max Demand Summer	\$ 5.27 /kW
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A-10-T, Medium General Services

Summer	\$ 0.06829 /kWh
Winter	\$ 0.04850 /kWh

Demand Charges

Max Demand Summer	\$ 3.60 /kW
-------------------	-------------

A-10-X-P, Medium General Services with Time-of-Use

Summer

Peak	\$ 0.12850 /kWh
Part-Peak	\$ 0.07920 /kWh
Off-Peak	\$ 0.05324 /kWh

Winter

Part-Peak	\$ 0.06584 /kWh
Off-Peak	\$ 0.05036 /kWh

Demand Charges

Max Demand Summer	\$ 4.58 /kW
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A-10-X-S, Medium General Services with Time-of-Use

Summer

Peak	\$ 0.14009 /kWh
Part-Peak	\$ 0.08634 /kWh
Off-Peak	\$ 0.05897 /kWh

Winter

Part-Peak	\$ 0.07080 /kWh
Off-Peak	\$ 0.05415 /kWh

Demand Charges

Max Demand Summer	\$ 5.27 /kW
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A-10-X-T, Medium General Services with Time-of-Use

Summer

Peak	\$ 0.11462 /kWh
Part-Peak	\$ 0.06892 /kWh
Off-Peak	\$ 0.04425 /kWh

Winter

Part-Peak	\$ 0.05743 /kWh
Off-Peak	\$ 0.04321 /kWh

Demand Charges

Max Demand Summer	\$ 3.60 /kW
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E-19-P, Medium General Services with Time-of-Use

Summer

Peak	\$ 0.10267 /kWh
Part-Peak	\$ 0.06167 /kWh
Off-Peak	\$ 0.03532 /kWh

Winter

Part-Peak	\$ 0.05614 /kWh
Off-Peak	\$ 0.04183 /kWh

Demand Charges

Max Peak Demand Summer	\$ 12.06 /kW
Max Part-Peak Demand Summer	\$ 2.93 /kW

E-19-S, Medium General Services with Time-of-Use

Summer

Peak	\$ 0.11257 /kWh
Part-Peak	\$ 0.06926 /kWh
Off-Peak	\$ 0.04057 /kWh

Winter

Part-Peak	\$ 0.06332 /kWh
Off-Peak	\$ 0.04769 /kWh

Demand Charges

Max Peak Demand Summer	\$ 13.51 /kW
Max Part-Peak Demand Summer	\$ 3.33 /kW

E-19-T, Medium General Services with Time-of-Use

Summer

Peak	\$ 0.06704 /kWh
Part-Peak	\$ 0.05312 /kWh
Off-Peak	\$ 0.03471 /kWh

Winter

Part-Peak	\$ 0.05531 /kWh
Off-Peak	\$ 0.04116 /kWh

Demand Charges

Max Peak Demand Summer	\$ 13.71 /kW
Max Part-Peak Demand Summer	\$ 3.44 /kW

E-19-P (Option R), Medium General Services with Time-of-Use

Summer

Peak	\$ 0.24936 /kWh
Part-Peak	\$ 0.09528 /kWh
Off-Peak	\$ 0.03532 /kWh

Winter

Part-Peak	\$ 0.05614 /kWh
Off-Peak	\$ 0.04183 /kWh

E-19-S (Option R), Medium General Services with Time-of-Use

Summer

Peak	\$ 0.26206 /kWh
Part-Peak	\$ 0.10404 /kWh
Off-Peak	\$ 0.04057 /kWh

Winter

Part-Peak	\$ 0.06332 /kWh
Off-Peak	\$ 0.04769 /kWh

E-19-T (Option R), Medium General Services with Time-of-Use

Summer

Peak	\$ 0.24829 /kWh
Part-Peak	\$ 0.09588 /kWh
Off-Peak	\$ 0.03471 /kWh

Winter

Part-Peak	\$ 0.05531 /kWh
Off-Peak	\$ 0.04116 /kWh

E-20-P, Large General Services with Time-of-Use

Summer

Peak	\$ 0.10802 /kWh
Part-Peak	\$ 0.06463 /kWh
Off-Peak	\$ 0.03795 /kWh

Winter

Part-Peak	\$ 0.05892 /kWh
Off-Peak	\$ 0.04450 /kWh

Demand Charges

Max Peak Demand Summer	\$ 14.35 /kW
Max Part-Peak Demand Summer	\$ 3.39 /kW

E-20-S, Large General Services with Time-of-Use

Summer

Peak	\$ 0.10381 /kWh
Part-Peak	\$ 0.06445 /kWh
Off-Peak	\$ 0.03744 /kWh

Winter

Part-Peak	\$ 0.05874 /kWh
Off-Peak	\$ 0.04410 /kWh

Demand Charges

Max Peak Demand Summer	\$ 13.07 /kW
Max Part-Peak Demand Summer	\$ 3.23 /kW

E-20-T, Large General Services with Time-of-Use

Summer

Peak	\$ 0.06550 /kWh
Part-Peak	\$ 0.05243 /kWh
Off-Peak	\$ 0.03512 /kWh

Winter

Part-Peak	\$ 0.05449 /kWh
Off-Peak	\$ 0.04119 /kWh

Demand Charges

Max Peak Demand Summer	\$ 16.98 /kW
Max Part-Peak Demand Summer	\$ 4.05 /kW

E-20-P (Option R), Large General Services with Time-of-Use

Summer

Peak	\$ 0.25579 /kWh
Part-Peak	\$ 0.09713 /kWh
Off-Peak	\$ 0.03795 /kWh

Winter

Part-Peak	\$ 0.05892 /kWh
Off-Peak	\$ 0.04450 /kWh

E-20-S (Option R), Large General Services with Time-of-Use

Summer

Peak	\$ 0.23768 /kWh
Part-Peak	\$ 0.09682 /kWh
Off-Peak	\$ 0.03744 /kWh

Winter

Part-Peak	\$ 0.05874 /kWh
Off-Peak	\$ 0.04410 /kWh

E-20-T (Option R), Large General Services with Time-of-Use

Summer

Peak	\$ 0.24892 /kWh
Part-Peak	\$ 0.09127 /kWh
Off-Peak	\$ 0.03512 /kWh

Winter

Part-Peak	\$ 0.05449 /kWh
Off-Peak	\$ 0.04119 /kWh

E-37, Oil & Gas

Summer

Peak	\$ 0.12990 /kWh
Off-Peak	\$ 0.02697 /kWh

Winter

Part-Peak	\$ 0.04842 /kWh
Off-Peak	\$ 0.01810 /kWh

Demand Charges

Max Demand Summer	\$ 4.75 /kW
Max Peak Demand Summer	\$ 5.95 /kW

Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 1.53 /kW
Transmission Voltage Discount - Max Demand Summer	\$ 2.66 /kW

LS-1, LS-2, LS-3, OL-1, Street & Hwy. Lighting

All Electric Usage	\$ 0.07884 /kWh
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TC-1, Traffic Control Service

All Electric Usage	\$ 0.08616 /kWh
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S-TOU-P, Standby Service

Summer

Peak	\$ 0.09427 /kWh
Part-Peak	\$ 0.07734 /kWh
Off-Peak	\$ 0.05518 /kWh

Winter

Part-Peak	\$ 0.08004 /kWh
Off-Peak	\$ 0.06287 /kWh

Reservation Charges

Reservation Charge	\$ 0.41 /kW
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S-TOU-S, Standby Service

Summer

Peak	\$ 0.09427 /kWh
Part-Peak	\$ 0.07734 /kWh
Off-Peak	\$ 0.05518 /kWh

Winter

Part-Peak	\$ 0.08004 /kWh
Off-Peak	\$ 0.06287 /kWh

Reservation Charges

Reservation Charge	\$ 0.41 /kW
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S-TOU-T, Standby Service

Summer

Peak	\$ 0.07716 /kWh
Part-Peak	\$ 0.06309 /kWh
Off-Peak	\$ 0.04449 /kWh

Winter

Part-Peak	\$ 0.06531 /kWh
Off-Peak	\$ 0.05102 /kWh

Reservation Charges

Reservation Charge	\$ 0.34 /kW
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VCE LightGreen Agricultural Rates
(effective 6/1/2018)

AG1-A, Agriculture

Summer	\$ 0.08086 /kWh
Winter	\$ 0.05987 /kWh

Demand & Connected Load Charges

Connected Load Summer	\$ 1.45 /kW
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AG1-B, Agriculture

Summer	\$ 0.08402 /kWh
Winter	\$ 0.05995 /kWh

Demand & Connected Load Charges

Max Demand Summer	\$ 2.18 /kW
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Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 0.83 /kW
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AG4-A, Time-of-Use Agriculture

Summer

Peak	\$ 0.14448 /kWh
Off-Peak	\$ 0.04807 /kWh

Winter

Part-Peak	\$ 0.05245 /kWh
Off-Peak	\$ 0.04096 /kWh

Demand & Connected Load Charges

Connected Load Summer	\$ 1.44 /kW
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AG4-B, Time-of-Use Agriculture

Summer

Peak	\$ 0.10476 /kWh
Off-Peak	\$ 0.05025 /kWh

Winter

Part-Peak	\$ 0.04837 /kWh
Off-Peak	\$ 0.03741 /kWh

Demand & Connected Load Charges

Max Demand Summer	\$ 2.55 /kW
Max Peak Demand Summer	\$ 2.71 /kW

Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 0.65 /kW
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AG4-C, Time-of-Use Agriculture**Summer**

Peak	\$ 0.12477 /kWh
Part-Peak	\$ 0.05971 /kWh
Off-Peak	\$ 0.03608 /kWh

Winter

Part-Peak	\$ 0.04279 /kWh
Off-Peak	\$ 0.03264 /kWh

Demand & Connected Load Charges

Max Peak Demand Summer	\$ 6.29 /kW
Max Part-Peak Demand Summer	\$ 1.07 /kW

Voltage Discounts

Primary Voltage Discount - Max Peak Demand Summer	\$ 1.12 /kW
Transmission Voltage Discount - Max Peak Demand Summer	\$ 2.06 /kW

AG5-A,D, Time-of-Use Large Agriculture**Summer**

Peak	\$ 0.13360 /kWh
Off-Peak	\$ 0.05334 /kWh

Winter

Part-Peak	\$ 0.05705 /kWh
Off-Peak	\$ 0.04495 /kWh

Demand & Connected Load Charges

Connected Load Summer	\$ 3.95 /kW
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AG5-B, E, Time-of-Use Large Agriculture**Summer**

Peak	\$ 0.12990 /kWh
Off-Peak	\$ 0.02697 /kWh

Winter

Part-Peak	\$ 0.04842 /kWh
Off-Peak	\$ 0.01810 /kWh

Demand & Connected Load Charges

Max Demand Summer	\$ 4.75 /kW
Max Peak Demand Summer	\$ 5.95 /kW

Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 1.53 /kW
Transmission Voltage Discount - Max Demand Summer	\$ 2.66 /kW

AG5-C, F, Time-of-Use Large Agriculture

Summer

Peak	\$ 0.10337 /kWh
Part-Peak	\$ 0.04906 /kWh
Off-Peak	\$ 0.02884 /kWh

Winter

Part-Peak	\$ 0.03489 /kWh
Off-Peak	\$ 0.02571 /kWh

Demand & Connected Load Charges

Max Peak Demand Summer	\$ 11.03 /kW
Max Part-Peak Demand Summer	\$ 2.08 /kW

Voltage Discounts

Primary Voltage Discount - Max Peak Demand Summer	\$ 2.33 /kW
Transmission Voltage Discount - Max Peak Demand Summer	\$ 4.36 /kW

AG-ICE, Agricultural Internal Combustion Engine Conversion Incentive

Summer

Peak	\$ 0.11484 /kWh
Part-Peak	\$ 0.07534 /kWh
Off-Peak	\$ 0.00711 /kWh

Winter

Part-Peak	\$ 0.07893 /kWh
Off-Peak	\$ 0.00711 /kWh

Demand & Connected Load Charges

Max Demand Summer	\$ 3.31 /kW
Max Peak Demand Summer	\$ 3.53 /kW

Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 0.79 /kW
Transmission Voltage Discount - Max Demand Summer	\$ 1.44 /kW

AG-R-A, D, Split-Week Time-of-Use Agricultural Power

Summer

Peak	\$ 0.26021 /kWh
Off-Peak	\$ 0.04672 /kWh

Winter

Part-Peak	\$ 0.05432 /kWh
Off-Peak	\$ 0.04250 /kWh

Demand & Connected Load Charges

Connected Load Summer	\$ 1.40 /kW
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AG-R-B, E, Split-Week Time-of-Use Agricultural Power

Summer

Peak	\$ 0.23255 /kWh
Off-Peak	\$ 0.04618 /kWh

Winter

Part-Peak	\$ 0.04029 /kWh
Off-Peak	\$ 0.03058 /kWh

Demand & Connected Load Charges

Max Demand Summer	\$ 2.08 /kW
Max Peak Demand Summer	\$ 2.33 /kW

Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 0.54 /kW
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AG-V-A, D, Short-Peak Time-of-Use Agricultural Power

Summer

Peak	\$ 0.22454 /kWh
Off-Peak	\$ 0.04381 /kWh

Winter

Part-Peak	\$ 0.05269 /kWh
Off-Peak	\$ 0.04111 /kWh

Demand & Connected Load Charges

Connected Load Summer	\$ 1.46 /kW
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AG-V-B, E, Short-Peak Time-of-Use Agricultural Power

Summer

Peak	\$ 0.20542 /kWh
Off-Peak	\$ 0.04424 /kWh

Winter

Part-Peak	\$ 0.04054 /kWh
Off-Peak	\$ 0.03078 /kWh

Demand & Connected Load Charges

Max Demand Summer	\$ 1.90 /kW
Max Peak Demand Summer	\$ 2.45 /kW

Voltage Discounts

Primary Voltage Discount - Max Demand Summer	\$ 0.57 /kW
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VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _____

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE FINAL
CUSTOMER RATE DISCOUNT AND RATE TABLE

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 rates will be set at a 2.5% discount from the 2018 generation PG&E rates; and

WHEREAS, in the event PG&E’s generation rates change mid-year, the Interim General Manager will have the authority to approve any new rates at an amount 2.5% below PG&E’s generation rate for that new tariff, net of PCIA and Franchise Fees.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the Final Customer Rate Discount and Rate Table (Exhibit A).

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

AYES:

NOES:

ABSENT:

ABSTAIN:

VCEA Board Chair

VCEA Board Secretary

Approved as to form:

Interim VCEA Counsel

VALLEY CLEAN ENERGY ALLIANCE

Consent Agenda – Item 8

TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: Data Privacy Policy Revision

DATE: April 25, 2018

RECOMMENDATION

Staff recommends the Board adopt a resolution that approves the attached revision to the VCEA Data Policy.

BACKGROUND

On January 18, 2018 the Board approved the VCEA Customer and Data Policies. Staff has determined that a sentence in the original Data Policy implies that customer data can be removed from the CCA’s data management system. The nature of the CCA data transaction with PG&E is such that data for all customers within the CCA service territory is updated on a weekly basis with customer data supplied from PG&E, as part of the CPUC-approved process. VCEA is not able to exclude individual customers from this process. The customer data is protected per the originally approved data policy. However to avoid confusion regarding customer data storage, VCEA recommends the revised policy language shown in redline in Attachment A.

Following Board approval, the redline changes will be accepted and the updated policy will be posted to VCEA’s website.

REQUESTED ACTION

Adopt a resolution that approves the revised Data Policy as shown in Attachment A.

ATTACHMENT A



DRAFT

**Valley Clean Energy Alliance
Data Policy**

~~4/54/16~~/2018

Table of Contents

Table of Contents.....	i
1 Privacy Policy.....	1
2 Security Breach Policy.....	4

1 Privacy Policy

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

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

Data we collect and how we use it

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

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

General security protections

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

De-identified information

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

Individual choice and access

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

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

Children's privacy

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

California Do not track disclosures

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

Cookies

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

Google Analytics and web service providers

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

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

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

Third parties

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

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








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

Effective date and updates

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

Accountability

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

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

2 Security Breach Policy

Purpose

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

Scope

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

Definitions

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

Data quality & security

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

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

Security systems and monitoring

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

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

Incident handling

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

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

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

Notification of breach

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

VCEA Customers

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

Law enforcement

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

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

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

CPUC

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

Evaluation and response

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

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

Notification language

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

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

Accountability and auditing

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

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

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

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

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

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

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager

SUBJECT: Transmittal of Community Advisory Committee Report – April 9, 2018 meeting summary

DATE: April 25, 2018

This report transmits the Community Advisory Committee’s Report regarding its April 9, 2018 meeting.

Attachment

1. CAC Report

Valley Clean Energy Alliance
Community Advisory Committee Report to the Board
Summary of April 9th CAC Meeting

Following a Chair/Vice-Chair discussion with Mitch Sears, Gerry Braun, Christine Shewmaker, Lucas Frerichs and Tom Stallard, it was suggested that instead of a CAC report at the end of the Board meeting, that a brief written summary be included in the Board agenda materials. Included would be short explanations of votes, particularly when they were not unanimous. There were no votes at the April 9th CAC meeting, however a short summary of items discussed and concerns raised is below.

- Integrated Resource Plan Workshop
Reviewed workshop agenda and discussed plans for 3 hour meeting to work on IRP on April 26th. VCEA long term vision will be used as guide with the Climate Action Plans of the Cities of Davis and Woodland and Yolo County reviewed for consistency. It was suggested that metrics be developed to track VCEA progress on long term vision targets.
- Outreach
Concerns raised by Outreach Task Group over materials prepared by Circlepoint. The task group recommended that Staff and Circlepoint develop a work flow to prevent this from happening in the future. Further, the task group offered to assist Staff since VCEA is not fully staffed as yet.
NEM post card and Solar Customer page are in need of review. A solar installer will be reviewing the Solar page as well as the Outreach Task Group. It was suggested to have information sessions with solar customers.
- Leg/Reg
Discussed CPUC proposed increase in TRC (total resource cost) benefit/cost ratio test to 1.25 for CCAs; this is .25 more than previous. Final decision will be May 10th. This would apply to programs that will have to be approved through CPUC. There was some discussion of reduced flexibility available to CCAs if the test were applied to them as currently proposed.
- Chair/Vice-Chair report
The Chair provided updates from meeting with G. Braun, C. Shewmaker, L. Frerichs, T. Stallard and M. Sears. They discussed what the CAC's role would be beyond the launch phase.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Lisa Limcaco, Director of Finance & Internal Operations
Chad Rinde, Asst. Chief Financial Officer, Yolo County

SUBJECT: Approval of Credit Agreement with River City Bank

DATE: April 25, 2018

RECOMMENDATION

Staff recommends the Board adopt a resolution that approves the Credit Agreement with River City Bank contingent upon the City of Woodland approving the Subordination Agreement at their City Council meeting on May 1, 2018.

BACKGROUND AND ANALYSIS

At the December 14, 2017 Board meeting, the Board adopted a resolution to select River City Bank as the credit and banking services vendor for VCE and authorized the Interim General Manager to execute a letter of intent and enter into negotiations for final contracts with River City Bank for VCE credit facilities. On March 7, 2018, the Interim General Manager executed a term sheet for up to \$11,000,000 in total credit facilities for VCE with River City Bank.

Summary of the Credit Agreement

Revolving Line of Credit (RLOC)

- Up to \$11,000,000 RLOC for the sole purpose of providing working capital to fund power purchases during seasonal differences in cash flow and reserves as needed to support power purchases.
- Monthly interest payments due on outstanding RLOC balance at a variable rate of interest equal to the One-Month LIBOR plus 1.75% per annum, subject to a floor of 1.75% per annum. If all of the \$11M were drawn, the monthly payment would be approximately \$33,400, subject to the variable rates.
- Availability of RLOC expires 1 year from execution of agreement (with an option to extend the line for another 6 months for total of 18 months).
- The fees and expenses of the loan are estimated to be \$30,000 and will be paid with proceeds of the line of credit/directly by VCE.

Conversion of RLOC

- At the expiration of the RLOC, any outstanding balance can be converted to an amortizing Term Loan which matures up to 5 years from conversion date.

Term Loan

- Up to 60 equal monthly principal payments plus interest on outstanding balance at a fixed rate of interest equal to the 3 year Treasury Constant Maturity Rate plus 2.00% per annum at the time of conversion.
- Required annual Debt service coverage ratio of 1.25:1.

Other Requirements

- Establish Debt Service Reserve Account of \$1,100,000 which can be funded by RLOC and River City Bank has 1st Lien position on this account.
- JPA member loans subordinate to this Credit Agreement.
- Various other loan covenants.

All financial factors associated with the RLOC and subsequent Term Loan have been factored into and are accounted for by the VCE financial model.

The JPA members will consider the Subordination Agreement at their respective member agency meetings in April (City of Davis and Yolo County), and May 2018 (City of Woodland).

VCE's financial and management staff, supported by legal counsel with expertise in financial agreements provided by the office of VCE's General Co-Counsel (BBK), participated in the development and review of the Credit Agreement and associated documents. BBK legal counsel has reviewed and approved the documents as to form.

Staff is recommending the Board approve the Credit agreement with River City Bank as summarized above, and authorize the Board Chair to approve and execute the Credit Agreement, contingent upon all JPA member agencies approving their Subordination Agreements.

Attachments

1. Resolution
2. Credit Agreement

RESOLUTION _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXECUTION AND DELIVERY OF A CREDIT AGREEMENT
WITH RIVER CITY BANK**

WHEREAS, Valley Clean Energy Alliance (“VCEA”), is a public agency formed in January 2017 under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq., between the County of Yolo and the City of Davis to provide Community Choice Energy (CCE) programs within the member agencies, and in June 2017, the City of Woodland also joined VCEA adding to the overall VCEA service territory;

WHEREAS, VCEA initially received loans from each member agency of \$500,000, together with co-operative agreements for member agencies to provide contracted staff and supplies during the implementation period, which will continue to June, 2018 when VCEA will begin providing CCE programs; and

WHEREAS, VCEA solicited competitive bids for banking and credit services and has selected River City Bank to lend VCEA up to \$11 million as a line of credit to fund power purchases as part of administrating CCE programs, which has a term of 18-months at variable rates and is convertible to a five year term loan with a fixed interest rate; and

WHEREAS, River City Bank (the “Bank”) has prepared and presented a Credit Agreement (the “Agreement”) to be between VCEA, as borrower, and the Bank, as lender; and

WHEREAS, VCEA has reviewed the terms of the Agreement and desires to fund the administration of the CCE programs in furtherance of its governmental purpose.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Valley Clean Energy Alliance as follows:

Section 1. Findings and Determinations. The Board hereby finds and determines that the above stated recitals are true and correct.

Section 2. Approval of Agreement. The form of Agreement presented at this meeting is hereby approved and the Board Chair and the Interim General Manager are each individually hereby authorized to accept, for and in the name of VCEA, such Agreement with such changes therein as the officer executing the same may approve, in consultation with VCEA’s legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. This approval is subject to receipt of the executed City of Woodland Subordination Agreement which subordinates the City of Woodland’s loan to VCEA to the River City Bank line of credit given to VCEA.

Section 3. Official Actions. The Board Chair, the Interim General Manager, the Treasurer and any and all other officers of VCEA are hereby authorized and directed, for and in the name and on behalf of VCEA, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in connection with the delivery of the Agreement.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Valley Clean Energy Alliance, California, held on the ____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, Board Chair

ATTEST: _____
_____, Board Secretary

CREDIT AGREEMENT

Dated as of April ___, 2018

by and between

**VALLEY CLEAN ENERGY ALLIANCE,
as Borrower**

and

**RIVER CITY BANK,
as Lender**

CREDIT AGREEMENT

This CREDIT AGREEMENT (this “*Agreement*”) is entered into as of April ___, 2018, by and between **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“*Borrower*”), and **RIVER CITY BANK**, a California corporation (“*Lender*”).

W I T N E S S E T H:

WHEREAS, Borrower has requested, and Lender has agreed to make available to Borrower, a credit facility which includes a revolving line of credit upon and subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION.

Section 1.1. Definitions. All capitalized terms used in this Agreement and not otherwise defined have the meanings ascribed to them on **Exhibit A**.

Section 1.2. Other Interpretive Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement will have the same defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms is equally applicable to the singular and plural forms of the defined terms.

(b) References. The words “hereof”, “herein”, “hereunder” and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Certain Common Terms. The term “documents” includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced. The term “including” is not limiting and means “including without limitation.”

(d) Performance; Time. Whenever any performance obligation hereunder is stated to be due or required to be satisfied on a day other than a Business Day, such performance may be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including.” If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision will be interpreted to encompass any and all means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein, references to agreements and other contractual instruments, including this Agreement and the other Loan Documents, will be deemed to include all subsequent amendments thereto, restatements thereof and other modifications and supplements thereto which are in effect from time to time, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(g) Dollars and \$. All references to “dollars” or “\$” refer to United States dollars.

Section 1.3. Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein will be construed, and all financial computations required under this Agreement will be made, in accordance with GAAP, consistently applied.

(b) References herein to “fiscal year”, “fiscal quarter” and “fiscal month” refer to such fiscal periods of Borrower.

(c) If any change in GAAP results in a change in the calculation of the financial covenants or interpretation of related provisions of this Agreement or any other Loan Document, then Borrower and Lender agree to amend such provisions of this Agreement so as to equitably reflect such changes in GAAP with the desired result that the criteria for evaluating Borrower’s financial condition will be the same after such change in GAAP as if such change had not been made.

SECTION 2. THE REVOLVING LINE OF CREDIT.

Section 2.1. Revolving Credit. Subject to the terms and conditions hereof, Lender agrees to make a revolving credit facility (the “*Revolving Credit*”) available to Borrower for the sole purpose of providing working capital to fund (a) power purchases during seasonal differences in cash flow and (b) reserves as needed to support Power Purchase Agreements in an aggregate principal amount not to exceed, at any one time, the Revolving Credit Commitment at any time prior to the Revolving Credit Termination Date. The Revolving Credit will be disbursed in one or more advances (each, an “*Advance*” and, collectively, the “*Advances*”), provided that the conditions precedent to Advances specified in Section 8 are satisfied. Subject to the Revolving Credit Commitment and the other terms and conditions of this Agreement, Borrower may periodically request Advances; provided, however, that Lender will have no obligation to make Advances on or after the Revolving Credit Termination Date.

Section 2.2. Advances. Advances under this Agreement may be requested in writing by Borrower or any Authorized Representative appointed by Borrower. Borrower agrees that

Lender may rely upon any written notice given by any person Lender in good faith believes is an Authorized Representative without the necessity of independent investigation.

Section 2.3. Promissory Note. The Revolving Credit will be evidenced by a **Revolving Credit Promissory Note** (the “*Promissory Note*”) made, executed and delivered by Borrower and payable to the order of Lender in the form (with appropriate insertions) attached hereto as **Exhibit B**.

Section 2.4. Repayment.

(a) *Revolving Credit Termination Date.* All Advances (including all outstanding principal and accrued but unpaid interest) under the Revolving Credit shall be due and payable in full on the Revolving Credit Termination Date. Until the Revolving Credit Termination Date, Borrower shall repay the Advances with interest as provided herein and in the Promissory Note. This is a revolving credit and any Advances repaid may be re-borrowed prior to the Revolving Credit Termination Date. Provided no Default or Event of Default has occurred or is occurring, Borrower may request a one-time extension of the Revolving Credit Termination Date for a period of six (6) months by providing a written request to Lender no later than thirty (30) days prior to the Revolving Credit Termination Date. The extension request may be approved or rejected by Lender in its sole discretion. If approved, Lender shall notify Borrower in writing of the extended Revolving Credit Termination Date not later than ten (10) days prior to the initial Revolving Credit Termination Date. Provided no Default or Event of Default has occurred or is occurring, Borrower may also exercise a one-time option to convert the outstanding Advances under the Revolving Credit to a term loan as provided below.

(b) *Conversion of Revolving Advances to a Term Loan.* No later than thirty (30) days prior to the Revolving Credit Termination Date (as may be extended pursuant to Section 2.4(a)), Borrower may notify Lender of its intent to exercise its option to convert, as of a date not later than the Revolving Credit Termination Date, the outstanding Advances under the Revolving Credit to a term loan (the “*Term Loan*”) payable in installments of up to sixty (60) equal monthly principal payments plus interest payable monthly in arrears at the Term Loan Rate. The Term Loan shall be governed by the terms and conditions of this Agreement and evidenced by a single promissory note (the “*Term Note*”) made, executed and delivered by Borrower in the form (with appropriate insertions) attached hereto as **Exhibit C**.

SECTION 3. INTEREST, LATE FEES, PREPAYMENTS AND APPLICATIONS.

Section 3.1. Interest Payments.

(a) Advances. The outstanding principal balance of Advances will bear interest (which Borrower hereby promises to pay at the rates and at the times set forth therein) prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full. The determination of the Applicable Rate by Lender shall be conclusive and binding on Borrower in the absence of demonstrable error.

(b) Interest Payment Dates. Borrower will pay regular monthly payments of all accrued but unpaid interest on the Advances as of each Payment Date beginning with the first Payment Date immediately following the initial Advance with all subsequent interest payments due and payable on each Payment Date thereafter. Interest on the Advances will be payable monthly in arrears on each Payment Date. Interest on any installment of principal will be due on a Payment Date provided however, that any principal amount that is not paid when due (whether by lapse of time, acceleration or otherwise) will be due and payable on demand. Borrower will make all payments at the address specified in Section 3.4.

(c) Late Fees. If Borrower fails to make any payment of principal or interest under the Notes or any other sum payable hereunder or under any other Loan Document within five (5) calendar days after its due date, Lender will be entitled at its option to impose a late charge in an amount equal to six percent (6.00%) of the amount of such past due payment, which charge, if imposed by Lender, shall be due and payable by Borrower immediately upon receipt of written notice thereof.

Section 3.2. Computation of Interest; Minimum and Maximum Interest Rates. All interest on the Advances will be calculated on the basis of a year of 360 days for the actual number of days elapsed. In no event shall the applicable interest rate exceed the maximum rate allowed by law (including Government Code Section 53854).

Section 3.3. Prepayments.

(a) Voluntary Prepayment. Borrower may voluntarily prepay Advances, in whole or in part, at any time without any penalty or fee. In connection with such prepayment, Borrower may prepay the principal amount of any Note, in whole or in part, together with interest accrued on the principal amount prepaid, at its option and without premium, prior to the applicable Maturity Date or the Termination Date, as the case may be.

(b) Mandatory Prepayment. Borrower will, upon demand, prepay Advances at any time and to the extent that the outstanding principal amount of all Advances exceeds the Revolving Credit Commitment.

(c) Application of Prepayments. All prepayments shall be applied in accordance with Section 3.4.

Section 3.4. Place and Application of Payments and Collections. All payments of principal, interest, fees and all other Obligations payable hereunder will be made to Lender at the following address no later than 2:00 p.m. (Pacific Standard Time) on the date any such payment is due and payable:

River City Bank
Loan Center
2485 Natomas Park Drive, Suite 400
Sacramento, CA 95833

So long as any Event of Default has occurred and is continuing, Borrower agrees that Lender, in its sole and absolute discretion, may apply any payments or collections received by Lender from Borrower in respect of the Revolving Credit to any of the Obligations in any manner or order as Lender desires. Lender's receipt and application of payments or collections shall not constitute a waiver or cure of any Default.

Section 3.5. Notations. All Advances made and evidenced by a Note and the rates of interest applicable thereto will be recorded by Lender on its books and records or, at its option in any instance, endorsed on a schedule to such Note, and the unpaid principal balance and interest rates so recorded or endorsed by Lender will be *prima facie* evidence in any court or other proceeding brought to enforce such Note of the principal amount remaining unpaid, the status of the Advances evidenced by such Note and the applicable interest rates; provided, however, that the failure of Lender to record any of the foregoing will not limit or otherwise affect the obligation of Borrower to repay the principal amount of such Note together with accrued interest thereon. Prior to any negotiation of any Note, Lender will record on a schedule thereto the status of all amounts evidenced by such Note and the rates of interest applicable thereto.

SECTION 4. FEES.

Section 4.1. Upon execution of this Agreement, Borrower shall pay to Lender fees for this Agreement as follows:

(a) Loan Fee. A Loan Fee in an amount equal to .25% of the Revolving Credit Commitment (\$27,500.00).

(b) Documentation Fee. A Documentation Fee in an amount equal to \$2,500.00 for the Revolving Credit Commitment.

(c) Other Costs and Fees. Borrower shall be subject to and agrees to pay any and all other costs and fees incurred by Lender associated with the origination and documentation of this Agreement including the reasonable fees and expenses of legal counsel retained by Lender.

SECTION 5. CONVERSION OF REVOLVING CREDIT ADVANCES TO TERM NOTE.

Section 5.1. Term Loan. Provided no Default or Event of Default has occurred or is continuing, Borrower shall have an option to convert outstanding Advances under the Revolving Credit to a Term Loan as provided in Section 2.4(b) herein. The Term Loan will accrue interest at the Applicable Rate from and including the date on which the outstanding Advances are converted to a Term Loan and will be evidenced by the Term Note. Borrower's right to convert outstanding Advances under the Revolving Credit to a Term Loan shall be subject to the execution and delivery of such additional documentation from Borrower and any subordinated creditors as Lender may reasonably require.

SECTION 6. COLLATERAL – REVOLVING CREDIT COMMITMENT.

Section 6.1. Debt Service Reserve Account. As a condition to Lender’s obligation to make any Advances under the Revolving Credit Commitment, Borrower will open and establish a restricted deposit account, which may be interest bearing, with Lender (the “*Debt Service Reserve Account*”), with a balance of not less than \$1,100,000.00 at any time. The Debt Service Reserve Account will be held in the name of Borrower and will serve as collateral for the Obligations. Borrower will pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of the Debt Service Reserve Account.

Section 6.2. Assignment of Debt Service Reserve Account. As security for the prompt payment and performance by Borrower of all Obligations, Borrower hereby unconditionally and irrevocably assigns, conveys, pledges, transfers, delivers, and confirms unto Lender, and hereby grants to Lender a continuing security interest in the Debt Service Reserve Account and (i) all replacements, substitutions or proceeds thereof, (ii) all instruments and documents now or hereafter evidencing the Debt Service Reserve Account, (iii) all powers, options, rights, privileges and immunities pertaining to the Debt Service Reserve Account, including the right to make withdrawals therefrom, and (iv) all interest, income, profits and proceeds of the foregoing. Borrower hereby acknowledges and agrees that Lender shall have exclusive control over the Debt Service Reserve Account, and Borrower shall have no right to withdraw funds from the Debt Service Reserve Account; provided, however, that Borrower may withdraw funds from the Debt Service Reserve Account from time to time if (1) the balance of the Debt Service Reserve Account will not be less than \$1,100,000.00 after giving effect to such withdrawal, (2) no Default or Event of Default has occurred and is continuing, and (3) no Event of Default would occur as a result of such withdrawal. If an Event of Default shall occur hereunder or under any of the Obligations, then Lender may, without notice or demand on Borrower, at its option: (A) withdraw any or all of the funds (including without limitation, interest) then remaining in the Debt Service Reserve Account and apply the same, after deducting all costs and expenses of safekeeping, collection and delivery, and all reasonable attorneys’ fees, costs and expenses incurred by Lender in connection with the Event of Default, to any amounts due and unpaid under this Agreement, any Note or any other Obligations in such manner and order as Lender shall deem appropriate in its sole discretion, (B) exercise any and all rights and remedies of a secured party under any applicable Uniform Commercial Code, and/or (C) exercise any other remedies available at law or in equity. All rights and remedies of Lender hereunder and under that certain Assignment of Deposit Account in the form of **Exhibit D** attached entered into as of the date hereof between Borrower and Lender shall be cumulative.

SECTION 7. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants to Lender as follows:

Section 7.1. Organization and Qualification; Authority; Consents. Borrower (a) is a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) that is qualified to be a community choice aggregator pursuant to California Public Utilities Code Section 366.2 and (b) has full and

adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying unless the failure to be so licensed or qualified would not have a material adverse effect on its business, operations or assets. Borrower has the agency power to enter into this Agreement and the other Loan Documents to which it is a party, to request the Advances and incur the Obligations provided for herein, to execute the Notes in evidence thereof, to pledge and encumber assets as security therefor, and to perform each and all of the promises herein and therein. This Agreement and the other Loan Documents to which Borrower is a party do not, nor does the performance or observance by Borrower of any of the matters or things herein or therein provided for, contravene any provision of law or the Joint Powers Agreement or any covenant, indenture or agreement of or affecting Borrower or any of its Properties, including any Power Purchase Agreements. The execution, delivery, performance and observance by Borrower of this Agreement and the other Loan Documents do not and, at the time of delivery hereof, will not require any consent or approval of any other Person, other than such consents and approvals that have been given or obtained.

Section 7.2. Legal Effect. This Agreement and the other Loan Documents to which Borrower is a party constitute legal, valid and binding agreements of Borrower, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable remedies if equitable remedies are sought.

Section 7.3. Subsidiaries. Borrower has no Subsidiaries.

Section 7.4. Use of Proceeds. Borrower will use the proceeds of the Advances as provided herein and solely for purposes consistent with the purpose of Borrower as set forth in the Joint Powers Agreement, including for purposes consistent with the community choice aggregation program established by Borrower pursuant to California Public Utilities Code Section 366.2.

Section 7.5. Financial Reports. Effective with the delivery to Lender of the financial statements required by Section 9.2, the statements of financial condition of Borrower as at the date of such statements delivered to Lender, and the related statements of income, retained earnings and cash flows of Borrower for the fiscal year then ended and accompanying notes thereto, which financial statements are to be reviewed by an independent public accountant, and the unaudited interim statements of financial condition of Borrower as at the date of such statements delivered to Lender and the related statements of income and cash flows of Borrower for the period then ended, fairly present the financial condition of Borrower as at said dates and the results of its operations and cash flows for the periods then ended in conformity with GAAP applied on a consistent basis, subject (in the case of unaudited statements) year-end audit adjustments. Borrower has no contingent liabilities which are material to it other than, with respect to any financial statements delivered to Lender, as indicated on said financial statements.

Section 7.6. Full Disclosure. The statements and other information furnished to Lender in connection with the negotiation of this Agreement and the other Loan Documents and the commitment by Lender to provide the financing contemplated hereby do not contain any untrue

statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading; provided that Lender acknowledges that, as to any projections furnished to Lender, Borrower only represents that the same were prepared on the basis of information and estimates Borrower believed to be reasonable at the time such information was prepared.

Section 7.7. Litigation. There is no litigation or governmental proceeding pending, nor to the knowledge of Borrower threatened in writing, against Borrower which if adversely determined would result in any material adverse change in the financial condition, Properties, business or operations of Borrower.

Section 7.8. Good Title. Borrower has good and defensible title to its Properties as reflected on the most recent balance sheet of Borrower furnished to Lender, subject to no Liens other than Permitted Liens or as otherwise limited by applicable law.

Section 7.9. Members. Borrower is not a party to any contract or agreement with any of its members on terms and conditions which are less favorable to Borrower than would be usual and customary in similar contracts or agreements between Persons not affiliated with each other.

Section 7.10. Compliance with Laws. Borrower is in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to its Properties or business operations (including, without limitation, laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of Borrower. Borrower has not received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the financial condition, Properties, business or operations of Borrower.

Section 7.11. Other Agreements. Borrower is not in default under the terms of any covenant, indenture or agreement of or affecting Borrower or any of its Properties, which default if uncured would have a material adverse effect on the financial condition, Properties, business or operations of Borrower.

Section 7.12. No Default. No Default or Event of Default has occurred or is continuing.

SECTION 8. CONDITIONS PRECEDENT.

The obligation of Lender to make any Advance is subject to the following conditions precedent:

Section 8.1. All Advances. As of the time of the making of each Advance (including the initial Advance unless otherwise specified):

(a) each of the representations and warranties set forth in Section 7 hereof and in the other Loan Documents shall be true and correct as of said time, except that the representations and warranties made under Section 7.5 (except for the initial Advance) shall be deemed to refer to the most recent financial statements furnished to Lender pursuant to Section 9.2 hereof; and

(b) Borrower shall be in full compliance with all of the material terms and conditions of this Agreement, the Notes, the Assignment of Deposit Account and all other Loan Documents, and no Default or Event of Default shall have occurred or be continuing.

Section 8.2. Initial Advances under the Revolving Credit.

(a) At or prior to the making of the first Advance under the Revolving Credit Commitment, the following conditions precedent must also be satisfied:

(1) Lender shall have received properly completed and executed originals of the following in form and substance satisfactory to Lender:

- (i) this Agreement;
- (ii) a favorable written legal opinion from Borrower's counsel;
- (iii) the Request for Advance in the form of **Exhibit E**;
- (iv) the resolutions adopted by the Board of Directors of Borrower with respect to this Agreement and the other Loan Documents, certified by an Authorized Representative;
- (v) an incumbency certificate containing the name, title and genuine signatures of each of Borrower's Authorized Representatives;
- (vi) evidence of Borrower's good standing in the state of California;
- (vii) payment by Borrower of the Loan Fee and all other amounts required to be paid by Borrower pursuant to Sections 4.1 and 11.4(a) of this Agreement;
- (viii) a schedule substantially in the form of **Schedule 1** listing all of Borrower's outstanding Indebtedness for Borrowed Money;
- (ix) copies (executed and certified, as may be appropriate) of the organizational documents of Borrower and all legal documents or proceedings (including minutes of board meetings) taken in connection with the execution and delivery of this Agreement to the extent Lender or its counsel may reasonably request;
- (x) copies of subordinated debt instruments or other evidence of the indebtedness due or to become due from Borrower to the City of Davis, the City of Woodland and/or Yolo County;

- (xi) subordination agreements in favor of Lender in the form attached as **Exhibit F**, executed by each of the City of Davis, the City of Woodland and Yolo County;
- (xii) evidence of operating approval from the CPUC;
- (xiii) summary of the terms of the agreement(s) between Borrower and SMUD pursuant to which SMUD purchases power from third parties on behalf of Borrower (“*Power Purchase Agreements*”);
- (xiv) reserve account control or similar agreement executed by each of Borrower, Lender and SMUD;
- (xv) customer verification information for officers of Borrower and signers of the Loan Documents as Lender may require; and
- (xvi) evidence of Liability Insurance in form and substance satisfactory to Lender.

(2) the Launch Date shall have been established and the initial Advance (other than the advance to fund the Debt Service Reserve Account) under the Revolving Credit requested no earlier than four (4) months prior to the Launch Date;

(3) the Debt Service Reserve Account shall have been established and funded with Lender;

(4) the Advance is either a) the Debt Service Reserve Advance, b) an Advance to make a Power Purchase Payment or c) a Working Capital Advance as provided in Section 8.2(b) below; and

(5) any legal matters incident to the execution and delivery of this Agreement and the other Loan Documents and to the transactions contemplated hereby and thereby shall be reasonably satisfactory to Lender and its counsel.

(b) *Permitted Revolving Credit Advances.* In addition to the above-listed conditions precedent, the following terms shall apply to the Advances permitted under the Revolving Credit:

(1) Debt Service Reserve Advance. The Debt Service Reserve Advance shall be in an amount equal to One Million, One Hundred Thousand and no/100 Dollars (\$1,100,000) and will be the first Advance under the Revolving Credit. The proceeds from the Debt Service Reserve Advance shall be deposited into the Debt Service Reserve Account.

(2) PPA Advance. PPA Advances may be requested for the sole purpose of funding reserves in connection with a Power Purchase Agreement. Each PPA Advance shall be requested in substantially the form of **Exhibit E**.

(3) Working Capital Advance. Working Capital Advances may be requested for the sole purpose of bridging seasonal gaps between payment obligations due under the Power Purchase Agreements and reductions in cash flow due to lower billing rates in winter months. Working Capital Advances are to fund power purchases only. Each Working Capital Advance shall be requested in substantially the form of **Exhibit E**.

(4) Pre-Launch Advances. Advances prior to the Launch Date shall be capped at Four Million Dollars (\$4,000,000), of which Five Hundred Thousand Dollars (\$500,000) shall be made by Lender to Borrower to reimburse Borrower for the required deposit made by Borrower to Cal-ISO prior to the execution of this Agreement.

SECTION 9. COVENANTS.

Borrower agrees that, so long as any credit is available to or in use by Borrower hereunder, except to the extent compliance in any case or cases is waived in writing by Lender:

Section 9.1. Maintenance of Business. Borrower shall preserve and maintain its existence. Borrower shall preserve and keep in force and effect all licenses, permits and franchises necessary to the proper conduct of its business and shall conduct its business affairs in a reasonable and prudent manner. Borrower shall maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel, and shall provide Lender with written notice of any change in executive and management personnel.

Section 9.2. Financial Reports. Borrower shall maintain a standard system of accounting in accordance with GAAP and shall furnish to Lender and its duly authorized representatives such information respecting the business and financial condition of Borrower as Lender may reasonably request; and without any request, Borrower shall furnish to Lender:

(a) as soon as available, and in any event within thirty (30) days after the close of each month, an unaudited balance sheet of Borrower as of the last day of the period then ended and statements of income, retained earnings and cash flows of Borrower for the period then ended, prepared in accordance with GAAP and in a form acceptable to Lender;

(b) as soon as available, and in any event no later than one hundred twenty (120) days after each Fiscal Year End, a CPA-audited balance sheet of Borrower as of the last day of the Fiscal Year End and CPA-audited statements of income, retained earnings and cash flows of Borrower for the period then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion thereon of Borrower's independent public accountants, to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the financial condition of Borrower as of the close of such fiscal year and the results of its operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other review procedures as were considered necessary in the circumstances;

(c) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of Borrower's operations and financial affairs given to it by its independent public accountants;

(d) promptly after knowledge thereof shall have come to the attention of any responsible officer of Borrower, written notice of any litigation threatened in writing or any pending litigation or governmental proceeding or labor controversy against Borrower which, if adversely determined, would materially adversely affect the financial condition, Properties, business or operations of Borrower or result in the occurrence of any Default or Event of Default hereunder; and

(e) promptly upon request, all such other information as Lender may reasonably request.

Each of the financial statements furnished to Lender pursuant to this Section 9.2 shall be accompanied by a written certificate signed by the Director of Finance of Borrower to the effect that to the best of such officer's knowledge and belief no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by Borrower to remedy the same.

Section 9.3. Maintenance of Debt Service Reserve Account. Borrower shall ensure that the Debt Service Reserve Account remains pledged and assigned to Lender as collateral for the Obligations in accordance with Section 6.

Section 9.4. Exclusive Depository Relationship. Borrower shall maintain an exclusive business banking deposit account relationship with Lender for so long as any amounts under this Agreement or any Note remain outstanding. In the event that this condition is not satisfied, as determined by Lender, the Applicable Rate (or the Default Rate, if applicable) and any commissions charge on any outstanding Note will immediately increase by an additional 2.00 percentage points.

Section 9.5. Debt Service Coverage Ratio. If the Revolving Credit is converted to the Term Loan, Borrower shall maintain a minimum Debt Service Coverage Ratio ("DSCR") not at any time less than 1.25:1.00, measured annually as of each Fiscal Year End beginning with the first June 30 following conversion to the Term Loan. DSCR is calculated as EBIDA divided by Debt Service.

"EBIDA" is hereby defined as earnings before depreciation, amortization and interest expense, for the twelve (12) month period ending the most recent fiscal year end.

"Debt Service" is hereby defined as interest expense during the calculated period plus current maturities of long term debt reported at the beginning of the calculated period.

Section 9.6. Unrestricted Tangible Net Assets. Borrower shall maintain minimum Unrestricted Tangible Net Assets not at any time less than Two Million and 00/100 Dollars (\$2,000,000), measured annually as of June 30, 2019.

"Unrestricted Tangible Net Assets" is defined as total assets less temporarily and permanently restricted assets, less any intangible assets, less total liabilities.

Section 9.7. Positive Change in Net Assets. Borrower will show a minimum positive change in Net Assets of no less than One and 00/100 Dollars (\$1.00), measured annually for the twelve month period beginning the first day after Fiscal Year End 2018 through the Fiscal Year End 2019.

“*Net Assets*” is defined as total assets less total liabilities.

Section 9.8. Minimum Profitability Requirements. Borrower shall maintain the following minimum “*Profitability*”(defined as revenue minus expenses) for the periods described below:

Calculated Period	Minimum Profitability Requirement
07/01/2018 – 09/30/2018	\$1,700,000
07/01/2018 – 12/31/2018	\$2,900,000
07/01/2018 – 03/31/2019	\$3,000,000
07/01/2018 – 06/30/2019	\$6,100,000
07/01/2019 – 09/30/2019	\$2,500,000

Section 9.9. Inspection. Borrower shall permit Lender and its duly authorized representatives and agents, at such times and intervals as Lender may designate, but in any event no more than six (6) times during any twelve (12) month period if no Default or Event of Default has occurred and is continuing: (i) to visit and inspect any of the Properties, books and financial records of Borrower and to examine and make copies of the books of accounts and other financial records of Borrower, and (ii) to discuss the affairs, finances and accounts of Borrower with, and to be advised as to the same by, the executive officers of Borrower and other officers, employees and independent public accountants of Borrower (and by this provision Borrower authorizes such accountants to discuss with Lender or its agents and representatives the finances and affairs of Borrower). Without limiting the generality of the foregoing, Borrower shall promptly provide all information and access requested by Lender as Lender determines is necessary or required in connection with the preparation of its own financial statements.

Section 9.10. Liens. Borrower shall not create, incur or permit to exist any Lien of any kind on any Property owned by Borrower; provided, however, that the foregoing shall not apply to nor operate to prevent:

(a) Liens arising by statute in connection with worker’s compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith cash deposits in connection with tenders, contracts or leases to which Borrower is a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not Indebtedness for Borrowed Money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(b) mechanics’, workmen’s, materialmen’s, landlords’, carriers’, or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are

being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(c) the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding, provided that the aggregate amount of liabilities of Borrower secured by a pledge of assets permitted under this subsection, including interest and penalties thereon, if any, shall not be in excess of \$200,000 at any one time outstanding;

(d) the Liens identified on **Schedule 1** hereto;

(e) the Liens pursuant to an approved Power Purchase Agreement; and

(f) the Liens established by the Loan Documents or otherwise in favor of Lender.

The Liens described in clauses (a) through (f) of this Section 9.10 are collectively referred to in this Agreement as the “*Permitted Liens*.”

Section 9.11. Investments, Acquisitions, Loans, Advances and Guaranties. Borrower shall not directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances (other than for travel advances and other similar cash advances made to employees in the ordinary course of business) to, any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof, or be or become liable as endorser, guarantor, surety or otherwise for any debt, obligation or undertaking of any other Person, or otherwise agree to provide funds for payment of the obligations of another, or supply funds thereto or invest therein or otherwise assure a creditor of another against loss, or apply for or become liable to the issuer of a letter of credit which supports an obligation of another, or subordinate any claim or demand it may have to the claim or demand of any other Person.

Section 9.12. Compliance with Laws. Borrower shall comply in all respects with the requirements of all laws, rules, regulations, ordinances and orders applicable to or pertaining to its Properties or business operations, non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of Borrower or could result in a Lien upon any of its Property.

Section 9.13. Contracts With Members. Borrower shall not enter into any contract, agreement or business arrangement with any of its members on terms and conditions which are less favorable to Borrower than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

Section 9.14. Notices of Claims and Litigation. Borrower shall promptly inform Lender in writing of (a) all material adverse changes in Borrower’s financial condition and/or (b) all existing or written threats of litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower.

Section 9.15. Other Agreements. Borrower shall comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party, non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of Borrower, and notify Lender immediately in writing of any default in connection with any other such agreements.

Section 9.16. Performance. Borrower shall timely perform and comply with all terms, conditions, and provisions set forth in this Agreement, the Notes and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender promptly in writing of any Default in connection with any Loan Document.

Section 9.17. Compliance Certificates. Borrower shall, unless waived in writing by Lender, provide Lender, at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Section 9.18. Fiscal Year. Borrower shall not change its fiscal year without the prior written consent of Lender.

Section 9.19. Indebtedness for Borrowed Money. As of the date hereof, Borrower has no outstanding Indebtedness for Borrowed Money, except as set forth on **Schedule 1**. Except as disclosed on **Schedule 1**, Borrower shall not issue, incur, assume, create or have outstanding any Indebtedness for Borrowed Money; provided, however, that the foregoing shall not restrict nor operate to prevent the Obligations of Borrower owing to Lender hereunder.

Section 9.20. No Payments on Subordinated Amounts. So long as any Obligations remain outstanding, Borrower shall not, without the prior written consent of Lender, make any payment on or any distribution with respect to Indebtedness for Borrowed Money to any JPA Member.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES.

Section 10.1. Events of Default. Any one or more of the following will constitute an "Event of Default" hereunder:

(a) any default in the payment when due (whether by lapse of time, acceleration or otherwise) of (i) any payment of principal or interest under the Notes, or (ii) any other Obligation within five (5) days after payment or performance is due from Borrower; or

(b) any representation or warranty made by Borrower herein or in any other Loan Document, or in any statement or certificate furnished by it pursuant hereto or thereto, or in connection with any Advance made hereunder, is inaccurate or untrue in any material respect as of the date of the issuance or making thereof; or

(c) any event occurs or condition exists (other than those described in clauses (a) through (b) above) which is specified as an event of default under any of the other Loan Documents, or any of the Loan Documents for any reason ceases to be in full force and effect, or any of the Loan Documents is declared to be null and void, or Borrower takes any action for the purpose of repudiating or rescinding any Loan Document executed by it; or

(d) any judgment, order, writ of attachment, writ of execution, writ of possession or any similar legal process seeking an amount in excess of One Million Dollars (\$1,000,000) is entered or filed against Borrower or any of Borrower's Properties and remains unvacated, unbonded and unstayed for a period of ten (10) or more calendar days; or

(e) Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement in favor of any other creditor or Person that may materially affect any of Borrower's Properties, Borrower's ability to repay the Revolving Credit or Borrower's ability to perform its Obligations under this Agreement or any of the other Loan Documents; or

(f) a material adverse change occurs in Borrower's financial condition, or Lender believes, in its reasonable discretion, the prospect of payment or performance of Borrower's obligations under this Agreement is materially impaired; or

(g) Borrower (i) takes any steps to effect a Winding-Up, or (ii) fails to pay, or admits in writing its inability to pay, its debts generally as they become due; or

(h) any custodian, receiver, administrative receiver, administrator, trustee, examiner, liquidator or similar official is appointed over Borrower or any substantial part of any of its Properties, whether by court order, by operation of law or otherwise, or a Winding-Up proceeding is instituted against Borrower, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) or more days, or Borrower becomes unable to pay or admits in writing its inability to pay its debts as they become due.

Section 10.2. Non-Insolvency Default Remedies. Upon the occurrence of any Event of Default described in clauses (a) through (g) of Section 10.1, Lender or any permitted holder of the Notes may, by notice to Borrower, take any of the following actions:

(a) terminate any obligation to extend any further credit hereunder (including but not limited to Advances) on the date (which may be the date thereof) stated in such notice;

(b) declare all Advances and all indebtedness under the Notes then outstanding (including all outstanding principal and all accrued but unpaid interest), and all other Obligations of Borrower to Lender, to be immediately due and payable without further demand, presentment, protest or notice of any kind; and

(c) exercise and enforce any and all rights and remedies contained in any other Loan Document or otherwise available to Lender at law or in equity.

Section 10.3. Insolvency Default Remedies. Upon the occurrence of any Event of Default described in Section 10.1(h), all Advances and all indebtedness under any Note then outstanding (including all outstanding principal and all accrued but unpaid interest), and all other Obligations of Borrower to Lender, will immediately become due and payable without presentment, demand, protest or notice of any kind, and Lender shall have no obligation to extend any further credit hereunder (including but not limited to Advances).

SECTION 11. MISCELLANEOUS.

Section 11.1. Holidays. If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment will be extended to the next succeeding Business Day on which date such payment will be due and payable. In the case of any principal falling due on a day which is not a Business Day, interest on such principal amount will continue to accrue during such extension at the Applicable Rate, which accrued amount will be due and payable on the next scheduled date for the payment of interest.

Section 11.2. No Waiver, Cumulative Remedies. No delay or failure on the part of Lender or on the part of the holder of any Note in the exercise of any power or right will operate as a waiver thereof or as an acquiescence in any Default, nor will any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. All rights and remedies of Lender and the holder of any Note are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have. Borrower agrees that in the event of any breach or threatened breach by Borrower of any covenant, obligation or other provision contained in this Agreement, Lender shall be entitled (in addition to any other remedy that may be available to Lender) to: (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision; and (ii) an injunction restraining such breach or threatened breach. Borrower further agrees that neither Lender nor any other person or entity shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 11, and Borrower irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 11.3. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document nor consent to any departure by Borrower therefrom, will in any event be effective unless the same is in writing and signed by Lender. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in similar or other circumstances.

Section 11.4. Costs and Expenses.

(a) Borrower shall pay all reasonable out-of-pocket expenses incurred by Lender in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) including, without limitation, the fees specified in Section 4.1.

(b) Borrower agrees to pay on demand all reasonable costs and expenses (including attorneys' fees and expert witness fees), if any, incurred by Lender or any other holder of the Obligations in connection with any Event of Default or the enforcement of this Agreement, any other Loan Document or any other instrument or document to be delivered hereunder, including without limitation any action, suit or proceeding brought against Lender by any Person which arises out of the transactions contemplated hereby or out of any action or inaction by Lender hereunder or thereunder.

Section 11.5. Indemnity. Whether or not the transactions contemplated hereby shall be consummated, Borrower shall, to the extent permitted by law, indemnify, defend and hold harmless Lender and its officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "*Indemnified Person*") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including attorneys' costs and expert witnesses' fees), of any kind or nature whatsoever, that (a) arise from or relate in any way to the execution, delivery, enforcement, performance and administration of this Agreement and any other Loan Document, or the transactions contemplated hereby and thereby, and with respect to any investigation, litigation or proceeding (including any Winding-Up or appellate proceeding) related to this Agreement or the Advances or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto, and/or (b) may be incurred by or asserted against such Indemnified Person in connection with or arising out of any pending or threatened investigation, litigation or proceeding, or any action taken by any Person, arising out of or related to any Property of Borrower (all the foregoing, collectively, the "*Indemnified Liabilities*"); provided that Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent arising from the gross negligence or willful misconduct of such Indemnified Person.

No action taken by legal counsel chosen by Lender in defending against any investigation, litigation or proceeding or requested remedial, removal or response action vitiates or in any way impairs Borrower's obligation and duty hereunder to indemnify and hold harmless Lender unless such action involved gross negligence or willful misconduct. Neither Borrower nor any other Person is entitled to rely on any inspection, observation, or audit by Lender or its representatives or agents. Lender owes no duty of care to protect Borrower or any other Person against, or to inform Borrower or any other Person of, any adverse condition affecting any site or Property. Lender is not obligated to disclose to Borrower or any other Person any report or findings made as a result of, or in connection with, any inspection, observation or audit by Lender or its representatives or agents.

The obligations of Borrower in this Section 11.5 shall survive the payment and performance of all other Obligations. At the election of any Indemnified Person, Borrower shall defend such Indemnified Person using legal counsel satisfactory to such Indemnified Person in such Indemnified Person's sole discretion, at the sole cost and expense of Borrower. All amounts owing under this Section 11.5 shall be paid within thirty (30) days after demand.

Section 11.6. Right of Set Off. To the extent permitted by applicable law, Lender reserves a right of setoff in all of Borrower's accounts with Lender (whether checking, savings,

or some other account) other than the Lockbox Account. This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums due and owing from Borrower against any and all such accounts.

Section 11.7. Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto will survive the execution and delivery of this Agreement and the other Loan Documents, and will continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 11.8. Notices. Except as otherwise specified herein, all notices hereunder will be in writing (including by hand, post, courier, email or telecopy) and will be given to the relevant party at its address, email address or telecopier number set forth below, or such other address or telecopier number as such party may hereafter specify by notice to the other given by certified or registered mail, by Federal Express or DHL, by telecopy or by other telecommunication device (including electronic mail) capable of creating a written record of such notice and its receipt. Notices hereunder will be addressed:

To Borrower at:

Valley Clean Energy Alliance
604 2nd Street
Davis, CA 95616
Attention: General Manager

To Lender at:

River City Bank
2485 Natomas Park Drive, Suite 400
Sacramento, CA 95833
Telephone: (916) 567-2700
Telecopy: (916) 567-2780
Attention: Alice Harris
Loan Center

Each such notice, request or other communication will be effective (i) if given by telecopier, when such telecopy or email is transmitted to the telecopier number or email address specified in this Section and a confirmation of such telecopy or email has been received by the sender, (ii) if given by mail, three (3) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section 11.8; *provided that* any notice given pursuant to Section 2.2 hereof will be effective only upon receipt.

For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address.

Section 11.9. Headings. Section headings used in this Agreement are for convenience of reference only and are not a part of this Agreement for any other purpose.

Section 11.10. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 11.11. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterparts, and all such counterparts taken together will be deemed to constitute one and the same instrument.

Section 11.12. Assignments, Binding Nature, Governing Law, Etc. This Agreement will be binding upon Borrower and its permitted successors and assigns, and will inure to the benefit of Lender and the benefit of its permitted successors and assigns, including any permitted subsequent holder of a Note. This Agreement and the rights and duties of the parties hereto will be construed and determined in accordance with the internal laws of the State of California without regard to principles of conflicts of laws. This Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby. Borrower may not assign its rights hereunder without the written consent of Lender. Lender may assign its rights hereunder without the consent of Borrower, but only if after any such assignment Lender acts as the lead agent or administrative agent with respect to this Agreement.

Section 11.13. Submission to Jurisdiction; Waiver of Jury Trial. Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Eastern District of California and of any California State court sitting in the County of Sacramento for purposes of all legal proceedings arising out of or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby. Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court has been brought in an inconvenient forum. Borrower hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to any Loan Document or in the transactions contemplated thereby.

Section 11.14. Time is of the Essence. Time is of the essence in the performance and enforcement of this Agreement and the other Loan Documents.

Section 11.15. Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Revolving Credit or the Term Loan to one or more purchasers, whether related or unrelated to Lender, provided that at all times Lender manages the Revolving Credit and the Term Loan such that Borrower may communicate exclusively with Lender. Lender may provide, without any

limitation whatsoever, to any one or more purchasers or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to this Agreement, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interest in the Notes and will have all the rights granted under the participation agreement or agreements governing the same of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligations under this Agreement irrespective of the failure or insolvency of any holder of any interest in the Notes. Borrower further agrees that the purchaser of any such participation interests may enforce the interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Section 11.16. No Recourse Against Constituent Members of Borrower. Borrower is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement and is a public entity separate from its constituent members. Borrower shall be solely responsible for all debts, obligations and liabilities accruing and arising out of this Agreement and the Notes. Lender shall not make any claims, take any actions or assert any remedies against any of Borrower's constituent members in connection with any payment default by Borrower under this Agreement or any other Loan Document.

[remainder of page intentionally left blank]

Upon your acceptance hereof in the manner hereinafter set forth, this Agreement will constitute a contract between us for the uses and purposes hereinabove set forth.

Executed and delivered in Sacramento, California, as of the first date written above.

Valley Clean Energy Alliance

By: _____

Name: _____

Its: _____

RIVER CITY BANK

By: _____

Name: _____

Its: _____

EXHIBIT A

Definitions

“*Advance*” and “*Advances*” is defined in Section 2.1.

“*Agreement*” means this Credit Agreement, as the same may be amended, modified or restated from time to time in accordance with the terms hereof.

“*Applicable Rate*” means (i) for the Revolving Credit, a variable rate of interest equal to the One-Month LIBOR plus 1.75% per annum, subject to a floor of 1.75% per annum, and (ii) for the Term Loan, a fixed rate of interest equal to the 3 year Treasury Constant Maturity Rate plus 2.00% per annum at the time of conversion. The Applicable Rate is subject to increase as provided in Section 9.4.

“*Authorized Representative*” means those persons shown on the list of officers provided by Borrower pursuant to Section 8.2(a)(v), or on any update of any such list provided by Borrower to Lender, or any further or different officer of Borrower so named by any Authorized Representative of Borrower in a written notice to Lender.

“*Borrower*” is defined in the introductory paragraph.

“*Business Day*” means a day (other than a Saturday or Sunday) on which banks are not authorized or required to be closed in Sacramento, California.

“*CPUC*” means the California Public Utilities Commission.

“*CAL ISO*” means California ISO, the independent grid operator.

“*Capital Lease*” means at any date any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.

“*Capitalized Lease Obligation*” means the amount of liability as shown on the balance sheet of any Person in respect of a Capital Lease as determined at any date in accordance with GAAP.

“*Debt Service*” is defined in Section 9.5.

“*Debt Service Reserve Account*” is defined in Section 6.1.

“*Debtor Relief Laws*” means the United States Bankruptcy Code and all other liquidation, conservatorship, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“*Default*” means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“*Default Rate*” means the Applicable Rate plus five percent (5.0%).

“*Dollars and \$*” mean lawful money of the United States.

“*EBIDA*” is defined in Section 9.5.

“*Event of Default*” is defined in Section 10.1.

“*Fiscal Year End*” means June 30.

“*GAAP*” means generally accepted accounting principles as established and interpreted by the Governmental Accounting Standards Board (GASB) and as applied by Borrower.

“*Governmental Authority*” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial taxing, regulatory or administrative powers or functions of or pertaining to government.

“*Indebtedness for Borrowed Money*” means, for any Person (without duplication), (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business not more than 90 days past due), (iii) all indebtedness secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all Capitalized Lease Obligations of such Person, and (v) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money.

“*Indemnified Liabilities*” is defined in Section 11.5.

“*Indemnified Person*” is defined in Section 11.5.

“*Initial Rate Set Date*” means the date of issuance of the Promissory Note at which time Lender will determine the One-Month LIBOR which shall be in effect until the next Rate Change Date.

“*JPA Members*” mean the City of Woodland, the City of Davis and the County of Yolo.

“*Joint Powers Agreement*” means the Joint Powers Agreement of Borrower effective as of October 25, 2016, and as amended from time to time.

“*Launch Date*” means the earlier of June 4, 2018 and the date on which Borrower begins revenue generation.

“*Lender*” is defined in the introductory paragraph.

“*Lien*” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“*Loan Documents*” means this Agreement, the Notes, the Assignment of Debt Service Reserve Account, the Subordination Agreement and all other documents, certificates, instruments and agreements relating to the foregoing or otherwise executed by Borrower in connection with the Revolving Credit.

“*Loan Fee*” means one-quarter of one percent (0.25%) of the Revolving Credit Commitment.

“*Maintenance and Operation Costs*” shall be determined in accordance with the accrual basis of accounting in accordance with GAAP and shall mean the reasonable and necessary costs paid or incurred by Borrower for maintaining and operating the System, including costs of electric energy and power generated or purchased, costs of transmission and fuel supply, and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of Borrower that are charged directly or apportioned to the maintenance and operation of the System, such as salaries and wages of employees, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of Borrower such as fees and expenses of an independent certified public accountant and a consulting engineer, and including Borrower’s share of the foregoing types of costs of any electric properties co-owned with others, excluding in all cases depreciation, replacement and obsolescence charges or reserves therefore and amortization of intangibles and extraordinary items computed in accordance with GAAP or other bookkeeping entries of a similar nature. Maintenance and Operation Costs shall include all amounts required to be paid by Borrower under take or pay contracts.

“*Maturity Date*” means, for any Note, the date so specified in such Note as the Maturity Date.

“*Net Assets*” is defined in Section 9.7.

“*Notes*” refers collectively to the Promissory Note and, if applicable, the Term Note.

“*Obligations*” means and includes all loans, advances, debts, liabilities and obligations of Borrower to Lender, of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter owed by Borrower to Lender, whether in connection with the Loan Documents or

otherwise, including without limitation all interest, fees, charges, expenses, attorneys' fees and accountants' fees chargeable to Borrower or payable by Borrower thereunder.

"One-Month LIBOR" means, as of each Rate Change Date or the Initial Rate Set Date, the rate determined by Lender to be the One-Month LIBOR rate as posted on Bankrate.com (or, if such rate becomes unavailable to Lender, a substitute rate based on an index selected by Lender in its sole discretion) as in effect from time to time, which rate is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion.

"Payment Date" means, other than the Termination Date or any Maturity Date, the first day of each calendar month.

"Permitted Liens" is defined in Section 9.10.

"Person" means an individual, partnership, corporation, company, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Power Purchase Agreements" is defined in Section 8.2(a)(i)(xiii).

"Power Purchase Payment" means a payment due by Borrower to SMUD pursuant to agreements between Borrower and SMUD relating to Power Purchase Agreements.

"Profitability" is defined in Section 9.8.

"Promissory Note" is defined in Section 2.3.

"Rate Change Date" means the first calendar day of each calendar month.

"Related Parties" means, with respect to any Person, such Person's affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's affiliates.

"Responsible Officer" means the Chief Executive Officer.

"Revolving Credit" is defined in Section 2.1.

"Revolving Credit Commitment" means, at any time of determination, an amount equal to \$11,000,000.00 less the aggregate principal amount of Advances made by Lender under the Revolving Credit.

“Revolving Credit Termination Date” means the date that is twelve (12) months from the date of this Agreement, subject to one six-month extension as provided in Section 2.4(a).

“Subordination Agreement” means a subordination agreement substantially in the form of Exhibit E executed by each member of the Joint Power Authority (“JPA”) which has loaned or otherwise advanced Borrower money affirming the subordination of the loans totaling \$1,500,000 between the JPA Members and Borrower.

“System” means (i) all facilities, works, properties, structures and contractual rights to distribution, metering and billing services, electric power, scheduling and coordination, transmission capacity, and fuel supply of Borrower for the generation, transmission and distribution of electric power, (ii) all general plant facilities, works, properties and structures of Borrower, and (iii) all other facilities, properties and structures of Borrower, wherever located, reasonably required to carry out any lawful purpose of Borrower. The term shall include all such contractual rights, facilities, works, properties and structures now owned or hereafter acquired by Borrower.

“Term Loan” means the conversion of outstanding Revolving Line of Credit Advances as provided in Section 2.4(b).

“Term Note” is defined in Section 2.4(b).

“UCC” means the Uniform Commercial Code as enacted in the State of California.

“Unrestricted Tangible Net Assets” is defined in Section 9.6.

“Winding-Up” means, in relation to a Person, a voluntary or involuntary case or other proceeding or petition seeking dissolution, liquidation, reorganization, administration, assignment for the benefit of creditors or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official over that Person or any substantial part of that Person’s Properties.

EXHIBIT B

REVOLVING CREDIT PROMISSORY NOTE

\$11,000,000.00

Date: _____

FOR VALUE RECEIVED, **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of ELEVEN MILLION and /100 DOLLARS (\$11,000,000.00), pursuant to the terms of that certain Credit Agreement (the "*Credit Agreement*") dated as of April __, 2018, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Revolving Credit Promissory Note (this "*Note*") shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Payment Terms. Borrower agrees to pay monthly payments of interest only on the unpaid principal balance of this Note as of each Payment Date beginning on the latter of (a) the first Payment Date after the date of each Advance, or (b) _____, 2018, with all subsequent payments due and payable on each Payment Date thereafter as provided in Section 3 of the Credit Agreement. Interest will accrue prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

Maturity Date. The outstanding principal balance of this Note and all accrued but unpaid interest thereon shall be due and payable in full on the Revolving Credit Termination Date. Under Section 5 of the Credit Agreement and subject to the conditions set forth therein, no later than 30 days prior to the Revolving Credit Termination Date, Borrower may request that any Advances outstanding under this Note be converted into a Term Loan evidenced by a Term Note.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 10.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all Advances and all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Its: _____

EXHIBIT C

TERM NOTE

\$ _____

Date: _____

FOR VALUE RECEIVED, **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of _____/100 DOLLARS (\$ _____), pursuant to the terms of that certain Credit Agreement (the "*Credit Agreement*") dated as of April ___, 2018, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Term Note (this "*Note*") shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Payment Terms. Under Section 2.4(b) of the Credit Agreement and subject to the conditions set forth therein, Borrower may request that unpaid Advances under the Revolving Credit be converted to a Term Loan. This Note evidences a Term Loan made to Borrower as of _____ [date] in the original principal amount of \$ _____, and will bear interest from the date hereof. Borrower agrees to repay this Note by making sixty (60) equal monthly payments of principal hereunder in the amount of \$ _____ each, plus all accrued but unpaid interest on the unpaid principal balance of this Note as of each Payment Date, beginning on the first Payment Date after the date of this Note, with all subsequent payments due and payable on each Payment Date thereafter as provided in the Credit Agreement. Interest will accrue prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

Maturity Date. The outstanding principal balance of this Note and all accrued but unpaid interest thereon shall be due and payable in full on _____ [date – not to exceed 60 months].

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 10.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement any rights of Lender under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Its: _____

EXHIBIT D

ASSIGNMENT OF DEPOSIT ACCOUNT

Grantor: Valley Clean Energy Alliance
23 Russell Blvd.
Davis, CA 95616

Lender: RIVER CITY BANK
Business Banking Group
2485 Natomas Park Drive
Sacramento, CA 95833

THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated April ___, 2018 is made and executed among Valley Clean Energy Alliance ("Grantor") and RIVER CITY BANK ("Lender").

ASSIGNMENT. For valuable consideration, Grantor assigns and grants to Lender a security interest in the Collateral, including without limitation the deposit account(s) described below, to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" means the following described deposit account(s) ("Account"):

A deposit account from Grantor with Lender with reference number _____, and all amendments, extensions, renewals, replacements of the accounts (all called the "Debt Service Reserve Account"), and all existing and future amounts in the Account, and all existing and future interest and other earnings on the Debt Service Reserve Account, and all proceeds. The Debt Service Reserve Account will at all times maintain the following minimum account balance:

Minimum Required Balance: \$1,100,000.00

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account) other than the Lockbox Account (as defined in the Credit Agreement). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Grant Security Interest. Grantor has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lender.

No Prior Assignment. Grantor has not previously granted a security interest in the Collateral to any other creditor.

No Further Transfer. Grantor shall not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly do everything required of Grantor under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

Proceeds. Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Grantor shall be held by Grantor in trust for Lender and immediately shall be delivered by Grantor to Lender to be held as part of the Collateral.

Validity; Binding Effect. This Agreement is binding upon Grantor and Grantor's successors and assigns and is legally enforceable in accordance with its terms.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Collateral. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. Grantor will promptly notify Lender of any change to Grantor's name or its jurisdiction of organization.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. While this Agreement is in effect, Lender may retain the rights to possession of the Collateral, together with any and all evidence of the Collateral, such as certificates or passbooks. This Agreement will remain in effect until (a) there is no longer any Indebtedness owing to Lender; (b) all other obligations secured by this Agreement have been fulfilled; and (c) Grantor, in writing, has requested from Lender a release of this Agreement.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the applicable rate charged under the Note (as selected by Lender in its sole discretion) from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of such Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of any certificate or passbook for the Collateral but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility (A) for the collection or protection of any income on the Collateral; (B) for the preservation of rights against issuers of the Collateral or against third persons; (C) for ascertaining any maturities, conversions, exchanges, offers, tenders, or similar matters relating to the Collateral; nor (D) for informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters.

DEFAULT. Any Default or Event of Default under the Credit Agreement shall constitute an Event of Default under this Agreement.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, or at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

Accelerate Indebtedness. Lender may declare all Indebtedness of Borrower to Lender immediately due and payable, without notice of any kind to Borrower or Grantor.

Application of Account Proceeds. Lender may take directly all funds in the Account and apply them to the Indebtedness. If the Account is subject to an early withdrawal penalty, that penalty shall be deducted from the Account before its application to the Indebtedness, whether the Account is with Lender or some other institution. Any excess funds remaining after application of the Account proceeds to the Indebtedness will be paid to Borrower or Grantor as the interests of Borrower or Grantor may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Account to the Indebtedness. Lender also shall have all the rights of a secured party under the California Uniform Commercial Code ("Code"), even if the Account is not otherwise subject to the Code concerning security interests, and the parties to this

Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.

Transfer Title. Lender may effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Lender shall have and may exercise any or all of the rights and remedies of a secured creditor under the provisions of the Code, at law, in equity, or otherwise.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement.

Remedies Cumulative. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and any election by Lender to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Sacramento County, State of California.

Joint and Several Liability. All obligations of Borrower and Grantor, if they are different, under this Agreement shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Borrower's or Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Borrower and Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the

granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other party, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Code:

Account. The word "Account" means the deposit account(s) described in the "Collateral Description" section.

Agreement. The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.

Borrower. The word "Borrower" means Valley Clean Energy Alliance and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Credit Agreement. The words "Credit Agreement" mean the Credit Agreement dated as of April ____, 2018 between Borrower and Lender, as amended or modified from time to time.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Valley Clean Energy Alliance.

Indebtedness. The word "Indebtedness" means all indebtedness of Borrower under the Credit Agreement, the Note or any of the Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or any of the Related Documents.

Lender. The word "Lender" means RIVER CITY BANK, its successors and assigns.

Note. The word "Note" means any and all Notes (as defined in the Credit Agreement) executed by Borrower in connection with a Revolving Credit or the Term Loan (as defined in the Credit Agreement), together with all renewals, extensions, modifications, consolidations and replacements of such Notes.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTANDS ALL THE PROVISIONS OF THIS ASSIGNMENT OF DEPOSIT ACCOUNT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED APRIL ____, 2018.

GRANTOR:

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Its _____

EXHIBIT E

REQUEST FOR ADVANCE

\$11,000,000 REVOLVING CREDIT

BORROWER: VALLEY CLEAN ENERGY ALLIANCE, HEREBY REQUESTS AN ADVANCE UNDER THE \$11,000,000 REVOLVING CREDIT NOTE IN ACCORDANCE WITH THE CREDIT AGREEMENT.

ADVANCE DATE: _____

AMOUNT OF REQUESTED ADVANCE: \$ _____

PURPOSE OF ADVANCE:

- ___ - **THIS ADVANCE WILL BE USED TO FUND RESERVES IN ACCORDANCE WITH THE POWER PURCHASE AGREEMENT.**
- ___ - **THIS IS A WORKING CAPITAL ADVANCE TO COVER THE POWER PURCHASE PAYMENT FOR THE MONTH ENDING _____, 201___. YOU ARE AUTHORIZED TO DEPOSIT LOAN PROCEEDS INTO CHECKING ACCOUNT: 885413324**
- ___ - **ATTACHED IS THE INVOICE FOR SUCH POWER PURCHASE PAYMENT**
- ___ - **YOU ARE AUTHORIZED TO REMIT THIS PAYMENT DIRECTLY TO THE POWER SUPPLIER AS FOLLOWS:**

COMPANY NAME: _____ -

WIRE INSTRUCTIONS:

BANK NAME: _____

ADDRESS: _____

ROUTING NUMBER: _____

ACCOUNT NUMBER: _____

OTHER REFERENCE: _____

BORROWER CERTIFICATION:

BORROWER HEREBY CERTIFIES THAT:

- (I) **AFTER MAKING THE ADVANCE REQUESTED ON THE ADVANCE DATE ABOVE, THE SUM OF ALL ADVANCES SHALL NOT EXCEED THE REVOLVING COMMITMENTS THEN IN EFFECT;**

- (II) AS OF THE ADVANCE DATE, THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THE CREDIT AGREEMENT ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS ON AND AS OF SUCH ADVANCE DATE TO THE SAME EXTENT AS THOUGH MADE ON AND AS OF SUCH DATE, EXCEPT TO THE EXTENT SUCH REPRESENTATIONS AND WARRANTIES SPECIFICALLY RELATE TO AN EARLIER DATE, IN WHICH CASE SUCH REPRESENTATIONS AND WARRANTIES ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS ON AND AS OF SUCH EARLIER DATE; PROVIDED THAT, IN EACH CASE, SUCH MATERIALITY QUALIFIER SHALL NOT BE APPLICABLE TO ANY REPRESENTATIONS AND WARRANTIES THAT ALREADY ARE QUALIFIED OR MODIFIED BY MATERIALITY IN THE TEXT THEREOF; AND
- (III) AS OF THE ADVANCE DATE, NO EVENT HAS OCCURRED AND IS CONTINUING OR WOULD RESULT FROM THE CONSUMMATION OF THE BORROWING CONTEMPLATED HEREBY THAT WOULD CONSTITUTE AN EVENT OF DEFAULT OR A DEFAULT.
- (IV) THIS ADVANCE IS BEING USED FOR THE PURPOSE INTENDED AS PROVIDED IN THE CREDIT AGREEMENT AND NO PORTION OF THIS ADVANCE IS BEING USED TO FUND OPERATING LOSSES.

VALLEY CLEAN ENERGY ALLIANCE

BY: _____

NAME: _____

ITS: _____

Exhibit F

Form of Subordination Agreement

SUBORDINATION AGREEMENT

River City Bank (the “*Lender*”) and the other parties signatories hereto (each, a “*Subordinated Creditor*” and collectively, the “*Subordinated Creditors*”), agree, effective April ___, 2018, as follows:

Section 1. Background and Purpose.

1.1 The Lender is making a loan to Valley Clean Energy Alliance, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (the “*Obligor*”), pursuant to that certain Credit Agreement dated as of the date hereof (as modified, amended, restated or replaced from time to time, the “*Senior Loan Agreement*”). The loan is evidenced by a Revolving Credit Promissory Note in the original principal balance of \$11,000,000, and may be converted to a term loan evidenced by a Term Note (such notes are referred to herein individually and collectively as the “*Senior Note*”), as provided in the Senior Loan Agreement. The Obligor is currently indebted to the Subordinated Creditors as set forth on Schedule 1 attached hereto and incorporated herein (as the same may be amended, modified or refinanced, “*Subordinated Debt*”). The Lender and the Subordinated Creditors desire to enter into this Agreement to effectuate the subordination of the Subordinated Debt to the Senior Debt (as defined below). Capitalized terms used, but not otherwise defined, in this Subordination Agreement shall have the meanings ascribed to them in the Senior Loan Agreement.

Section 2. Subordination.

2.1 Each Subordinated Creditor hereby irrevocably subordinates, in accordance with the terms hereof, the payment and performance of the Subordinated Debt by the Obligor to it, to the prior payment and performance in full of all of the obligations specified in the Senior Loan Agreement and the Senior Note (collectively, the “*Senior Debt*”). Each Subordinated Creditor acknowledges that it has been represented by counsel in connection with the transactions that are the subject of this Subordination Agreement. This Subordination Agreement shall be effective as to a Subordinated Creditor when such Subordinated Creditor signs this Subordination Agreement and execution by all Subordinated Creditors is not a condition to such effectiveness.

2.2 Under no circumstances will the Senior Debt be deemed to have been paid in full unless and until such time as, and when used in this Subordination Agreement with respect to the Senior Debt, the words “paid in full,” “payment in full,” and similar phrases shall mean that, the Lender has received payment, in immediately available funds, of 100% of all

outstanding Senior Debt, and all of the Lender's obligations to extend credit under the Senior Loan Agreement have terminated.

2.3 The Subordinated Debt is subordinated in right of payment to the Senior Debt in accordance with this Agreement. Each Subordinated Creditor agrees to make appropriate entries in its books and records and stamp all Subordinated Debt documents evidencing the Subordinated Debt with the following legend:

“The indebtedness evidenced by this instrument is subordinated to the prior payment in full of the Senior Debt (as defined in the Subordination Agreement hereinafter referred to) pursuant to, and to the extent provided in, the Subordination Agreement effective as of April ____, 2018 by the maker hereof and payee named herein in favor of River City Bank.”

Section 3. Payments.

3.1 Until the payment in full of the Senior Debt, without the prior written consent of the Lender (which consent the Lender may refuse to give for any or no reason), under no circumstances will any Subordinated Creditor, directly or indirectly, take any action to enforce payment of or to collect the whole or any part of the Subordinated Debt or enforce any of the rights and remedies available to the Subordinated Creditor, other than in the manner and to the extent permitted by Section 4 hereof, or ask, demand, take or receive any collateral, mortgages or other security from the Obligor in respect of the Subordinated Debt. Any amounts paid by the Obligor to a Subordinated Creditor in violation of the terms of this Subordination Agreement shall be held by such Subordinated Creditor in trust and promptly paid over to the Lender for application to the Senior Debt in accordance with the Senior Loan Agreement.

3.2 Notwithstanding anything to the contrary contained in this Subordination Agreement, each Subordinated Creditor agrees that it will not, without the Lender's prior written consent (which the Lender may refuse to give for any or no reason), directly or indirectly permit the modification or amendment of any of the terms or provisions, as they exist on the date hereof, of the note reflecting the Subordinated Debt (“*Subordinated Note*”), to the extent that any such modification or amendment would (a) result in any increase in the amount of the Subordinated Debt, (b) increase the amount, or accelerate the due date, of any payment or distribution in respect of the Subordinated Debt.

Section 4. Allowable Payments.

4.1 Subject to other applicable provisions of this Subordination Agreement, including, without limitation, those contained in Section 5 hereof, without the Lender's prior written consent, the Obligor may not make, and a Subordinated Creditor may not accept from the Obligor, any payment in respect of the Subordinated Debt.

4.2 Notwithstanding anything to the contrary in this Subordination Agreement, the Obligor may set-off against amounts payable in respect of Subordinated Debt under the circumstances set forth or referenced in any documentation of such Subordinated Debt.

Section 5. Readjustment. Each Subordinated Creditor further agrees that, upon any distribution of the assets or readjustment of the indebtedness of the Obligor, whether by reason of liquidation, composition, bankruptcy, arrangement, receivership, assignment for the benefit of creditors, or any other action or proceeding involving the readjustment of all or any of the Subordinated Debt, or the application of the property of the Obligor to the payment or liquidation thereof, the Lender, in any such instance, shall be entitled to receive payment in full of the Senior Debt prior to the payment of all or any part of the Subordinated Debt.

Section 6. Bankruptcy Issues. To the extent that the Obligor makes a payment to the Lender, which payment(s) (or any part thereof) subsequently are voided, invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid to a trustee, receiver, or any other person or entity pursuant to Chapter 11 of Title 11 of the United States Code (11 U.S.C. § 101 *et seq.*) (the “*Bankruptcy Code*”), any other bankruptcy act, state or federal law, common law or equitable cause (“*Insolvency Law*”), then, to the extent any such payment(s) or proceeds are repaid by the Lender, the Senior Debt (or the part that was intended to be satisfied) will be revived for all purposes of this Subordination Agreement and will continue in full force and effect, as if such payment or proceeds had not been received by the Lender.

Section 7. Waivers. Each Subordinated Creditor hereby waives until the Senior Debt is paid in full any and all rights at law or in equity to subrogation, reimbursement or set off or any other rights which such Subordinated Creditor may have or hereafter acquire against the Obligor in connection with or as a result of such Subordinated Creditor’s execution, delivery and/or performance of this Subordination Agreement.

Section 8. Attorney-In-Fact. Each Subordinated Creditor irrevocably appoints the Lender as its attorney-in-fact, with full power of substitution, in either the Lender’s name or such Subordinated Creditor’s name, to do the following (but the Lender shall have no obligation to do so): (a) endorse and collect all checks, drafts, other payment orders and instruments representing or included in, any payment, dividend or distribution relating to, the Subordinated Debt or any Collateral securing the Subordinated Debt; (b) take any action to enforce, collect or compromise any of the Subordinated Debt; (c) exercise any other right, remedy, privilege or option of such Subordinated Creditor pertaining to any Subordinated Debt or Subordinated Debt documents; (d) take any actions or institute any proceedings that the Lender determines to be necessary or appropriate to collect or preserve the Subordinated Debt or any Collateral for the Subordinated Debt; (e) execute in the name of or otherwise authenticate on behalf of such Subordinated Creditor any record reasonably believed necessary or appropriate by the Lender for compliance with laws, rules or regulations applicable to any Subordinated Debt or any Collateral for the Subordinated Debt, or in connection with exercising the Lender’s rights under this Agreement; and (f) execute and file claims, proofs of claim or other documents, and to take any other action regarding all or any part of the Subordinated Debt necessary or appropriate to insure payment to and receipt by the Lender of all payments, dividends and other distributions on account of the Subordinated Debt, instruments evidencing the Subordinated Debt, or any Collateral for the Subordinated Debt. This appointment is irrevocable and coupled with an interest and shall survive the dissolution or disability of such Subordinated Creditor. Notwithstanding the foregoing, the Lender shall not be liable to any Subordinated Creditor for any failure (i) to prove the existence, amount, or circumstances of the Subordinated Debt; (ii) to exercise any right

related to the Subordinated Debt; or (iii) to collect any sums payable on or distributions attributable to, the Subordinated Debt.

Section 9. Representations and Warranties. Each Subordinated Creditor represents and warrants to the Lender as follows: (a) the execution, delivery and performance of this Agreement and each of the Subordinated Debt documents now outstanding (true and complete copies of which have been furnished to the Lender) have been duly authorized by all necessary action, are within the power and authority of the Subordinated Creditor and do not and will not (i) contravene the articles, charter, bylaws, partnership agreement, operating agreement, regulations or other organic documents, if any, establishing or governing such Subordinated Creditor, any applicable law or governmental regulation or any contractual restriction binding on or affecting such Subordinated Creditor or any of their respective properties, (ii) result in or require the creation of any lien upon or with respect to any of such Subordinated Creditor's properties or (iii) violate the rights of any person or entity; (b) this Agreement and each of the Subordinated Debt documents are legal, valid and binding obligations of such Subordinated Creditor, enforceable against such Subordinated Creditor in accordance with their respective terms except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights and by general equitable principles; (c) there exists no default, event of default, or event which with the passage of time, the giving of notice or both may result in a default or event of default under the Subordinated Debt or any Subordinated Debt documents or any event or occurrence that gives a Subordinated Creditor the right to terminate a commitment, refuse to make an advance, accelerate a maturity with or without notice or the passage of time; and (d) if such Subordinated Creditor is an entity, that entity is and will remain duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation and in good standing in the jurisdictions in which it is doing business. Each Subordinated Creditor further represents and warrants to the Lender as follows: (A) such Subordinated Creditor owns and holds the Subordinated Debt now outstanding free and clear of any lien that has not been disclosed in writing by such Subordinated Creditor to the Lender; (B) such Subordinated Creditor is now solvent, the execution, delivery and performance of this Agreement will benefit such Subordinated Creditor directly or indirectly and such Subordinated Creditor has and will receive fair and reasonably equivalent value for the obligations undertaken in this Agreement; (C) such Subordinated Creditor has (1) without reliance on the Lender or any information received from the Lender and based upon the documents and information such Subordinated Creditor deems appropriate, made an independent investigation of the transactions contemplated by this Agreement and the Borrower, the Borrower's business, assets, operations, prospects and condition, financial or otherwise, and any circumstances that may bear upon those transactions, the Borrower or the obligations and risks undertaken in this Agreement with respect to the Senior Debt; (2) adequate means to obtain from the Borrower on a continuing basis information concerning the Senior Debt and the Lender has no duty to provide to such Subordinated Creditor any information; (3) full and complete access by and through the Borrower to the Lender's loan documents; (4) not relied and will not rely upon any representations or warranties of the Lender not embodied in this Agreement or any acts taken by the Lender (including but not limited to any review by the Lender of the affairs of the Borrower) prior to or after the date of this Agreement; (D) such Subordinated Creditor is the sole holder of the Subordinated Debt with full power to make the subordinations set forth in this Agreement; and (E) such Subordinated Creditor has not made or permitted any assignment or transfer, as security or otherwise, of the Subordinated Debt, any Subordinated Debt documents or

of any of the Collateral securing the Subordinated Debt, and such Subordinated Creditor shall not do so except in favor of the Lender as long as this Agreement remains in effect.

Section 10. Successors and Assigns. This Subordination Agreement immediately shall be binding on each Subordinated Creditor and on its heirs, representatives and assigns, and shall inure to the benefit of the Lender and its successors and assigns. Whenever reference is made in this Subordination Agreement to the Obligor, such term shall include any successor or assign of the Obligor, including, without limitation, a receiver, trustee, or debtor or debtor-in-possession under the Bankruptcy Code.

Section 11. Notices. Any notice required or permitted hereunder shall be given in writing by personal delivery, by overnight delivery through a recognized courier service, by certified U.S. mail, or by telecopier (fax) (i) as to a Subordinated Creditor, by giving such notice to such Subordinated Creditor at the address set forth below such Subordinated Creditor's signature hereon, and (ii) as to the Lender, by giving such notice to the Lender at the address set forth below its signature hereon. All such notices shall be deemed to have been received on the date given, except that any such notice given by overnight delivery will be deemed to have been received on the next business day after such notice was delivered to such a carrier for delivery, and any such notice given by certified U.S. mail will be deemed to have been received three days after such notice was deposited in the U.S. mails, postage prepaid.

Section 12. Governing Law. THIS SUBORDINATION AGREEMENT SHALL BE GOVERNED BY CALIFORNIA LAW (WITHOUT REGARD TO ANY JURISDICTION'S CONFLICT OF LAWS PRINCIPLES). EACH SUBORDINATED CREDITOR AND THE LENDER EACH WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS SUBORDINATION AGREEMENT. This is a "Subordination Agreement" within the meaning of Section 510(a) of the Bankruptcy Code and shall be interpreted and construed accordingly in any proceeding under the Bankruptcy Code.

Section 13. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the parties had all signed the same document. All counterparts shall be construed together and shall constitute one agreement.

[Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has caused this Subordination Agreement to be executed as of the Effective Date.

City of Davis

By: _____

Name: _____

Title: _____

Address for notice and service of process:

City of Woodland

By: _____

Name: _____

Title: _____

Address for notice and service of process:

County of Yolo

By: _____

Name: _____

Title: _____

Address for notice and service of process:

(Signature Blocks Continue on Following Page)

RIVER CITY BANK, as Lender

By: _____

Name: _____

Title: _____

Address for notice and service of process:

River City Bank
2485 Natomas Park Drive, Suite 100
Sacramento, CA 95833

Attention: _____

Fax: (916) _____

Schedule 1
Subordinated Funding Costs

<u>JPA Member</u>	<u>Amount</u>
City of Davis	\$ 500,000
City of Woodland	\$ 500,000
County of Yolo	<u>\$ 500,000</u>
Total	\$1,500,000

ACKNOWLEDGMENT

Valley Clean Energy Alliance, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (the “Company”), acknowledges receipt of a copy of the Subordination Agreement by and between River City Bank (the “Lender”), and the cities, towns and counties parties thereto (each a “Subordinated Creditor”), dated as of April ____, 2018 (as amended from time to time, the “Subordination Agreement”), and agrees that: (a) it will not: (i) except to the extent permitted by the Subordination Agreement, pay any of the Subordinated Debt until the payment in full of the Senior Debt, (ii) provide any security or collateral for any of Subordinated Debt until the payment in full of the Senior Debt, or (iii) take or omit from taking any action that would cause a breach of the Subordination Agreement; (b) neither the Company nor any of its successors or assignees, by operation of law or otherwise, is a party to the Subordination Agreement, and neither the Company nor any of its successors or assignees will have: (i) any right in, or to enforcement of, the Subordination Agreement as against the Lender or a Subordinated Creditor, (ii) any claim of damage if the Lender or a Subordinated Creditor defaults under the Subordination Agreement, or (iii) any right to object to any amendment, modification, or supplement to, or any restatement or replacement of, the Subordination Agreement that is agreed upon by a Subordinated Creditor and the Lender; and (c) none of the provisions of the Subordination Agreement limit or impair the Lender’s rights against the Company or its successors and assigns or any of their respective obligations, indebtedness, or liabilities to the Lender under the Senior Loan Agreement, any related documents, or otherwise.

All capitalized terms used in this Acknowledgment that are defined in the Subordination Agreement and not otherwise defined in this Acknowledgment have the meanings specified in the Subordination Agreement.

IN WITNESS WHEREOF, the Company has executed and delivered this Acknowledgement to the Lender as of the Effective Date.

Valley Clean Energy Alliance

By: _____
Name: _____
Title: _____

EXHIBIT G

DOCUMENT SUMMARY AND NOTICE OF FINAL AGREEMENT

Borrower has been provided with the following documents issued in connection with the loan evidenced by a Revolving Credit Promissory Note in the original principal balance of \$11,000,000 (the “*Note*”):

Credit Agreement with Exhibits

A – Definitions

B – Form of Revolving Note

C – Form of Term Note

D – Form of Assignment of Deposit Account

E – Form of Request for Advance (RLOC)

F – Form of Subordination Agreement

G – Form of Document Summary and Notice of Final Agreement

And Schedules

1 – Indebtedness for Borrowed Money

Assignment of Deposit Account Agreement

Disbursement Request and Authorization

BORROWER REPRESENTS AND WARRANTIES:

- 1) IT HAS READ, UNDERSTOOD AND AGREES WITH THE TERMS OF EACH DOCUMENT LISTED ABOVE AND THIS AGREEMENT;
- 2) IT CONFIRMS THAT THERE ARE NO CONFLICTS BETWEEN THE TERMS OF THE DOCUMENTS AND ITS UNDERSTANDING OF THE TRANSACTION;
- 3) THE WRITTEN DOCUMENTS ISSUED IN CONNECTION WITH THE LOAN REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.
- 4) THE WRITTEN DOCUMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.
- 5) IT HAS HAD AN OPPORTUNITY TO DISCUSS THE LOAN TRANSACTION WITH ITS COUNSEL.

BORROWER:

Valley Clean Energy Alliance

By: _____

Name: _____

Its: _____

Borrower: Valley Clean Energy Alliance
23 Russell Blvd.
Davis, CA 95616

Lender: RIVER CITY BANK
2485 Natomas Park Drive
Sacramento, CA 95833

DISBURSEMENT REQUEST AND AUTHORIZATION

SPECIFIC PURPOSE. The specific purpose of this loan is to provide working capital and power purchases during times of regular and seasonal cash flow differences.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$11,000,000.00 as follows:

Other Disbursements:

\$1,100,000 initial advance to
fund Debt Service Reserve
Account

\$4,000,000 amount available Pre-
Launch to support power
purchases

\$5,900,000 amounts available
following Launch date for use in
accordance with the Credit
Agreement

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges: \$37,700 in fees and estimated and expenses described below:

\$27,500.00 Loan Fee
\$2,500.00 Documentation Fee
\$7,500.00 Estimated Legal Fees
\$200.00 Estimated Secretary of State and UCC Search Fees

AUTOMATIC PAYMENTS. Borrower authorizes Lender to make payments due and payable under the Loan through automatic debit from Borrower's checking account with Lender with the following account number: **8855413325**

BORROWER:
Valley Clean Energy Alliance

By: _____

Name: _____

Its: _____