VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 17

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: 2024 Operating Budget & Customer Rates

DATE: December 14, 2023

RECOMMENDATIONS

1. Approve 2024 VCE Customer Rates:
   a. Standard Green Rates for 2024 to match PG&E 2024 generation rates.
   b. Base Green Rate 2.5% lower than PG&E 2024 generation rates
      i. Automatically provide CARE and FERA customers the lowest rate (Base Green)
2. Approve 2024 Budget with $106.5M of operating revenues and $82M of operating expenses for a net income of $24.5M.
3. Approve prepayment of $185K for retirement of term loan with River City Bank by December 31, 2023

OVERVIEW

The purpose of this staff report is to: (1) Update 2023 financial actuals (10-Months) ending December 31, 2023, (2) present analysis of 2024 customer rates, and (3) present the 2024 Budget for Board consideration.

As detailed in the body of this report, the 2023 Budget is estimated to have a net positive income of $17.7M, which is $13.7M below the adopted Budget for reasons outlined in the analysis section below. The 2024 budget forecasts a positive net income of $24.5M, allowing VCE to reach its primary financial objectives of building reserves while maintaining competitive rates and executing local programs.

VCE's longer-term outlook (2025+) indicates increased stability and cost certainty with VCE's long-term PPA's on-line combined with continued growth in cash reserves which would place VCE in a position to receive an initial investment grade credit rating within the next several years.

BACKGROUND

Since early 2020, VCE has seen high volatility in the energy sector and overall economy. VCE's fiscal impacts were primarily driven by uncertainty associated with the COVID-19 pandemic, 2021 Power Charge Indifference Adjustment (PCIA) increases, resource adequacy and power market cost increases driven in part by the war in Ukraine. These factors required VCE to draw against reserves in the past two years to stabilize customer rates and maintain its rate policy to be competitive with PG&E generation rates. Beginning in 2022, VCE began to replenish its cash reserves and grow its financial strength (as envisioned in the Strategic Plan) for its initial investment grade credit rating.

The proposed 2024 budget incorporates key financial objectives driven by VCE's Budget Policy, Financial Reserve Policy, Rate Policy, and the 2021-2025 Strategic plan. Key objectives considered by staff in developing the draft 2024 budget included:

- Operating Days Cash – Maintain the operating days cash target of +180 days (Increased from 90 days in 2023) as recommended by financial advisors for the credit rating.
- Debt Repayments – Early repayment of term loan with River City Bank in 2023. VCE's remaining use of RCB line of credit used for credit requirements pending VCE's initial investment grade credit rating.
- Power Cost Contingencies – Due to the inherent volatility in power costs, Staff continues to include 5%/$3.6M contingencies in 2024. Staff has incorporated a onetime additional $1.5M for 2024 Resource Adequacy and Renewable Energy Certificates compliance requirements.
- Power Purchase Agreement (PPA) Covenants – VCE will maintain the required PPA covenants without relying on letters of credit for operational PPAs.
- Investment Grade Credit Rating – VCE and the Financial Advisor, PFM, will re-evaluate the timeline to establish VCE's initial investment grade credit rating. An investment grade credit rating will reduce risks for banking institution lines of credit, CPUC provider of last resort financial requirements (POLR), and overall capital costs for VCE.
- Customer Programs and Dividends – $2M in programs budgeted for 2024 including to continue to grow its customer programs in 2024. VCE will evaluate 2023 audited financial results for possible customer dividends in Q2 of 2024.

VCE's long-term fixed PPAs are anticipated to bring long-term financial stability for VCE in the 2025-2027 long-term outlook.

<u>2023 CPUC ERRA Proceeding (PG&E Rate setting - PCIA and Bundled Rates)</u>
The CPUC issued the proposed decision (PD) for 2024 bundled rates, inclusive of setting PCIA and generation rates for PG&E. Based on information from VCE and CalCCA's analysts, VCE has incorporated the following assumptions in its updated financial forecasts for 2023, including the assumption that 2043 PG&E rates/PCIA will be implemented on January 1, 2024:

Summary of CPUC ERRA Forecasts for January 2024
- 2024 PCIA: ~100% increase over 2023 PCIA - Approximately ($1.9M) net decrease
- 2024 PG&E Bundled rates (PCIA & Generation): 5-7% increase over 2023 Rates – Approximately $6M in additional revenue for 2024

<u>Long-term Fixed Price Power Purchase Agreements</u>
Renewable power and storage resource deliveries resulting from VCE's contracted long-term power purchase agreements (PPAs) began in 2021 and increased significantly in 2023. These additional fixed price long-term renewable contracts strengthen VCE's financial standing by providing cost stability and reducing exposure to short-term power market volatility. As shown in Figure 1 & 2 below, the PPAs increased to ~40% of VCE's annual load and 70% of VCE's

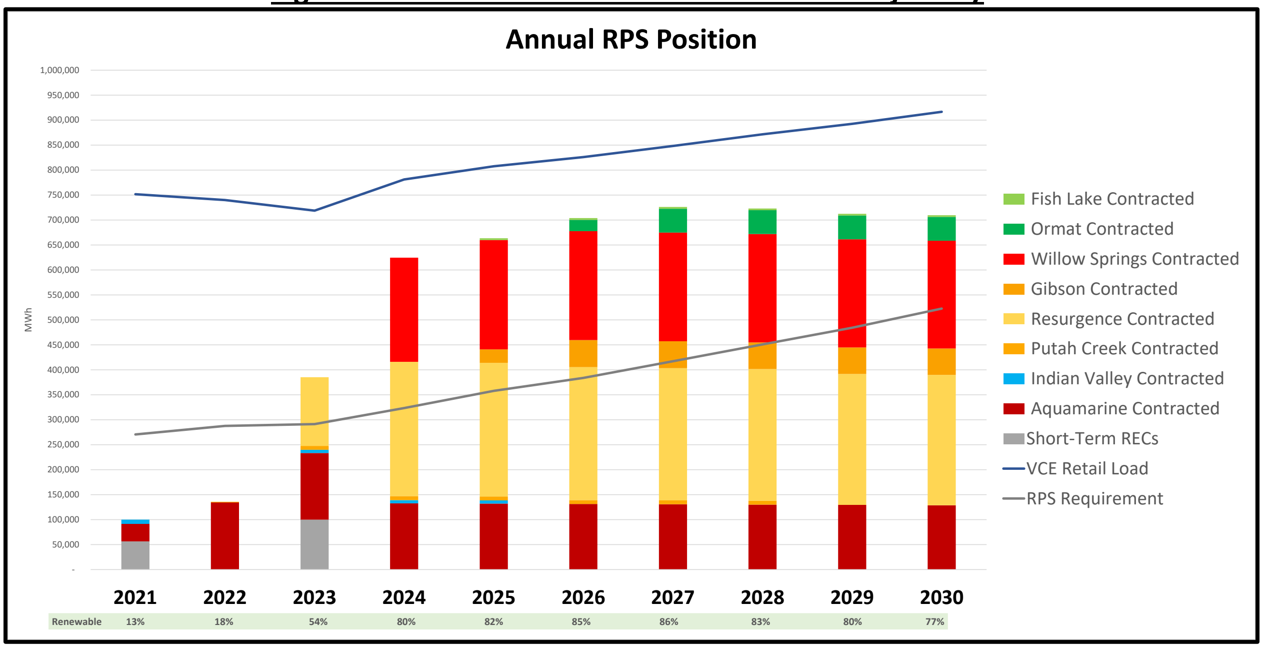
annual RA requirement by 2024, reducing VCE risks and stabilizing costs compared to prior years.

Figure 1 – VCE Power Purchase Agreement Contributions

Description	2023	2024
Power Costs	Began 2023 with PPAs for ~150+ GWh (approx. 13% of VCE annual Load)	*Begin 2024 with PPAs for ~400+ GWh (approx. 50% of VCE annual Load)
Power Cost Contingencies	PPAs provide 75 MW RA (approx. 36% of VCE annual req.)	*PPAs provide 143 MW RA (approx. 70% of VCE annual req.)

*Willy 9 Chap 2 (formerly Willow Springs Solar 3) Solar PV + Storage Project (72 MW PV /36 BESS / approx. 215,000+ MWhs) expected to come online in January of 2024

Figure 2 - VCE Current Renewable Portfolio Trajectory



The addition of these long-term renewable resources help mitigate financial volatility for VCE going forward. The proposed 2024 Rates, 2024 Budget, and multi-year outlook shown below are inclusive of the above factors.

ANALYSIS

This report updates the information provided to the Board on November 9, 2023 and provides the basis for the budget Analysis in Section 3 below. The sections below provide updates on: (1) the 2023 Operating Budget, (2) an overview of key factors influencing the operating budgets, and (3) analysis of the recommended 2023 budget.

1. 2023 Operating Budget Update

In December 2022, the Board approved the 2023 Operating Budget taking into account matching PG&E's proposed rates, incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers, and directed all other revenues to cash reserves for a target of ~180+ days cash on hand by the end of 2023.

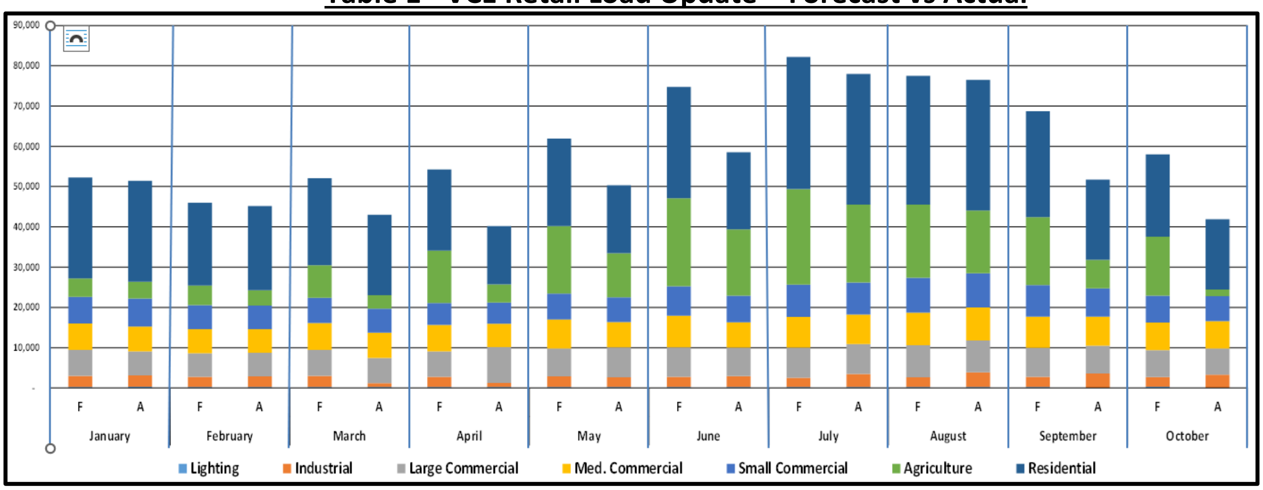
Key factors included in adoption of the 2023 Operating Budget included the following:

- CARE / FERA – Incorporated a 2.5% rate credit
- Power Cost Contingencies – increased from 2.5% in 2022 to 5% in 2023 ($3.4M)
- Financial Reserves. Incorporated a 2023 target of 180 days for operating cash
- PG&E Rate Adjustments – 3% increase – Approximately $2M in revenue
- PCIA. PCIA: 88% reduction (net zero charge) – Approximately +$17M in net revenue.
- Long-term power contracts (PPAs). When VCE's two largest PPA's begin full deliveries in 2023: ~60% of VCE's load served, growing to 80%+ by 2024

VCE's 2023 Budget is estimated to have a net positive income of $17.7M, which is $13.7M below the adopted Budget mainly driven by lower retail load in Agriculture and Residential sectors resulting from lower average temperatures, reduced and shorter heat events, and above average precipitation. Key factors influencing the 2023 Operating Budget results include:

- Load Forecast. As shown in Table 1, 2023 energy use in most sectors have been lower than forecasted. For example, two large sectors showed lower than forecast energy use: (1) residential and (2) commercial use related to agriculture due to a wet and long winter, lower overall summer temperatures, and reduced heat events.

Table 1 - VCE Retail Load Update – Forecast vs Actual



- Budgeted revenues. The 2023 Budget incorporated revenues associated with a normalized load. These revenues have not fully materialized in the actuals for 2023 due to the lower overall load as described above resulting in lower revenues throughout 2023.

- Power Costs. Average forward market power prices have decreased from the high 2022/23 winter costs due to an abnormally wet winter and increased hydro production. In September 2023, the CPUC authorized the use of additional natural gas storage to help with future winter demand. This has decreased total long-term energy hedging prices and day-ahead purchase prices in the recent months of 2023. Power prices are expected to remain at near current prices through 2024. The overall decrease in high power costs have been largely offset by significant price increases for resource adequacy (RA) and renewable energy credits (RECs) for the near term.

The following Table 2 summarizes the 2023 Operating Budget results.

Table 2 – 2023 Actuals vs. Budget

Description	APPROVED 2023 BUDGET	2023 Proforma (10 Month Actuals + 2 Month forecast)	Variance
Revenue	$ 109,500	$ 96,250	$ (13,250)
Power Cost	$ 71,650	$ 72,500	$ (850)
Other Expenses	$ 6,430	$ 6,100	$ 330
Net Income	$ 31,420	$ 17,650	$ (13,770)

Note: The 2023 interim audit will begin in December 2023 and will be completed in March 2024. Adjustments, if any, will be included in the annual report.

2. 2024 Customer Rates

As discussed at previous Board and Community Advisory Committee meetings, the CPUC is scheduled to adopt 2024 PG&E bundled rates at their December 2023 meeting. The updated analysis shown below is based on the best available information as of the writing of this report, with an effective rate change date of January 1, 2024, and following VCE's current rate policy and financial objectives.

VCE Rate Policy (Updated November 10, 2021)

Cost-Based 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. VCE's 2023 Target was set to fully fund 180 days of operating cash reserves and incorporated into 2024 rate setting.

2024 Customer Rates Drivers

Based on information from VCE and CalCCA's analysts on the proposed PG&E rates decision outlined above, VCE has incorporated the following assumptions in its updated financial forecasts for 2024 (assuming PG&E rates/PCIA are implemented on January 1, 2024):

- PCIA: 100% increase over 2023 PCIA (net zero charge)- Results in approximately ($1.9M) revenue for 2024
- PG&E Bundled rates (PCIA & Generation): 5-7% increase – Results in approximately $6M revenue for 2024

NOTE: The proposed decision by the CPUC includes a 6-month amortization of 2023 under collection of revenues recovered in 2024.

VCE Rates Recommendation

1. Standard Green Rates for 2024 to match PG&E 2024 generation rates.
2. Base Green Rate discount of 2.5% to PG&E 2024 generation rates
    a. Automatically provide CARE and FERA customers Base Green Rate

Staff recommends evaluating the expansion of rate credits to all customers as part of the 2023 net margin allocation and financial results for the first quarter of 2024 as part of the annual Customer Program and Dividend Policy analysis scheduled for consideration by the Board in Q2 of 2024. As part of this process, Staff will evaluate possible power purchase agreement prepayment discounts and impacts to VCE's initial investment grade credit rating. The expected revenue reductions for extending the rate credit program to additional customers while reaching the investment grade would be approximately $1,000,000 per 1% of rate credit.

Fiscal Effects

The rates (and budget) approach outlined in this report allows VCE to build reserves for VCE's initial investment grade credit rating, fund current and additional VCE programs, and prepare for future PCIA increases and power market volatility to achieve long-term rate stability and competitiveness with PG&E generation rates.

The fiscal effects on VCE customers are estimated at an average of $5 per month for residential customers on VCE's default Standard Green rate (+5% to 7%). Staff recommends continuing rate credits for low income and vulnerable customers (CARE, FERA, and Medical Baseline) that makeup over 25% of VCE's residential customer base.

The VCE generation charges plus PCIA and franchise fees are approximately 40% of the total average residential electricity bill. PG&E's Transmission, Distribution, and other charges account for the remainder 60% of the total electricity bill. Therefore, a 7% increase in VCE's portion of the electricity bill equates to an approximate 2.5% increase in the total electricity charges for the average residential customer.

Customer Outreach & Communications

VCE continues a measured, transparent customer outreach strategy emphasizing VCE's continuing cost competitiveness and additional benefits such as more choice in electricity supply, local control, and community reinvestment through energy contracts and programs.

Based on VCE matching PG&E rates and other CCAs undertaking similar rate actions, Staff does not anticipate significant opt-out customer activity in response to the rate changes. VCE will continue to monitor customer activity as the rates are implemented for possible adjustments.

If approved by the Board, these customer rates would help meet VCE's strategic financial objectives. The longer-term outlook (2025+) shows increased stability and cost certainty due to VCE's fixed price long-term renewable power purchase contracts coming on-line in 2024.

3. 2024 Operating Budget

As noted in the prior budget update, slightly reduced forward power market prices have been partially offset by significant increases in resource adequacy (RA) and renewable portfolio standard (RPS) eligible resources which contribute to a relatively stable 2024 PCIA. Based on analysis by CalCCA, Staff anticipates slightly higher PCIA and an increase in PG&E Customer rates. The net result is $12M+ in net income initially forecast for 2024.

Most recently, Staff has updated the forecasts to incorporate additional PG&E actuals reflecting an under-collection of 2023 revenues and the updated power cost forwards that include the increasing RA and RPS market price benchmarks. These factors are primary drivers leading to a revised forecast resulting in the 2024 PCIA stabilizing and a PG&E rate change going from a ~3% reduction to a ~5-7% increase for 2024. Additionally, VCE’s long-term renewable contracts continue to have cost/rate stabilization effects while significantly increasing VCE's renewable content. VCE’s fixed priced PPAs coming online in 2023 and 2024 have significant contributions (Figure 1 above) towards reducing VCE’s financial risks and stabilizing costs.

Key Assumptions included in the 2024 Budget Summary (Table 3) and Multi-year forecast (Table 4):

- 2024 Customer Rates (VCE & PG&E Comparison) VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and continue to contribute to reserve funds to obtain an initial investment grade credit rating.
- 2024 PCIA Forecast –The updated PCIA increased from ~.002 KW/$2M to .004 KW/$4M
- 2024 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 5-7% generation rate increase (higher increases currently being considered by the CPUC are associated with non-VCE portions of the bill such as transmission and distribution charges and transmission line undergrounding costs).

Table 3 – 2024 Budget Summary

VALLEY CLEAN ENERGY 2024 DRAFT BUDGET SUMMARY	APPROVED 2023 BUDGET	ACTUAL (YTD) Oct. 31 2023 2023 Proforma	PROPOSED 2024 BUDGET
OPERATING REVENUE	**$ 109,458**	**$ 96,250**	**$ 106,500**
OPERATING EXPENSES:			
Cost of Electricity	71,650	72,500	75,200
Contract Services	2,807	2,825	2,260
Outreach & Marketing	264	295	300
Programs	834	841	2,020
Staffing	1,442	1,413	1,630
General, Administration and other	1,017	950	1,140
TOTAL OPERATING EXPENSES	**78,014**	**78,824**	**82,550**
TOTAL OPERATING INCOME	**31,444**	**17,426**	**23,950**
NONOPERATING REVENUES (EXPENSES)			
Interest income	42	240	550
Interest expense	(66)	(16)	-
TOTAL NONOPERATING REV/(EXPENSES)	**(24)**	**224**	**550**
NET MARGIN	**$ 31,420**	**$ 17,650**	**$ 24,500**
NET MARGIN %	**28.7%**	**18.3%**	**23.0%**

Multi-Year Forecast
As displayed below in Table 4 – Multi-Year Forecast, the changes to PCIA and VCE's long-term renewable PPA contracts are forecasted to provide near/long-term financial stability, allowing VCE to continue to build reserves to 180+ days of operating cash that will support VCE's movement towards an investment grade credit rating (estimated by 2028).

Table 4 – Multi-Year Forecast

	Actuals	(10 Month Actuals + 4 Month Budget)	Preliminary Forecast*			
Description	2022	2023	2024	2025	2026	2027
Customer Revenue	85,323	96,250	106,500	99,810	108,300	103,950
Power Cost	75,130	72,500	75,200	62,700	66,300	68,300
Other Expenses	4,469	6,100	6,800	7,200	7,600	8,000
Net Income	5,724	17,650	24,500	29,910	34,400	27,650
Gross Margin	12%	25%	29%	37%	39%	34%
Net Margin	7%	18%	23%	30%	32%	27%

* The preliminary forecast is based on analysis by CalCCA, MRW, and TEA and power cost forwards.

Note: 2023, 2024, and 2025 forecasted financials are based on the most current available data and assumptions, as displayed in Table 4. These scenarios rely on future rate adjustments, reserves, or both to maintain VCE's financial strength.

Additional Considerations
Other Operating Expenses – Preliminary Budget Other operating expenses (not including power costs) are nearly flat compared to the 2023 budget, reflecting a 8% increase slightly higher than 2023 CPI at ~6%. The majority of the cost increases are related to programs. The primary factors of increased costs in this category of expenses include:

- $2M in customer programs related to AgFIT and other programs.
- Staffing includes the addition of one Program Specialist / Junior Analyst and prior part-time positions allocations for Regulatory Analyst and Office Support Specialist.
- Additional costs related to strategic goal implementation (e.g. 100% renewable by 2030)
- Reduced interest expenses related term loan prepayment.
- Increased interest income with rising interest rates and increased cash reserves
- 5% annual salary and contractor inflation rate based on the 2023 6% inflation rate.
- 5% administrative contingency rate for unanticipated expenses.
- Additional cost related to post covid operations (e.g. remote meeting technology) and Board stipends to match other local JPA stipends.

Based on the updated information, Staff recommends continuing to build programs and reserves for VCE's target of 180+ days of cash reserves potion itself to achieve an investment grade credit rating.

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CONCLUSION

Consistent with the adopted Rate and Budget policy, Staff is recommending that VCE set rates and adopt a budget for 2024 at a level that will fully fund the 2024 budget, prepay our outstanding term loan, continue to build reserves to achieve an initial investment grade credit rating, and provide a level of financial relief to VCE's low-income and at risk customers. Staff will continue to review and report operating results and propose adjustments upwards or downwards for reasons such as changes in operational requirements or reserves reaching 180+ days.

ATTACHMENTS

1. 2024 Operational Budget
2. Resolution 2023-XXX

VALLEY CLEAN ENERGY - 2024 OPERATING BUDGET

Description	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	TOTAL
Total Revenues	$ 7,300,000	$ 7,143,000	$ 7,116,000	$ 7,610,000	$ 8,541,500	$ 13,549,500	$ 13,002,000	$ 12,202,000	$ 10,601,500	$ 7,148,500	$ 6,231,500	$ 6,604,500	$ 107,050,000
Electric Revenue	$ 6,958,000	$ 6,801,000	$ 7,072,000	$ 7,566,000	$ 8,495,000	$ 13,503,000	$ 12,953,000	$ 12,153,000	$ 10,550,000	$ 7,097,000	$ 6,180,000	$ 6,553,000	$ 105,881,000
Interest Revenues	$ 40,000	$ 40,000	$ 42,500	$ 42,500	$ 45,000	$ 45,000	$ 47,500	$ 47,500	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 550,000
Reimbursable Revenues	$ 302,000	$ 302,000	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 619,000
Purchased Power	$ 5,082,000	$ 4,193,000	$ 4,197,000	$ 4,362,000	$ 4,982,000	$ 7,285,000	$ 11,198,000	$ 10,453,000	$ 9,098,000	$ 4,636,000	$ 4,394,000	$ 5,320,000	$ 75,200,000
Purchased Power Base	$ 4,840,000	$ 3,993,000	$ 3,997,000	$ 4,154,000	$ 4,745,000	$ 6,938,000	$ 10,665,000	$ 9,955,000	$ 8,665,000	$ 4,415,000	$ 4,185,000	$ 5,067,000	$ 71,619,000
Purchased Power Contingency 5%	$ 242,000	$ 200,000	$ 200,000	$ 208,000	$ 237,000	$ 347,000	$ 533,000	$ 498,000	$ 433,000	$ 221,000	$ 209,000	$ 253,000	$ 3,581,000
Labor & Benefits	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 136,000	$ 1,632,000
Salaries & Wages/Benefits	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 1,344,000
Contract Labor	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 204,000
Human Resources & Payroll	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 84,000
Office Supplies & Other Expenses	$ 24,700	$ 24,700	$ 24,700	$ 44,200	$ 24,700	$ 24,700	$ 24,700	$ 24,700	$ 24,700	$ 24,700	$ 24,700	$ 24,700	$ 315,900
Technology Costs	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 3,200	$ 38,400
Office Supplies	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 12,000
Travel	$ 500	$ 500	$ 500	$ 20,000	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 25,500
CalCCA Dues	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 144,000
CC Power	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 90,000
Memberships	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 6,000
Contractual Services	$ 182,650	$ 182,650	$ 227,650	$ 182,650	$ 183,150	$ 183,150	$ 183,150	$ 184,150	$ 184,150	$ 184,150	$ 199,150	$ 184,150	$ 2,260,800
Other Contract Services (e.g. IRP)	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 3,000	$ 3,000	$ 3,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 39,000
Don Dame	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 21,600
Wholesale Energy Services (TEA)	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 819,000
2030 100% Renewable & Storage	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 30,000
Customer Support Call Center	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 67,000	$ 804,000
Operating Services	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 60,000
Commercial Legal Support	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 24,000
Legal General Counsel	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 84,000
Regulatory Counsel	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 204,000
Joint CCA Regulatory counsel	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 19,200
Legislative - (Lobbyist)	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 5,750	$ 69,000
Accounting Services	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 3,000
Financial Consultant	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 24,000
Audit Fees	$ -	$ -	$ 45,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000	$ -	$ 60,000
Marketing	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 300,000
Marketing Collateral	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 288,000
Community Engagement Activities & Sponsorships	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 12,000
Programs	$ 361,500	$ 361,500	$ 101,500	$ 101,500	$ 101,500	$ 141,500	$ 141,500	$ 141,500	$ 141,500	$ 141,500	$ 141,500	$ 141,500	$ 2,018,000
Program Costs (Rebates, Incentives, etc.)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 1,000,000
AG Fit	$ 300,000	$ 300,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 1,000,000
PIPP Program	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 18,000
Rents & Leases	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 49,200
Hunt Boyer Mansion	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 25,200
Lease Improvement	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 24,000
Other A&G	$ 36,700	$ 36,700	$ 111,500	$ 36,700	$ 43,500	$ 36,700	$ 36,700	$ 36,700	$ 36,700	$ 36,700	$ 36,700	$ 36,700	$ 522,000
Development - New Members	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 25,200
Strategic Plan Implementation	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 76,800
PG&E Data Fees	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 288,000
Insurance	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 48,000
Banking Fees	$ 200	$ 200	$ 75,000	$ 200	$ 7,000	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 84,000
Miscellaneous Operating Expenses	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,100	$ 12,100
Contingency	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 240,000
TOTAL OPERATING EXPENSES	$ 5,873,650	$ 4,984,650	$ 4,848,450	$ 4,913,150	$ 5,520,950	$ 7,857,150	$ 11,770,150	$ 11,026,150	$ 9,671,150	$ 5,209,150	$ 4,982,150	$ 5,893,250	$ 82,550,000
Interest on RCB Term loan	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Expense - Bridge Loan \ Line of Credit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET INCOME	$ 1,426,350	$ 2,158,350	$ 2,267,550	$ 2,696,850	$ 3,020,550	$ 5,692,350	$ 1,231,850	$ 1,175,850	$ 930,350	$ 1,939,350	$ 1,249,350	$ 711,250	$ 24,500,000

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2023 - ___

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE CUSTOMER RATES AND OPERATING BUDGET FOR YEAR 2024

WHEREAS, the Valley Clean Energy Alliance ("VCE") was formed as a community choice aggregation agency ("CCA") on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, on November 10, 2021, the Board adopted a cost-based rate policy via Resolution 2021-023; and,

WHEREAS, to address volatility driven by forces outside of VCE's direct control there is a need to adopt rates and operational budgets to cover actual cost and reserve requirements.

WHEREAS, the VCE 2024 proposed Budget for the calendar year 2024 includes Operating Revenues totaling $106.5M and purchased power and other operating expenses totaling $82M for a net income of $24.5M;

WHEREAS, the VCE proposed Standard Green Rates for 2024 will match PG&E 2024 generation rates, and VCE Base Green Rate 2.5% lower than PG&E 2024 generation rates, and VCE will automatically provide CARE and FERA customers the lowest rate option (base green); and,

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby adopts the 2024 proposed Budget and Customer Rates for 2024.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of __________ 202, by the following vote:
AYES:
NOES:
ABSENT:
ABSTAIN:

____
Tom Stallard, VCE Chair

____
Alisa M. Lembke, VCE Board Secretary

Attachment: 2024 Operating Budget