

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Community Advisory Committee October 28, 2021 Meeting Summary

DATE: November 10, 2021

This report summarizes the Community Advisory Committee's meeting held via Zoom webinar on Thursday, October 28, 2021.

A. **Cost-Recovery based Policy and Customer Rate Structure.** The CAC received an update on discussions of VCE's rate policy and customer rate structure consistent with the Board's direction at their special meeting held on October 21, 2021. The CAC discussed financial models, load forecast, resource adequacy costs, rate structure, and possible need for additional policy discussions, Time of Use (TOU) rate changes, and outreach. Staff's recommendation included three basic suggestions: to adopt 1) a cost-recovery based rate policy, 2) a new rate structure with three customer options, and 3) automatically enroll CARE and FERA customers into the newly created Least Cost option. However, the CAC chose to break these into two main issues: the rates policy (1) and the rate structure (2 and 3). A motion to adopt staff recommendation relating to policy "adopt a cost-recovery based rate policy" failed for lack of a second. Rather they chose to address Staff's definition of rate policy: "VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's budget and establish sufficient operating reserve funds." The policy parameters of funding, budget, cap and trigger, and setting rates was discussed in detail. After a thorough discussion, the CAC made a recommendation that the Board adopt:

- 1) A cost-recovery based rate policy, defined as: VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's budget and establish sufficient operating reserve funds. Changes in rates are to be approved by the Board in consultation with the Community Advisory Committee. (9-0-0);

A shorter discussion on the rate structure then followed. There were concerns by some around making sure there was a significant difference in the Renewable Portfolio Standard (RPS) between the Least-Cost option and the Standard Green option. The CAC then made a recommendation that the Board:

- 2) Adopt a new rate structure with three customer options: (1) Standard Green (default) and (2) UltraGreen (100% renewable) with rates based on cost-recovery and add a (3) Least-Cost customer rate option; and

- 3) Automatically enroll California Alternative Rates for Energy (CARE) and Family Electric Rates Assistance (FERA) customers in the newly created least-cost rate option with an enhanced portfolio beginning in 2024. (7-0-2)

Other areas of discussion in general included concern over the impact of the rate increase on certain customers; issues relating to NEM customers; concern over delay in implementing programs, such as EVs; and, desire to optimize, if possible, forecasts for load and budget as VCE goes forward.

- B. **Reviewed draft Committee Evaluation of Calendar Year.** The CAC received and reviewed draft 2021 year end reports from the Committee and each Task Group. A few minor modifications to the Committee report are to be made, then all reports are to be presented to the Board for their information. (9-0-0)