

**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
February 14, 2017**

The Board of Directors of the Valley Clean Energy Alliance met in regular session beginning at 5:30 p.m. in the Community Chambers, 23 Russell Boulevard, Davis, California, 95616.

Board Members Present: Duane Chamberlain, Robb Davis, Lucas Frerichs, Don Saylor

Board Members Absent: None

Approval of Agenda D. Chamberlain moved, seconded by Lucas Frerichs, to approve the agenda. Motion passed unanimously.

Public Comment None

Approval of Consent Agenda Valley Clean Energy Alliance Minutes from the meeting of January 17, 2017

R. Davis moved, seconded by Lucas Frerichs, to approve the consent agenda as listed above. Motion passed unanimously.

VCEA
Implementation
Update

- a. Multi-service vendor selection update
M. Sears: VCEA Advisory Committee (AC) and staff have completed initial review of RFP responses for energy services, outreach and communication and data and call center. AC is requesting more time for thorough review of RFP responses. AC, staff to meet for further discussion and formulation of recommendations for interviews.
- b. CEO search update
Sustainability Manager Regina Espinoza: Initial screening for qualified applicants is underway. VCEA County staff, City staff, external CCA experts and AC members will review applicants meeting basic qualifications, interview qualified applicants, and forward list with recommendations to Board for final interviews. Final interviews by Board with assistance of staff as needed. Recruitment is on track with Critical Path Option A.
- c. Insurance Update
M. Sears: In process of completing application. Will bring back YCPARMIA response to next meeting of VCEA.
- d. Banking and credit services update
Shawn Marshall: Staff developed banking and credit services RFP, currently being reviewed at County finance office. To be released next week. Working on distribution list of local bankers. By May contract and line of credit should be in place. Briefings City Council and Board

of of Supervisors will need to happen regarding credit guaranty. Placeholder amount of \$7 million in RFP. Guaranty will be a portion of that amount.

Preference for local vendor included. Sometimes credit and banking services are together in single package, sometimes two institutions involved; will determine when bids received.

D. Saylor: Regarding definition of “local”: can we use mileage radius rather than County borders as delimiter?

L. Frerichs: It’s okay if the headquarters are in another county as long as branch locations are located in Yolo county.

H. Steiner: Current language includes branch offices.

D. Saylor: What if the headquarters is in Kansas City?

H. Steiner: Still be considered.

R. Davis: Intent is that the entity that has a stake in local community.

Program
Implementation
Actions

a. Revised Critical Path Timeline and Schedule

S. Marshall, LEAN Energy US: New requests, information. Multi-service vendor subcommittee working to review bids asks via letter that CEO be hired in advance of making final contract decisions with vendors.

Implications of moving launch to spring of 2018:

Modest budget implications. Longer planning horizon. Advantage is more time for outreach, but some costs will be incurred. Length of time CEO, additional staff in place prior to revenue. Mitigating factor is no change in timeline for banking and credit services; credit can be used to augment money already committed to process. Refundable.

By deferring to spring 2018, City of Woodland has time to catch up and to enroll as part of initial program. Woodland has time to pass ordinance. No extra costs for updating implementation plan or separate enrollment.

Costs of power, PCIA are unknown. Natural gas price is creeping up. PCIA has inverse relationship to natural gas price. I don’t anticipate substantial difference in price.

Because launching in summer tariff schedule, longer period of time in period of higher rates; first six months of program operations, budget will be better off.

D. Chamberlain: Moving sooner is better, but I don’t see any major problems. Interested in seeing if Woodland is joining.

M. Sears: Woodland acitively engaged at staff level. Glen and Roberta from City of Woodland present tonight. Spring launch more favorable for Woodland’s participation than fall launch.

S. Marshall: implementation plan needs to be submitted before August for spring launch.

R. Davis: Spring launch feels right; good idea to have leadership in place to make key decisions.

Roberta Childers, City of Woodland: We have advisory committee meeting every other week, evaluating options. Have created potential schedules based on VCEA implementation plan submittals. Pleased at new timeline, mid-August submittal, which works better for us to request inclusion in VCEA.

L. Frerichs: Appreciate AC's suggestions. Wise to move launch to spring of 2018. Hopeful to have Woodland join as well; timeline change helps to facilitate Woodland joining. Adding Woodland increases load by 1/3, positive direction. Fine with recommendation to move launch to spring 2018.

D. Saylor: I'm concerned that we have lost six months by our second meeting. This change makes a lot of sense, but let's stay on track, stay with this schedule. Make sure stakeholders, customer base know we're still pressing forward.

Thanks to AC for ongoing advice, clear-headedness.

L. Frerichs moved, seconded by R. Davis to adopt Spring 2018 as the target launch date for VCEA. Motion passed unanimously.

b. Approval of Community Advisory Committee Conflict of Interest Guidelines and new appointments

M. Sears: Board briefly discussed at last meeting. Draft policy reflects Board input.

H. Steiner: Eric May and I took Board comments, responses from discussion at last meeting, formulated policy. Policy makes clear that VCEA Advisory Committee is advisory body not subject to Political Reform Act (PRA), does not require State filings. Policy piggy-backed off of State's definitions. Part of same process, can use State forms, but not subject to state regulations.

- Disclosure of income of \geq \$500
- Disclosure of businesses, investments of \geq \$5000, limited solely to interests related to electric businesses and data-processing and call centers.
- Policy allows for Board to require different interests to be disclosed in future.
- If there is a material conflict of interest, would result in

disqualification.

- Carve-out: Policy allows for Board to look at rates at some point. Roof-top solar is reportable interest, but would not result in disclosure or disqualification. Businesses with larger renewable energy facilities, need to disclose, but not grounds for disqualification if under 100 kilowatts. If business holder on AC, important to know, but not necessarily reason for disqualification.
- If failure to disclose, Board decides remedy.

R. Davis: How did you arrive at 100kW figure?

M. Sears: A 100kW system is much bigger than average residential system, but not the smallest business system. If it's a large system, owner might benefit from rate setting; more of a disclosure aspect. Trying to find middle spot.

H. Steiner: If 100kW is the wrong breaking point, we can change it. Also, intent is facility is being used for own purposes, not for resale; resale of energy to third party may require disqualification.

D. Saylor: Using same form for disclosure?

H. Steiner: Yes, propose to use Form 700.

D. Saylor: Conflict of interest framework is good response to Board's earlier concerns and questions.

R. Davis: Good consideration of Board's concerns. Sends clear message that Board responsibly requires disclosure, but makes space for people to be involved without fear of having to disclose too much personal, business information that's not germane.

L. Frerichs: What about "new appointments" mentioned in agenda?

M. Sears: Left on agenda as open possibility.

D. Saylor: This policy is not the same as that for employees of the organization—is that correct?

H. Steiner: Correct; employees and Board members are subject to the PRA; file same as for County or City.

To clarify the form used for disclosure, policy states that members shall use Form 700.

R. Davis moved, seconded by D. Chamberlain to approve VCEA

Advisory committee conflict of interest policy. Motion passed unanimously.

Regulatory
Update

M. Sears: Shifting landscape when it comes to regulatory, legislative activity around community choice energy programs. Regulatory update will be included on all subsequent agendas.

S. Marshall: Highlights of key regulatory proceedings relating to Community Choice Aggregation (CCA). Summary of only high-level, priority actions having potential to affect future CCA programs. LEAN regulatory consultant Steve McCarty is expert on this issue.

T. Echiburo and M. Sears attended En Banc Meeting at California Public Utilities Commission (CPUC); first to focus on CCAs. Meeting of full commission, no vote, no formal action. Many participated. CCA in a period of rapid expansion. CPUC looking to define their role going forward. Three panels.

1st Panel: Resource reliability and power supply issues. Power procurement strategies of CCAs; short-term v. long-term contracts; Concern over potential new energy crisis, how to mitigate. What is role of integrated resource planning, what is preferred length of contract term, CPUC's role in managing power procurement, distributed v. centralized energy generation. CCAs expected to pick up 50% of State's load in next 5-6 years.

M. Sears: Much discussion around energy crisis. Fresh voice in room: CCA. We're accountable to local voters. Important for CPUC to see and hear.

S. Marshall: 2nd panel: customer-facing issues. Energy efficiency programs, SCP's pilot EV program, distributed energy resources, and how these could work with CCAs. Focus on energy efficiency programs that were more localized.

3rd panel: Future issues, including 1) Power Charge Indifference Adjustment (PCIA) exit fee and how to deal with that going forward, and 2) The 3 big utilities in CA are Providers of Last Resort (POLRs). What is role of utility as the POLR? How much latitude for future procurement? Sense that there has been over-procurement, resulting in power that would be put back into PCIA calculation and charged back to departing load customers, making it hard to complete.

M. Sears: A new trade association for CCAs was represented on panels, providing clear voice for current, future CCAs.

S. Marshall: PCIA Exit fee assessed by utilities to customers, part of departing load program. Fee set each year. CCA working group met today: aiming for 4/6/17 deadline to file comments, proposals with CPUC. First proposal regarding what PCIA reform should look like. Fee is volatile, hard to project. Hard to have stabilized rates. How long does it go on?

Looking for specific sunset date (i.e. 10 years). What is appropriate methodology for administrative calculation of PCIA. CCAs meeting regularly to create realistic, negotiable proposal. Utilities, CCAs in conflict over this. Utilities will want more cost recovery. How does PCIA fit in with Cost-allocation method? Probably no resolution in 2017. Comments will be filed 4/6/17.

R. Davis: Regarding POLR—thought this concept of large utilities being POLRs was being questioned by the CPUC. Can only large utility be POLR? Should encourage more dispersed, resilient energy supply. Why is CCA failure being brought up at this time?

S. Marshall: CPUC is not the one that's questioning the need for POLR.

R. Davis: No CCA is asking to control transmission. What is the real concern?

S. Marshall: Real concern is potential for return of customers to the utility. If CCA failure and customers have to return, is there a placeholder for that eventuality?

R. Davis: Those CCAs have purchased contracts. Electricity is generated based on contracts. Not fear of no power, right?

S. Marshall: Many feel that CCA proliferation is safeguard, because if there is a failure, it's not massive service territory that's failing.

D. Chamberlain: Where is energy surplus located, what's the source?

S. Marshall: Not sure how to respond. At en banc meeting, many CCAs feel utilities are over-resourced, procuring power even knowing there is departing load. Most utilities are resourced out into 2025.

CCA Bond: \$100,000 bond in event of program failure. CPUC had pre-conference hearing in January, again in February to consider if bond should be reestablished and recalculated. Concern for emergent CCAs; bond could go up. Will take a while.

Integrated Resource Planning is ongoing proceeding, deals with required planning, reporting of power procurement strategies over proposed 10-year period. Likely to be required later this year or in 2018.

Diablo Canyon plant decommission application. Scheduled to go offline in 2025. What are plans to replace that power?

M. Sears: CPUC to meet at 9:30 a.m. on UC Davis campus. Focus more on telecommunications.

R. Davis: Could we ask chair to attend with staff assistance?

L. Frerichs: Spoken with folks at PUC. Willing to agendize public comments by VCEA at beginning of public comment period. Recommend R. Davis' attendance as well.

R. Davis: I have a speaking engagement on campus that day. Good to have

a prepared statement to share articulating deliberate process we've gone through and importance of our county and city concept of local control. Being able to make decisions that meet our communities' needs, interests, values. Clear statement of value of local.

D. Saylor: I'm available. Please contact the chair.

M. Sears: We'll make sure that communication takes place.

S. Marshall: New 501(c)(6) trade association representing interests of CCA programs in California has formed. The City of Davis became an affiliate member, paid membership dues. Once VCEA has certified implementation plan, it becomes full voting member. Recommendation is to transfer Davis' membership to VCEA as an affiliate member of CalCCA, shift to full membership in the future.

M. Sears: Cal CCA is receptive to membership transfer idea.

L. Frerichs: imperative for us to be members. Will see continued hostility toward community choice.

L. Frerichs moved, seconded by R. Davis to transfer City of Davis's affiliate membership in CalCCA to VCEA once VCEA is operational. Motion passed unanimously.

Board Member
and Staff
Announcements

D. Chamberlain: SMUD says they're short of power, want to put power lines across Yolo county. You said earlier that there is a surplus of power. Where are we with electricity? Forty biomass plants are currently shut down in California. Cleaner to burn in biomass plants than in forests. How much electricity is out there and available.

S. Marshall: You need to get your technical and energy services vendors to the table. Ask them to take a statewide and regional look at what's available. CPUC does not regulate SMUD.

D. Saylor: A study session model for some of our meeting time would be beneficial for us to study issues. Communication vehicle to public as well.

S. Marshall: Other CCAs have had study sessions to give in-depth technical perspective on how energy works.

D. Saylor: Will consult with M. Sears T. Echiburu, build in study session at some future meetings.

M. Sears: There has been discussion around legislative representatives connecting with us. Meeting with our Assembly member this Friday, I'll be attending. Will schedule follow-up meetings with our Assembly member and State Senate member to brief them on what VCEA is.

D. Saylor: Meeting Friday at American Canyon including Napa

representatives as well as Yolo.

L. Frerichs: That Friday meeting is being pursued by Marin Clean Energy. Important for us to meet with representatives to inform them of what is happening with our specific efforts.

Review of Long Range Calendar D. Saylor: Thank you for the calendar. We will populate it as we move forward. The Long Range Calendar was accepted by consensus.

Closed Session H. Steiner: The staff does not anticipate that there will be any reportable action after the closed session.

Meeting was adjourned after the closed session at 7:04 p.m.

Nancy Stephenson
Interim Board Secretary