

**VALLEY CLEAN ENERGY ALLIANCE  
COMMUNITY ADVISORY COMMITTEE**

**Staff Report Item - 5**

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**TO:** VCEA Community Advisory Committee  
**FROM:** Mitch Sears, Interim General Manager  
**SUBJECT:** Minutes from November 11, 2017 and December 4, 2017 Meetings  
**DATE:** January 11, 2018

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**Recommendation**

Receive and approve the minutes from the November 11, 2017 and December 4, 2017 meetings.

**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE**  
**Advisory Committee Meeting**  
**November 27, 2017**

The meeting of the Advisory Committee (AC) of the Valley Clean Energy Alliance (VCEA) began at 5:30pm in the Davis Senior Center, Activities Room, 646 A Street, Davis, CA.

**Committee Members Present:** Mark Aulman, Marsha Baird, Gerry Braun, Yvonne Hunter, Lorenzo Kristov, Christine Shewmaker, David Springer.

**Committee Members Absent:** Amanda Beck, Tom Flynn.

**Staff Members Present:** Emily Henderson, Mitch Sears, Kim Villa.

**Public Present:** Kate Kelly, John Mott-Smith, UC Davis law school student, zquin@ucdavis.edu

**SMUD Consultants Present:** Michael Champ, Gary Lawson.

1. Welcome and Roll Call

Meeting called to order by Chair G. Braun at 5:30pm.

2. Approval of Agenda

Y. Hunter moved, G. Braun seconded approval of meeting agenda. Approved unanimously.

3. Public Comment

UC Davis law school student asked the committee to complete a survey for a research project he is doing on open meetings.

Kate Kelly, with Defenders of Wildlife requested the opportunity to do a briefing to the committee at an upcoming meeting on recommendations for procurement of project sites for renewables that do not negatively impact the environment. She provided handouts for the committee. G. Braun commented that we will discuss under Item 11.

4. Brief VCEA Staff and Advisory Task Group Reports

- **SMUD Agreement task group:** Task group members commented that they individually reviewed and provided feedback on the SMUD agreement, and their comments were responded to and/or incorporated in the final agreement. Task Order 4 is still in development and will be going to the Board on December 14<sup>th</sup> for approval. M. Sears commented that he plans to send it out to the task group later this week. Task Order 4 is regarding HR and staffing. G. Braun expressed some concern that the task group has not met as a group, but provided individual feedback.
- **Launch Phase Energy Issues task group:** G. Braun reported that this task group has not met as yet, but we will need their input on the Wholesale Energy Issues. There was also a discussion of a potential task group to review portfolio mix and rates information. This will be discussed further in Item 7.

## CONSENT AGENDA

5. Approval of Minutes from November 6, 2017 Committee Meeting

Y. Hunter moved, C. Shewmaker seconded approval of Minutes. Approved with two abstentions.

## REGULAR AGENDA

6. Action. Review Board workplan and approve recommended CAC work plan updates

M. Sears reported that there were no changes to the Board work plan items for December 14<sup>th</sup>. In the new year, staffing, policies and budget issues will be discussed. There will also be outreach training with Circlepoint for the Advisory Committee as well as others.

Y. Hunter moved, M. Aulman seconded approval of CAC work plan. Approved unanimously.

The committee decided to switch the order of the next two agenda items.

8. Staff/Consultant Briefings

M. Sears explained that tonight's briefings will be a mixture of policy presentations and staffing plans.

- **Power Mix Targets**

M. Sears commented that there will be new information at next Monday's meeting on the power mix. SMUD presented power mix information at the November 6<sup>th</sup> CAC meeting. C. Shewmaker requested that SMUD include a scenario where the percentage of renewables increases over time from 42% to 50%.

- **Reserve Policy**

M. Champ from SMUD presented slides showing the financial forecast and target reserve levels for operating reserve and a future rate stabilization fund. The forecast includes assumptions for PGE and PCIA charges. The financial picture improves in 2021 when PCIA are expected to be lower. The current forecast predicts that it will take 3 or more years to reach the recommended operating reserve policy target.

M. Champ also shared a draft of the VCEA Operating Reserve Policy.

- **Wholesale Energy Risk and Trading Policies**

G. Lawson from SMUD presented an overview of the Wholesale Power Procurement and Risk Management Policy which had also been shared with the Board on November 16<sup>th</sup>. At the next CAC meeting, SMUD will have the draft policy document, which will be about 10 pages. G. Braun asked what other CCAs have for this. G. Lawson replied that the other CCA's policies are very similar to this one and that this reflects good industry practice. G. Braun commented that it is difficult to react without something to compare to. It would be helpful to know what problems other CCAs have had that would advise changes to the policy. G. Lawson commented that the policy will allow for amendments, and that the EROC will review it periodically.

- **VCEA Staffing Plan**

M. Sears presented the staffing plan that had been presented to the Board on November 16<sup>th</sup>. Key direction from the Board was to keep VCEA in-house staff small. Board did not take action, but will at December 14<sup>th</sup> meeting. Some members of the Advisory Committee expressed an interest in making a recommendation to the Board, so will discuss at next meeting.

G. Braun asked about future plans for staffing, as it would be helpful for comparison. M. Sears responded that the proposed plan addresses start-up staffing for the first year or two; there is no long term plan as yet.

M. Aulman asked if there would be any shortfalls in customer facing staff compared to what PG&E currently has. SMUD is looking at this now in terms of Key Account Reps.

7. Action. Appoint Portfolio, Programs and Rates Task Group

G. Braun reviewed the need for task groups to meet to review issues outside of committee meetings. We should be careful how many task groups we create and make sure the members have time to be involved. D. Springer commented that the task groups should have a chair and should be created as needs arise. There is a need to review rates and portfolio mix before next meeting in order to make a recommendation to the Board. L. Kristov suggested since time is short on these topics, that we just have an ad hoc team of those that can meet before the next meeting. L. Kristov, G. Braun and D. Springer plan to meet next Monday afternoon to review the information presented by SMUD on rates and portfolio mix.

9. Legislative/Regulatory Task Group Report

Y. Hunter and C. Shewmaker presented a recommendation for review by the committee of the policies and procedures for VCEA to adopt. They would like to present it to the Board for approval. L. Kristov had some questions about the wording and potential redundancy of items. L. Kristov proposed changes. Y. Hunter will make initial rewrite, then review with L. Kristov and C. Shewmaker and agree upon changes **prior to the meeting next week.**

10. Vision Statement Update

G. Braun provided some proposed revisions to the Vision Statement and suggested that the Vision Statement subcommittee review. Since the Board just approved the Vision Statement on November 16<sup>th</sup>, C. Shewmaker suggested it would be best to wait to make any changes which would require the Board to review and approve. G. Braun agreed to table the proposed revisions.

11. Chair/Vice Chair Report

G. Braun proposed that the committee have a more complete briefing from the Defenders of Wildlife at a future Advisory Committee meeting. M. Sears concurred and will coordinate scheduling.

12. Discussion. Next Meeting Agenda

- Next meeting agenda will include:
  - Power Mix Targets - recommendation
  - Reserve Policy - recommendation
  - Rates for FY 2018-2019 – recommendation
  - Wholesale Energy Risk and Trading Policies – recommendation
  - VCEA Staffing Plan – possible recommendation
  - Regulatory/Legislative Policy – possible recommendation

13. Board Member and Staff Announcements

None.

14. Adjournment

Meeting adjourned at 8:05pm. M. Aulman moved, D. Springer seconded. Approved unanimously.

**ACTION ITEMS from Meeting:**

- **Mitch Sears** will send out draft Task Order 4 of SMUD Agreement to Task Group (Flynn, Hunter, Kristov, Springer).
- **Gerry Braun, Lorenzo Kristov and David Springer** will meet to discuss rates and portfolio mix recommendations.
- **Yvonne Hunter, Christine Shewmaker and Lorenzo Kristov** will review wording of Regulatory/Legislative Policy.

**Next Meeting: Monday, December 4, 2017 at 5:30pm at Davis Senior Center.**

**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE**  
**Community Advisory Committee Meeting**  
**December 4, 2017**

The meeting of the Community Advisory Committee (CAC) of the Valley Clean Energy Alliance (VCEA) began at 5:30pm in the Davis Senior Center, Activities Room, 646 A Street, Davis, CA.

**Committee Members Present:** Mark Aulman, Marsha Baird, Gerry Braun, Tom Flynn, Yvonne Hunter, Lorenzo Kristov, Christine Shewmaker, David Springer.

**Committee Members Absent:** Amanda Beck.

**Staff Members Present:** Emily Henderson, Mitch Sears, Kim Villa.

**Public Present:** John Mott-Smith, UC Davis law school student, zquin@ucdavis.edu

**SMUD Consultants Present:** Michael Champ, Gary Lawson.

1. Welcome and Roll Call  
Meeting called to order by Chair G. Braun at 5:30pm.
2. Approval of Agenda  
Y. Hunter moved, M. Aulman seconded approval of meeting agenda. Approved unanimously.
3. Public Comment  
UC Davis law school student returned to ask the committee to complete his survey for a research project he is doing on open meetings.
4. Brief VCEA Staff and Advisory Task Group Reports
  - **Outreach task group:** M. Aulman commented that he will be reaching out to M. Sears to revisit the procedure for the task group's participation in outreach issues. The group provided input several weeks ago on the website and strategic marketing and communications plan, but have not been involved or updated on issues since.

**REGULAR AGENDA**

5. Action. Review Board workplan and approve recommended CAC work plan updates  
Some differing names had been used for the Advisory Committee (Community AC, Citizen's AC, Technical AC). Have settled on name Community Advisory Committee or CAC.  
  
G. Braun proposed having 3 task groups within the CAC to review launch phase issues that need a deeper review outside of CAC meeting time.
  - 1) Legislative/Regulatory task group
  - 2) Outreach task group
  - 3) Energy Services task group

Each group should have 3-4 members with 3 solid, active members. Each group should have a Chair, and no one should be chairing more than one task group. The task group Chair's responsibilities would include scoping and planning the group's work, coordinating with VCEA staff and CAC chair, preparing agendas and minutes for meetings, and delivering reports to the CAC and the Board.

For each of the 3 task groups, need to finalize members, elect chairs and develop a task plan.

The Legislative/Regulatory task group consists of Y. Hunter and C. Shewmaker. L. Kristov volunteered to join. The group will elect a Chair.

The Outreach task group consists of M. Aulman, M. Baird and Y. Hunter. M. Aulman is Chair.

The Energy Services task group consists of G. Braun, L. Kristov and D. Springer. And possibly T. Flynn or A. Beck.

CAC will be using the term task group, not subcommittee going forward.

M. Sears showed slides with some changes to the agenda for the December 14<sup>th</sup> Board meeting. He shared that he will be using underlines for new items and strikethroughs for deletions to the agendas at each meeting going forward.

There are two new items on the January 11<sup>th</sup> Board meeting requiring Board approval, "Customer and Data Policies" and "Power Procurement Delegation." Since the CAC is meeting January 8<sup>th</sup> to review these items, CAC may not make any recommendations. A request was made for information to be shared prior to the January 8<sup>th</sup> meeting so task groups could potentially meet and review. M. Sears said staff will be preparing the agenda for the January 8<sup>th</sup> CAC meeting prior to the holidays and will share as much of the material as possible then.

C. Shewmaker moved, Y. Hunter seconded approval of CAC workplan. Approved unanimously.

6. Action. Consider recommendation to Board on Power Mix Targets and Rates for FY 2018-2019

M. Sears shared the staff recommendation to the Board on the Power Mix. The staff recommended power mix is Alt A that has been presented before and is included in the implementation plan.

C. Shewmaker asked a procedural question: Can the CAC have a different recommendation than Staff? M. Sears responded yes, and that the vote would be shown with the recommendation to the Board.

Y. Hunter asked a clarification question about "non-renewable clean energy" – this includes large hydro and nuclear. Renewable energy sources are solar, wind, geothermal, small (less than 30MW) hydro and biomass/bioenergy. VCEA will not be using nuclear, so non-renewable clean energy will consist of large hydro. C. Shewmaker commented that statewide, 12% of clean energy is from large hydro.

G. Braun presented the ad hoc energy task group's recommendation regarding the power mix. The ad hoc task group consisted of G. Braun, L. Kristov and D. Springer. Due to their limited time to meet, they focused on the power mix, and did not prepare a recommendation for Operating Reserve Policy or Wholesale Power Procurement and Risk Management (items 7 & 8). They reviewed information on other CCAs, in particular the "Snapshot of CCA Portfolios in 2016" which shows the percentage of renewables other CCAs as well as PG&E and SCE (Southern California Edison) have in their power mix.

Ad hoc energy task group recommended that:

- 1) VCEA's base generation services product include 42% RPS qualifying and 58% non-RPS qualifying power. The non-RPS portion of the VCEA portfolio is to have GHG emissions lower than the non-RPS qualifying portion of PG&E's portfolio;
- 2) VCEA offer its customers an alternative "all-renewables" product with GHG emissions 10% lower than PG&E's bundled product.
- 3) VCEA make haste to contract for local renewable resources in order to offer an "all-local-renewables" product by the end of year 1.
- 4) VCEA accelerate toward a 50% RPS qualifying portfolio portion of its base product with the additional 8% consisting of at least 50% locally sourced power."

C. Shewmaker commented that she had originally suggested 42% RPS as it was about half way between 35% and 50% -- 35% is not significantly differentiated from PG&E's 33% and while had wanted 50%, it might cause financial challenges, so 42% felt like a good target.

G. Lawson said SMUD would need to do some additional economic analysis on #1 to see if they could make it work. May have to increase the percentage of PCC2. He also commented that PG&E's PCIA has gone up recently, putting more pressure on VCEA margin.

M. Aulman commented that VCEA should avoid a parity product with PG&E. The goal ought to be to get the renewables numbers as high as can as soon as we can.

T. Flynn commented that the element of the recommendation that resonates most is local renewables. Would like to see the staff recommendation address local renewables.

L. Kristov commented that local renewables would differentiate VCEA from PG&E.

G. Braun noted that the SMUD analysis assumes a 1% per year rate increase by PG&E. He asked if SMUD had looked for information on what PG&E projects for rate increases in subsequent years.

Y. Hunter made the below motion. D. Springer seconded. Motion did not pass, vote 3-4-1.

The CAC supports staff recommendation for 2018. The CAC recommends that when VCEA is looking at 2019 and beyond, VCEA should:

- Evaluate increasing renewable percentage in the mix
- Beginning in year 1, lay foundation for including local renewable resources as a part of the mix.

T. Flynn commented that "local" takes multiple forms. Investing in local programs requires financial footing. Local renewables procurement can happen without financial stress, but is there anything that exists? G. Lawson replied that it would have to be something new as current sources are under contract.

C. Shewmaker made the below motion. L. Kristov seconded. Motion passed, vote 5-2-1.

The CAC supports staff recommendation for 2018, with the change that the renewables percentage be increased to 42%. The CAC recommends that when VCEA is looking at 2019 and beyond, VCEA should:

- Evaluate increasing renewable percentage in the mix
- Beginning in year 1, lay foundation for including local renewable resources as a part of the mix.

7. Action. Consider recommendation to Board on proposed Operating Reserve Policy

T. Flynn made a motion to support the staff recommendation on the reserve policy. Y. Hunter seconded. Motion passed, vote 6-1-1.

G. Braun asked if staff would agree with looking first to budget and rates rather than mix in terms of what will be adjusted to maintain the operating reserve at targeted levels. He also commented that CCAs need to develop alternative ways to generate income.

8. Action. Consider recommendation to Board on proposed Wholesale Power Procurement and Risk Management Policy

G. Braun commented that the ad hoc task group did not have a recommendation as they did not have time. He suggested that no action be taken on this item tonight and that the task group review.

9. Action. Consider recommendation to Board on proposed Organization Chart

C. Shewmaker read the recommendation she prepared and Gerry reviewed based on the in-depth discussion on the organization chart at last week's CAC meeting.

- 1) The committee agrees that all the positions in the chart are needed, and that further, there is a need for depth of subject matter knowledge and experience among VCEA employees. There is also a need for more than one person on the chart to be ready to step in when gaps arise, especially in cases involving permanent VCEA staff. Therefore, the position description for the AGM should require subject matter expertise in VCEA core business topics.
- 2) The general manager and any assistant general managers should be full time and permanent.
- 3) It will remain important to emphasize the separation of legal and leg/reg from SMUD by ensuring these functions do not report thru a SMUD employee or SMUD contractor.
- 4) While the initial organization chart is adequate for the short term, i.e. launch phase and first year, it is not yet ideal in terms of preparation for the longer term. It will be important to review and if needed update it, annually at a minimum, to ensure adequate staffing both for near term operations and planning related to longer term goals as outlined in the long-term portion of the vision statement.
- 5) Therefore, the committee recommends that staff start work on a plan for building local VCEA capacity, e.g. the band-width and technical/managerial expertise to engage with local companies that are actively delivering energy services and developing energy projects.

C. Shewmaker made a motion to approve this recommendation. Y. Hunter seconded. Motion passed, with 1 abstention.

10. Action. Receive nominations and appoint a Portfolio, Programs and Rates Task Group

G. Braun suggested deferring this item as A. Beck is not in attendance and would like to include her on a task group. T. Flynn said he is willing to serve on either the Energy Services or Legislative/Regulatory task group.

11. Action. Consider recommendation to Board on proposed VCEA Legislative/Regulatory policy and procedures

Y. Hunter presented an updated recommendation for the VCEA Leg/Reg policy. She also noted that the CalCCAs platform was attached to the agenda materials for reference.

L. Kristov raised some issues not being addressed by CalCCA, e.g. the need to monitor the CPUC's proceedings related to retail choice and customer choice. The CCAs need to do more than simply focus on their own footprint. Need to educate CCAs that they are part of a larger system and need to support California goals. Retail choice could undermine their ability to do so. CalCCA needs to bring CCAs together more. G. Braun suggested that CalCCA be invited to provide a briefing.

T. Flynn moved and Y. Hunter seconded motion to recommend Board approval of draft Leg/Reg policy and procedures. Unanimous approval.

M. Sears expressed concern that December 14<sup>th</sup> Board agenda is busy, so proposed putting the Leg/Reg policy on the January 11<sup>th</sup> Board agenda.

12. Chair/Vice Chair Report

None.

13. Discussion. Next Meeting Agenda

- Next meeting agenda will include:
  - Presentation from Defenders of Wildlife (tentative)
  - Customer and Data Policies - review
  - Power Procurement Delegation – review
  - NEM Policy (tentative)

14. Board Member and Staff Announcements

None.

15. Adjournment

Meeting adjourned at 7:45pm. T. Flynn moved, M. Baird seconded. Approved unanimously.

**Next Meeting: Monday, January 8, 2017 at 5:30pm at Woodland Senior Center.**