

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report – Item 6

TO: Community Advisory Committee

FROM: Edward Burnham, Director of Finance & Internal Operations

SUBJECT: 2024 Rates and Budget Update

DATE: January 25, 2024

RECOMMENDATIONS

Informational – no action requested.

OVERVIEW

The CAC originally received the 2024 Budget update/preview including initial Rate and Budget forecasts at the November 16, 2023 meeting ([Item 8](#)). The purpose of this staff report is to update the CAC on the 2024 Budget and Customer Rates.

BACKGROUND

The Board adopted the 2024 Budget and customer rates at the December Board meeting ([Item 17](#)). The adopted budget included Standard Green rates matching PG&E with a continued 2.5% discount to CARE/FERA/Medical baseline customers and a positive net income of \$24.5M. Based on updated financial information and additional scheduled PG&E rate increases on Transmission/Distribution scheduled for March, the Board adopted ([Item 12](#)) approving a 1% rate credit for Standard Green and 3.5% (Increased by 1%) rate discounts for CARE/FERA and medical baseline customers for 2024 for a total forecasted customer savings of approximately \$1.9M.

CONCLUSION

This accelerated rate adjustment (decrease) will be further analyzed in April 2024 as part of VCE's existing net margin and customer dividend program. Should significant regulatory or PG&E rate changes outside of VCE's control increase power costs, staff would return to the Board for direction under VCE's rate adjustment policy.

Overall, VCE's 2024 operational and financial objectives remain whole with the proposed revenue reduction associated with the recommended action. Staff believes this to be a disciplined and financially prudent approach to providing some level of rate relief balanced with building reserves. The longer-term outlook (2024+) shows increased stability and cost certainty due to VCE's fixed price long-term renewable power purchase contracts coming fully online combined with a cost-recovery based rate structure.