

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report - Item 12

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**TO:** Board of Directors

**FROM:** Mitch Sears, Interim General Manager  
Edward Burnham, Director of Finance and Operations

**SUBJECT:** Valley Clean Energy customer rates effective March 2021

**DATE:** March 11, 2021

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### **Recommendation**

Adopt Valley Clean Energy customer rates effective March 2021 to match Pacific Gas & Electric's generation rates.

### **Background and Analysis**

In November 2018, the Board adopted a resolution to match PG&E generation rates less the Power Charge Indifference Adjustment (PCIA) and franchise fee. In July 2019, in the event PG&E's generation rates change during the year, the Board authorized the Interim General Manager to approve any new rates identical to PG&E's generation rate for that new tariff, net of PCIA and Franchise Fees. In January 2021, consistent with this authorization, the Interim General Manager approved a de-minimis adjustment to VCE rates to maintain rate parity with PG&E. The Board ratified this adjustment at its February meeting. Note: Following VCE rate adjustments, updated rates are posted to the VCE website - typically within one week.

Since VCE's launch in 2018, PG&E typically implements its primary rate changes near the end of the first quarter of each year following CA Public Utilities Commission (CPUC) decisions on IOU rate setting and PCIA late each calendar year. PG&E's rate and PCIA changes took effect on March 1, 2021. The net effect of PG&E's average generation rate change (+2.8%) and PCIA increase requires VCE to reduce its average rate by approximately 1.4% to maintain rate parity.

This VCE rate change is consistent with the budgeted forecast for FY 2020/21 that incorporated this level of rate and associated revenue reduction. Therefore, staff does not expect these changes to have unanticipated adverse financial impacts on VCE. Staff will continue to monitor regulatory, structural, and pricing changes related to the PCIA and Resource Adequacy that could have future impacts on VCE. These factors will be incorporated into the analysis of the preliminary draft FY 21/22 budget that will be brought to the Board for initial review in April.

### **Conclusion**

Consistent with VCE's rate policy and the factors outlined above, staff recommends approval of VCE's 2021 rate changes effective March 1, 2021.