

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Agenda Item 9

TO: Valley Clean Energy Alliance Board of Directors

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

SUBJECT: UltraGreen Rate

DATE: March 22, 2018

RECOMMENDATION

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

BACKGROUND AND ANALYSIS

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

The program design recommended balances three goals:

- Offering 100% renewable power at a competitive, affordable price
- Purchasing RECs that have the greatest environmental impact
- Building reserves to quickly move beyond RECs to funding new local renewable projects.

Specific recommendations are as follows:

1. Price structure – volumetric (price per kWh)

Although a flat monthly fee can be easier for customers to understand, it is not necessarily equitable, as lower usage customers will pay more than their share of the renewable costs, and higher usage customers will pay less. VCEA seeks to set prices that are reflective of the underlying costs, and to minimize cost shifting between customer classes. Designing marketing materials to highlight what a customer would pay on average each month can achieve some of the

benefits of a flat rate program, without the associated cost shifts.

2. Price – \$0.015/kWh

At this price, VCEA will be competitive with other CCAs, and will ensure the total bill is lower for nearly all customers relative to the PG&E Solar Choice option. Due to fluctuations in PCIA and the PG&E Solar Choice rates across different customer classes, it is impossible to guarantee the rate will be better for all customers. However, \$0.015/kWh represents a price on par with the lowest Solar Choice rates, and VCEA customers will combine this price with the 2% discount on the base power purchase. Reducing the price is possible, but would limit VCEA to purchasing renewable energy from existing plants, rather than investing in new local renewable resources, which tend to be more expensive than non-local projects.

3. Renewable Mix – Match VCEA base product renewable mix

Staff recommends the program meet REC needs by incrementally increasing the overall procurement of renewables needed for VCEA load. For 2018, this will include 52% PCC-1 and 48% PCC-2 resources. This ensures a balance of PCC-1 and PCC-2 resources while minimizing complexity in the procurement process.

4. Green-e Certification

Staff recommends obtaining Green-e certification. While this will represent a cost of approximately \$17,000/year, it will provide customers with assurance that the renewable content in the program meets the highest standards. This will aid in marketing the program and establishing VCEA's reputation for quality. In addition, participation in Green-e will provide VCEA with access to resources outlining best practices in green energy marketing. Additional information can be found at www.green-e.org.

CONCLUSION

Staff recommends the Board adopt the Ultra Green rate and terms proposed.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2018- _____

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING
THE ULTRAGREEN POLICY/RATES FOR THE 100% RENEWABLE ENERGY CUSTOMER OPTION

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, UltraGreen is a voluntary program that will allow customers to purchase their power from 100% renewable sources for a price premium; and

WHEREAS, the UltraGreen program balances three goals of offering 100% renewable power at a competitive, affordable price, purchasing RECs that have beneficial environmental impact, and building reserves to quickly move beyond RECs to funding new local renewable projects; and

WHEREAS, the UltraGreen program shall obtain Green-e certification to provide customers with assurance that the renewable content in the program meets the highest standards.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the UltraGreen Policy/Rates (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



DRAFT

**Valley Clean Energy Alliance
UltraGreen Policy/Rate**

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

The program is intended to balance three goals:

- Offering 100% renewable power at a competitive, affordable price
- Purchasing RECs that have the greatest environmental impact
- Building reserves to quickly move beyond RECs to funding new local renewable projects.

The Valley Clean Energy's UltraGreen Policy/Rate is composed of the following four elements:

1. Price structure – Volumetric (price per kWh)

VCEA seeks to set fair prices that are reflective of the underlying costs, and to minimize cost shifting between customer classes. This structure will also encourage energy conservation.

2. Price – \$0.015/kWh

At this price, VCEA is competitive with other CCAs, and will ensure the total bill is lower for nearly all customers relative to the PG&E Solar Choice option. Due to fluctuations in PCIA and the PG&E Solar Choice rates across different customer classes, it is impossible to guarantee the rate will be better for all customers. However, \$0.015/kWh represents a price on par with the lowest Solar Choice rates, and VCEA customers will combine this price with the 2% discount on the base power purchase.

3. Renewable Mix – Match VCEA base product renewable mix

The program will meet REC needs by incrementally increasing the overall procurement of renewables needed for VCEA load. For 2018, this will include 52% PCC-1 and 48% PCC-2 resources. This will ensure a balance of PCC-1 and PCC-2 resources while minimizing complexity in the procurement process.

4. Green-e Certification

Valley Clean Energy will invest in obtaining Green-e certification. This annual cost of approximately \$17,000/year, will provide customers with assurance that the renewable content in the program meets the highest standards.