

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Community Advisory Committee November 18, 2021 and December 16, 2021 Meeting Summaries

DATE: January 27, 2022

This report summarizes the Community Advisory Committee's meetings held via Zoom webinar on Thursday, November 18, 2021 and on Thursday, December 16, 2021.

November 18, 2021 Meeting Summary:

- A. **Received Update on Quarterly Power Content.** The CAC received an update on the power content for 2021, including load summary, target versus current estimations, and status of renewable energy contracts (Aquamarine, Putah Creek Energy Farm, and Tierra Buena). It was noted by Staff that the estimated power to be received from the PGE large hydro allocation is significantly less than originally expected due to the drought. Also, due to increased ag pumping and heat storms this summer, additional short term RECs were purchased to meet the RPS requirement.

- B. **GHG Free 2022 Attributes (large hydro and/or nuclear).** Staff presented background information and solicited feedback from the CAC regarding VCE accepting 2022 and beyond allocation of GHG-free attributes (large hydro and/or nuclear) from PG&E. Staff explained that PG&E has been offering GHG-free attributes on a yearly basis; when attributes are accepted a one year agreement is entered into; and, moving forward, if attributes are offered in 2023 and beyond and there are no significant changes in VCE's position, Staff would provide the offering to the CAC and Board as a consent agenda item. After a brief discussion, the CAC via a motion, support Staff's recommendation to recommend to the Board that they accept 2022 allocation of large hydro carbon free attributes; reject 2022 allocation of nuclear power carbon free attributes; and, in the event the future attributes (2023 and beyond) are made available to VCE and there are no major changes in VCE's position, bring back to the CAC and Board on consent for approval. (7-1-0). The one no vote was from a CAC member who favors accepting the nuclear as well as the large hydro allocations.

- C. **Cost-Recovery based Policy and Customer Rate Structure.** Interim General Manager Mitch Sears provided an overview of the background on rates, financial update, what information has changed since this item was presented to the CAC and motion adopted by the Board. Mr. Sears reviewed the 2022 reserve target, rate recommendation, rates implementing procedure, and Staff's recommendation. The CAC discussed the Board's

decision about rates effective November 1, 2021, VCE's policy to match PG&E generation rates, and how that will affect future rates. The members of the Rates Task Group, Mr. Kristov and Mr. Braun, then gave a short report. They suggested that the methodologies and information used in forecasting be looked at and discussed soon. The CAC continued to discuss: PG&E's filing on November 8, 2021 updating PG&E rate increase and power charge indifference adjustment (PCIA) decrease, various budget scenarios, how VCE's resources will affect budget, current and future forecast modeling, and Staff's recommendation. After the CAC discussed Staff's recommendation, the CAC recommend (6-2-0) that the Board approve the following:

- Adopt customer rates for 2022 to match PG&E 2022 generation rates for all customer classes except CARE and FERA customers to cover VCE's FY 2022 budget expenditures and to achieve 120-150 days cash reserves by the end of 2022;
- Adopt a 2022 rates implementing procedure including the following:
 - a. Provide a 5% rate discount for CARE and FERA customers in 2022;
 - b. Direct staff to prepare an analysis of budget including an increase to 2022 renewable portfolio content percentage and return to CAC and Board in Q1/2 2022 with recommendations.
 - c. Direct staff to conduct a review of the VCE Dividend Policy and potential rate discounts including but not limited to:
 - i. Providing a 5% rate discount for all customer classes during peak summer months in 2022 (June – September.);
 - ii. Providing an additional 5% rate discount for CARE and FERA customers during peak summer months (June – September.);
 - iii. Allocating additional funds for community program implementation.
 - d. and return to CAC and Board in Q1/2 2022 with recommendations.

Lastly, Mr. Sears informed those present that a discussion on forecasting will be brought to the Rates Task Group for further exploration, with the intent of providing an overview of what was discussed back to the CAC at a future meeting soon.

- D. Introduction to community resiliency.** CAC Member Lorenzo Kristov provided an introduction to community resiliency, defined sustainability and resiliency, and provided an overview of the layered architecture of community resiliency. The CAC are interested in having future conversations on strategies and policies for building resilient communities, including energy resilience. It was suggested that a future workshop be held to bring together experts on resiliency to help inform others on this topic.
- E. Reviewed Near-term Procurement Directives and Delegations for 2022 Power Procurement Activities.** The CAC received an update on the delegations and directives necessary for VCE and SMUD staff to continue procurement activities on behalf of VCE's power supply portfolio. Staff provided a high-level overview of the products necessary to meet compliance obligations and maintain a balanced power portfolio while meeting power supply portfolio targets set by the VCE Board.

December 16, 2021 Meeting Summary:

- A. **Reviewed and provided recommendation on VCE 2022 Legislative Platform.** The CAC received a detailed review of the draft 2022 Legislative Platform provided by Mark Fenstermaker of Pacific Policy Group. He informed those present that he worked with the Staff and Leg/Reg Task Group by reviewing the 2021 platform. As a result, the 2022 platform had no major edits since many of the bills are still alive and/or may come back in 2022. The CAC recommend that the Board approve the 2022 Legislative Platform outlining a number of legislative issues and positions VCE would take on each. (9-0-0)

- B. **Received preliminary results of zero-carbon portfolio study from Carbon Neutral Task Group.** The CAC received preliminary results of the zero-carbon portfolio study, prepared by Energeia USA; and, presented by Staff, Carbon Neutral Task Group members, and Maggie Riley of Energeia USA. Staff sought input from the CAC on the preliminary results before finalizing the report. Several comments were provided regarding generation, storage, availability and accessibility to potential power resources, using the final report as a stepping stone to potentially modify VCE's renewable energy policy, and hour by hour costs and options. The CAC noted that the report has not been finalized; however, the preliminary results presented tonight are useful and informative. The CAC made a recommendation that the meeting materials-slides on the preliminary results of the zero-carbon portfolio study be forwarded to the Board for consideration. (9-0-0)

- C. **Review and discuss formation of CAC Task Groups for 2022.** The CAC discussed the formation of task groups for 2022. It was agreed that the Legislative/Regulatory, Outreach and Programs task groups were needed in 2022. Potential task groups focusing on: rates, procurement, carbon neutrality, decarbonization, and resiliency were discussed. As a result of their discussion, both the Rates and Carbon Neutral task groups would continue; however, their "charges" would need to be modified to reflect the current needs of the Board, Staff and goals outlined in VCE's Strategic Plan. The CAC asked that each task group provide a draft "charge" to be reviewed and discussed at the CAC's next meeting. The CAC asked that VCE's Strategic Plan (SP) be distributed to the CAC members for reference; for the task groups to incorporate the goals outlined within the SP into their draft "charges"; and, to work with VCE Staff, when needed, on drafting the "charges".

- D. **Strategic Plan update.** Mr. Sears updated the CAC on progress of the goals outlined in VCE's 3 year Strategic Plan. Suggestions were provided by the CAC that the cadence of reporting could possibly be changed from quarterly reports to bi-yearly reporting. To assist with engagement of community and staff, it was suggested that a staff representative from each jurisdiction attend the CAC meetings.

- E. **Election of 2022 Chair and Vice Chair.** Yvonne Hunter will be the Interim Chair and Marsha Baird will be the Interim Vice Chair, both for 3 months time. CAC Members

were encouraged to take on these roles and to communicate their interest and/or questions to Interim General Manager Mitch Sears. Outgoing Chair Shewmaker expressed her hope that there would be more financial stability in the year ahead and that would allow the CAC more time to focus on long range goals consistent with VCE's long term mission. She also mentioned that she felt it was important to not loose sight of the importance of resiliency.