

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report - Item 21

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**TO:** VCE Board of Directors

**FROM:** Mitch Sears, Interim General Manager  
Jim Parks, Director of Customer Care and Marketing

**SUBJECT:** Net Energy Metering (NEM) Donation Pilot Program

**DATE:** June 11, 2020

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#### RECOMMENDATION

Authorize the Interim General Manager to develop and implement a pilot Net Energy Metering Donation Program for FY 2020/21. Staff will report back to the board after one full year of program operation.

#### BACKGROUND

Members of the VCE board and Community Advisory Committee (CAC) requested that a Net Energy Metering (NEM) donation program be developed. The concept is to allow NEM customers, with outstanding balances exceeding \$100 at their annual true-up, to donate the balance to charity/non-profit organization. This was captured in VCE's adopted NEM policy:

7. NEM customers with less than \$100 in wholesale credits will have the credit balance roll over to the next billing cycle (with no loss of credits). NEM customers with a wholesale credit balance exceeding \$100 on their annual true-up date will be cashed-out, unless they choose to roll over the balance or donate the funds.

When NEM customers were trueed up in 2019, only 5 customers had balances exceeding \$100, for a total balance of \$5,986. At the February 2020 true up, 64 customers had balances exceeding \$100 for a total of \$21,924. With the incoming legacy NEM customers, the potential for donations will continue to rise. The expectation for the pilot is that we may get \$1000 in donations during the first year of operation, with the opportunity for growth in future years.

#### DISCUSSION

The CAC Outreach Task Group, the CAC Programs Task Group, and finally the full CAC reviewed the concept and provided input to the proposed program. CAC comments were incorporated into the pilot concept guideline document (attached). Key CAC feedback/comments included:

- All CAC members except one felt that the charities should be aligned with VCE's mission and the donations should be energy-related.
- For customers with large balances, is it possible to offer them the option to donate

some of their credit balance but not all?

- How difficult would it be to send a letter each year reminding customers of their choice and giving them the option to change? If no response, it's the same as the previous year. It is possible that people would not remember their choices year over year and VCE might change the charities/programs from time to time.
- Adopt a policy that extends beyond NEM. Allow customers to donate dividends—get the donation policy in place before we start paying dividends.

The Pilot NEM Donation Program could be the start of a broader donation program that could include donating dividends or providing personal contributions. Starting with a smaller-scale program reduces risk and allows VCE to expand the donation program at a controlled rate. If authorized to establish the pilot program, staff would focus on a maximum of three community based organizations providing energy related services to more than one member jurisdiction as recipients in the initial year. At the conclusion of the first year, staff would report back to the Board and CAC on results with recommendations for establishing a permanent donation program.

### **CONCLUSION**

Due to the limited amount of anticipated donations this fiscal year, staff is recommending a small pilot program this fiscal year to help inform establishment of a permanent donation program.

### **Attachment**

1. Pilot NEM Donation Concept Guidelines

# **Pilot NEM Donation Program**

## **Background**

Most solar net energy metered (NEM) customers pay their electricity bill once per year. This is called an annual true-up. Depending on a customer's annual solar production at true-up, a customer may owe money, or if they generate excess energy, VCE may owe them money.

When a customer's true-up credit balance exceeds \$100, VCE pays the customer for the outstanding balance, zeroing out the account. For credit balances less than \$100, the balance rolls over as a credit on the customer's bill.

## **Description**

VCE would like to pilot a program that offers eligible NEM customers the opportunity to donate their NEM credits to charities/community based organizations (CBOs). Eligible customers will be notified via website, email and/or regular mail and will be given the opportunity to donate their NEM credits to CBOs or to receive a check from VCE. A reply sheet and postage paid envelope will be included in the letter to facilitate an easy response, or customers may respond electronically through email or the VCE website (when this functionality is enabled).

If a customer selects to donate their NEM credits to a selected CBO, the CBO will be provided with the customer's name, address, and amount of donation so a charitable donation receipt can be sent.

## **Benefits**

- Provides funding to local charities/CBOs
- Provides a tax deduction to the donor
- Creates community good will towards VCE
- Reduces the number of checks VCE must write

## **Potential Donations**

After the first year of VCE operation, there were 5 customers with credit balances exceeding \$100. The total amount of credits exceeding \$100 was \$5,986.

During the second year of VCE service, there were 64 customers with credit balances exceeding \$100. The total credit balance for those customers was \$21,924.

The number of NEM customers with outstanding credit balances is expected to grow dramatically as VCE adds over 6,000 new NEM customers in 2020—customers who were previously full-service PG&E customers. Additional customers will continue to be added through new installations in existing buildings as well as new construction.

### **Charities/CBOs**

Customers can choose between two or three CBOs, to be determined. The intent is to keep the number of CBOs limited in order to reduce administrative effort and increase the amount allocated to each CBO.

Selected CBOs will come from one or both of the following categories:

1. **Mission Alignment with VCE** - The selected CBOs will have missions that directly align with VCE's mission and vision. This would include CBOs that focus on energy efficiency, renewable energy, energy storage and/or demand response.
2. **Provide Services to the Community** - This includes CBOs that provide services to the communities we serve such as provision of food, low income housing, family services, bill pay, counseling, etc.

The CBOs will be selected based on input from the CAC and VCE Board. The selected CBOs will be reviewed to ensure they meet our requirements. An annual review of the program and CBOs will be performed and new CBOs may be selected.

### **Mechanics**

VCE will send a letter or email to all NEM customers. With regular mail, a postage paid envelope and return form will be included.

Customers will have the following options:

1. Allow the credit to roll over to offset future energy bills.
2. Receive payment from VCE for the full credit amount.
3. Donate the credit to charity. If yes, select one of the chosen CBOs.

Customers that choose the donation option will be notified that VCE will provide the CBO with their name and address so the CBO can send a donation receipt.

Customers who do not return the form will automatically be enrolled in Option 2 and will receive a check for outstanding solar credits if the total amount exceeds \$100 (per VCE NEM policy). Credits under \$100 will stay on the customer account as a credit against future bills.

## **Considerations**

- Tracking - VCE must keep track of the donors and provide donor information to selected CBOs
- Payments to CBOs - VCE will need to pay CBOs on a regular basis
- Verification – VCE will need to ensure the CBO sends tax-deductible receipts to donors