

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Approval of Amendment to Task Order of the SMUD Professional Services Agreement

Date: May 14, 2020

RECOMMENDATION:

Adopt a resolution authorizing the Interim General Manager to sign Amendment 16 to Task Order 2 (Data Management and Customer Call Center Services).

BACKGROUND AND ANALYSIS:

On October 12, 2017 the VCE Board approved a Professional Services Agreement with the Sacramento Municipal Utility District (SMUD) and Task Orders 1 and 2 to provide Program Launch Support, and Data Management and Customer Call Center Services, respectively. Soon thereafter, a series of additional Task Orders were added to the Agreement, including Task Order 3 to provide Wholesale Energy Services and Task Order 4 to provide Operational Staff Services to VCE.

Amendment 16 to SMUD agreement Task Order 2 (Data Management and Customer Call Center Services) authorizes the configuration of VCE's billing system to enable vintage year specific rates. The result will be that all VCE customers are billed at rate parity with PG&E, regardless of PCIA vintage.

PG&E sets a customer's Power Charge Indifference Adjustment (PCIA) vintage when the customer departs PG&E bundled service. The vintage year is on a July-June cycle, and most VCE customers were enrolled in June 2018. As a result, the vast majority of VCE's current customer base has a 2017 PCIA vintage year. However as new premises are constructed, NEM customers are enrolled, and the City of Winters customers enroll next year, the diversity of customer vintages will increase. Legacy NEM customers that enroll in VCE between January and June 2020 have (or will have) a 2019 PCIA vintage. Customers enrolling between July and December will have a 2020 PCIA vintage. Winters will enroll in January 2021, giving Winters residents a 2020 PCIA vintage.

Customer generation charges are the sum of PCIA (charged by PG&E for past generation costs) and Franchise Fee Surcharge (FFS—paid to local governments for utility rights of way), and VCE generation charges. VCE’s current rate policy is for the sum of these charges to be equal to PG&E unbundled generation rates. To put it in the form of an equation—

$$\text{VCE Gen Rate} = \text{PG\&E Gen Rate} - \text{PCIA} - \text{FFS}$$

In order to comply with existing VCE policy and match PG&E’s generation rate, when the PCIA varies, VCE’s generation rate needs to vary with it. Since the PCIA cost varies in each vintage year, this Amendment is needed to enable that capability. With this change, VCE’s total charges to customers will match PG&E charges regardless of PCIA vintage.

VCE’s billing system was initially constructed to apply a single set of VCE rates for all customers. As a result, customers on a 2018 or later PCIA vintage receive a bill with VCE rates set based on the 2017 vintage, but PCIA and FFS billed from PG&E on the customer’s actual PCIA vintage. The sum of VCE and PG&E charges are slightly higher than the customer’s unbundled generation rate as defined in their rate tariff. This change will apply the VCE rate based on their PCIA vintage assigned by PG&E.

In addition, this change updates the bill display to make the bill easier for customers to understand. The bill will display the generation charges for each billing determinant at the full PG&E unbundled generation rate, rather than unbundled generation minus PCIA minus FFS. Below the VCE billing determinant charges, the blue bill will display PCIA and FFS credits. These credits can be tied to charges on the PG&E side of the bill. This updated bill display makes it easier for customers to reference their billing determinant prices directly to their rate tariff.

Financial Impact: As the functionality for this billing change has already been developed, VCE’s cost impact is limited to configuration and testing. The cost for this technology configuration is \$30,000, payable as a fixed fee when the billing change goes live in mid-July. This cost change will be budgeted in the FY2020/2021 draft operating budget, which will be presented to the Board for approval at the June 11, 2020 meeting.

CONCLUSION

Staff is recommending the VCE Board adopt the attached resolution authorizing the Interim General Manager to sign Amendment 16 to Task Order 2 (Data Management and Customer Call Center Services).

Attachments

1. Amendment 16 to Task Order 2 (Data Management and Customer Call Center Services)
2. Resolution Authorizing Interim General Manager to sign Amendment 16 to the VCE-SMUD Professional Services Agreement

AMENDMENT 16 TO EXHIBIT A: Scope of Services

A.4 Task Order 2 – Data Management and Customer Call Center Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 16 to Exhibit A, Task Order No. 2 (Amendment 16), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 16 conflict with any general provisions in the Agreement or Task Order 2, the provisions of this Amendment 16, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or a previous Amendment thereof.

The Effective Date of this Amendment 16 is the date of last signature below.

1. Section 1, SCOPE OF WORK, is amended to add Section 1.11 below:

“1.11 IMPLEMENTATION OF VINTAGE YEAR-BASED BILLING

1.11.1 Scope of Work

VCE currently sets rates by taking PG&E Unbundled generation rates and subtracting the 2017 Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge (FFS), as the majority of VCE’s current customer base is on the 2017 vintage year. The result of this method is that customers who are not on the 2017 vintage year do not experience exact rate parity with PG&E bundled customers. This technology configuration will allow VCE to bill based on the PG&E assigned vintage year of each customer.

To implement the Vintage Year Rate Configuration, SMUD will:

- Establish individual rate configurations for all rates (inclusive of billing determinants) supported by PG&E
- For each Rate configuration, VCE Generation Rate will be calculated as follows:
 - Standard Green: $(1.00 * \text{PG\&E Unbundled Generation Rate})$
 - UltraGreen: Standard Green Rate + \$0.015 adder
 - UltraGreen is not part of rate table and instead appears as a separate line item adder on a customer's bill.
- Support adding a rate configuration for each new vintage year in the future, starting with 2020 (Vintage Year Rates)
 - Includes rate configuration for FFS by vintage year
 - Includes rate configuration for PCIA by vintage year
- For each vintage year fee, PCIA and FFS credits will be calculated as follows:
 - Total kWh * (-) Vintage Year PCIA
 - Total kWh * (-) Vintage Year FFS

- For customers with no vintage year identified
 - If it is an existing service point with a previous customer that had a vintage year, that vintage year will be used
 - If no such data point can be found, the default vintage year for that PG&E town or territory will be used
- For customers with vintage year before 2017, the most current 2017 Vintage Year Rates will be used
- For customers with vintage year later than the current year, the most current Vintage Year Rates of the current year will be used
 - Example: Current year is 2019, vintage year of 2020 found on customer record, 2019 vintage year will be used in place of 2020
- Rate configuration will support different rate discount for each vintage year and Rate Product
 - Example, Standard Green customers on 2021 vintage year may receive a 1% discount, while all other vintage year rates are calculated based on a 0% discount
- Allow for changes to rate discount
 - For example, Standard Green is currently calculated with 0% Discount: $(1.00 * \text{PG\&E Unbundled Generation Rate})$
 - Set up Rate Configuration to allow for changing from 0% to 1% which would effectively apply the Discount as follows $(0.99 * \text{PG\&E Unbundled Generation Rate})$
- Rebills
 - Rebills will utilize the updated configuration
 - The Vintage Year Rate used to Re-Bill a customer will be based on the effective Vintage Year Rates for the bill period affected
 - The Rate Product Discount used to Re-Bill a customer will be based on the effective Rate Product Discount for the bill period affected
- Blue Bill display
 - Add new bill description for the PCIA and FFS fees. Examples:
 - "PCIA Credit"
 - "FFS Credit"
 - PCIA and FFS credits will appear as a negative charge or credit on the VCE blue bill charges
 - If VCE adopts a rate discount in the future, the Rate Product Discount will appear as a negative charge or credit on the VCE blue bill charges
 - Rate Product UltraGreen will appear as an adder on the VCE blue bill charges

Configuration Changes

- IOU Initiated Changes include, but not limited to:
 - Rate Price Changes
 - FFS and PCIA Changes
 - New IOU Rate Schedules
 - Rate Schedule Structural Rate Changes

- Examples: Changes to Seasonal Time Periods; Changes to TOU Time Definitions
- VCE Initiated Changes include, but not limited to:
 - Rate Product Discount Changes
 - Example: Standard Green 0% change to 1%
 - New Rate Products
 - Vintage Year Based Rate Product Discounts
 - Example: Standard Green 0% for all customers changed to 1% for 2018 vintage year and 1.1% for all other customers
- Out of scope, not included in the IOU or VCE Changes:
 - Messaging to customers related to an IOU Initiated or VCE Initiated Changes.

1.11.2 Deliverables and Due Dates

The schedule for the implementation of vintage year-based billing estimated to be six (6) weeks, and includes the following milestones and due dates:

	Milestone	Responsible Party	Due Date
1	Task Order Amendment executed	VCE	May 30, 2020
2	Configuration complete	SMUD	June 30, 2020
3	Go-live date	SMUD	July 15, 2020

1.11.3 Schedule

It is estimated that the Scope of Services in this task will be completed in six (6) weeks from the Amendment execution due date of this Amendment 16, and SMUD will implement the technical solution by mid-July 2020.”

Section 4, COMPENSATION FOR SERVICES is amended to add Section 4.7, *Implementation of Vintage year-based billing*, as follows:

“The fixed fee for the Implementation of a vintage year-based billing is \$30,000.”

Section 5, PAYMENT TERMS, is amended to add the following:

“SMUD will invoice the fixed fee for the Implementation of vintage-year based billing upon completion, and payment will be due net thirty (30) days from date of the invoice.”

[Signature Page follows]

SIGNATURES

The Parties have executed this Amendment 16, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: _____

Name: _____

Title: _____

Date: _____

**Approved as
to Form:** _____

Sacramento Municipal Utility District

By: _____

Name: _____

Title: _____

Date: _____

**Approved as
to Form:** _____

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2020-___

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT 16
TO TASK ORDER 2 TO THE SACRAMENTO MUNICIPAL UTILITIES DISTRICT
PROFESSIONAL SERVICES AGREEMENT AND AUTHORIZING INTERIM GENERAL
MANAGER TO SIGN**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) 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”), the City of Woodland and the City of Winters (“Cities”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs;

WHEREAS, on August 31, 2017, the VCE Board considered a proposal by the Sacramento Municipal Utilities District (“SMUD”) to provide program launch and operational services and subsequently directed VCE staff to negotiate a services agreement between VCEA and SMUD for consideration and action by the VCEA Board;

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCE to provide Community Choice Aggregate (CCA) support services;

WHEREAS, On October 12, 2017 the VCE Board approved the Master Professional Services Agreement and Task Order 1 (technical and analytical services) and Task Order 2 (Data Management and Call Center Services) to provide program launch and operational services consistent with the SMUD proposal and VCE Board direction;

WHEREAS, in October 2018, Amendment 4 to Task Order 2 updating VCE’s base program from “LightGreen” to “Standard Green” was approved;

WHEREAS, in April 2019, Amendment 10 to Task Order 2 adding detail to SMUD’s invoicing methodologies in the Compensation for Services section updating was approved;

WHEREAS, in June 2019, Amendments 11 and 12 to Task Order 2 implementing the Annual Dividend program and second Net Energy Metering (NEM) True-Up Policy was approved;

WHEREAS, in August 2019, Amendment 13 to Task Order 2 updating data management and customer call center service rate was approved; and,

WHEREAS, there is a need by VCE to bill customers vintage year specific Power Charge Indifference Adjustment (PCIA) rates.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Approve Amendment 16 to Task Order 2 (Data Management and Call Center Services) authorizing the configuration of VCE's billing system to enable vintage year specific rates; and,
2. Authorize Interim General Manager to sign Amendment 16.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Don Saylor, VCE Chair

Alisa M. Lembke, VCEA Board Secretary

Attachment: EXHIBIT A - Amendment 16 to Master Professional Services Agreement Task Order 2

EXHIBIT A

AMENDMENT 16 TO TASK ORDER 2 (DATA MANAGEMENT AND CALL CENTER SERVICES)