VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Michael Champ, SMUD

SUBJECT: Introduction of UltraGreen Rate Options

DATE: February 8, 2018

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.

In structuring VCEA's UltraGreen rate, the following factors should be considered:

1. Price structure – flat or per kWh. A flat monthly fee can be easier to communicate and market to residential customers, as they have certainty on how much they will be paying per month. A per kWh charge more closely follows the cost of providing the renewable power, ensuring each customer pays their fair share. In addition, updating the price to match renewable markets is easier with a per kWh charge.

2. Price. Above $0.015/kWh, VCEA could begin to lose customers to PG&E's SolarChoice program which is priced in a similar range for some commercial customers. $0.010/kWh is a competitive rate for both residential and commercial customers. Generally, the price is designed to cover the cost of the program, and not used to subsidize other non-program related efforts.

3. Renewable Mix. The program's REC needs could be met from the same REC procurement as the overall portfolio, or could be designed to use a different mix of PCC-1 and PCC-2 resources. Using more PCC-2 could allow quicker accumulation of reserves to build local projects that would be added to the portfolio which could assist with marketing the program.

4. Green-e Certification. Green-e is a globally recognized clean energy certification that ensures a program meets specified renewable criteria. Certification entails additional recordkeeping and marketing practices, as well as annual audits. This comes with an additional administrative cost.

Staff have analyzed the tradeoffs for each of these components and developed a series of UltraGreen program options that will be presented for initial Board feedback at the February 8th meeting. The options vary in the renewable mix and the speed with which they can generate excess returns to fund development of new local renewable projects.

CONCLUSION

Staff will present three UltraGreen program options for discussion at the February 8, 2018 Board meeting. Staff is seeking Board preferences regarding the tradeoffs associated with different UltraGreen program structures. Staff will incorporate the Board feedback and present a recommended rate structure for the UltraGreen option at the March Board meeting.