

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 8

TO: Community Advisory Committee

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

SUBJECT: Overview of Proposed Net Energy Metering (NEM) Donation Program

DATE: April 22, 2020

BACKGROUND

Members of the CAC and VCE board have requested that a 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. A draft concept has been developed for discussion (attached).

When NEM customers were tried up in 2019, only 5 customers had balances exceeding \$100, with 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.

DISCUSSION

Both the Outreach Task Group and the Programs Task Group have reviewed the concept (attached) and provided comments (see below). Staff recommends reviewing the draft concept first to provide context to the comments list below.

- On having Habitat for Humanity and Yolo Food Bank as our choices for donations –
 - Great choices. Let's keep the list short. Some, if not many recipients may prefer to take the \$ and make their own donations.
 - Only one or two is too limited. Perhaps a goal of having five options? This may increase the back-end administration, but it is better.
 - Maybe ask the board for ideas on other worthwhile charities? There are many worthwhile charities serving Yolo customers. Like STEAC, Empower Yolo and Yolo Crisis Nursery.
 - When this idea was originally discussed at a CAC meeting, the idea was to have the excess donated to VCE programs. We could let the customer decide if they prefer to give the excess to charity, as they would not get a charitable deduction for donating to VCE programs.

- Donations should focus on things that are aligned with VCE’s mission or help one of VCE’s programs. Examples charities include Grid Alternatives (solar installation training), Civic Spark (fund a Spark fellow to help with VCE work).
 - Promotion of energy efficiency, renewables, and electrification in low income communities.
 - I am skeptical about having the funds donated to a VCE program, as at this time, we do not really have a specific program that would work. (like a low-income program or energy efficiency program). And, given the current environment related to COVID-19 and families struggling to pay rent and buy food, it seems absolutely appropriate to designate specific charities as recipients for the funds.
- For customers with large balances, is it possible to offer them the option to donate some of their credit balance but not all?
 - How hard 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. I can imagine 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 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 us to expand at a controlled rate.

This agenda item is to gather input from the full CAC prior to sending this to the board for discussion and possible approval.

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 credit balances less than \$100, the balance rolls over as a credit on the customer's bill.

Description

VCE would like to offer eligible NEM customers the opportunity to donate their NEM credits to charity. Eligible customers will be notified via email and/or regular mail and will be given the opportunity to donate their NEM credits to charity 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.

If a customer selects to donate their NEM credits to charity, the charitable organization 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 charitable organizations
- Provides a tax deduction to the donor
- Creates community good will towards VCE
- Reduces the number of checks VCE has to write

Potential

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

During the second year of VCE service, there were 64 customers with 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 NEM customers in 2020. Additional customers

will continue to be added through new installations in existing buildings as well as new construction.

Charities

Customers can choose between two (three?) charities:

Yolo Food Bank
233 Harter Ave
Woodland Ca 95776-5917

Habitat for Humanity International Inc
PO Box 1310
West Sacramento CA 95691-1310

Energy Help? – this is to be determined, but would include installation of energy efficiency measures and bill pay assistance to income qualifying customers.

The charities were chosen because they are both local; one with a regional outreach, the other with international outreach, but focused on the region. Both charities provide services to underserved populations in need of assistance.

Mechanics

VCE will send a letter to all NEM customers with a postage paid envelope and return form with the following information and return request:

Upon true-up of your solar Net Energy Metered (NEM) account, if your NEM credit is greater than \$100, how would you like us to process the credit? Your designation will be used for future true-ups unless you contact us to change your selection.

1. Leave the credit on my account to roll over to future bills.
2. Receive a check from Valley Clean Energy for the full credit amount.
3. Donate the credit to charity. If yes, select one of the charities:
 - a. Habitat for Humanity
 - b. Yolo Food Bank

If you choose option 3, VCE will donate funds in your name and will provide the agency with your name and address so they can send you a donation receipt.

Customers that do not return the form will automatically be enrolled in Option 2 and will receive a check for outstanding solar credits exceeding \$100. 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 charities
- Payments to charities - VCE will need to pay charities on a regular basis
- Verification – VCE will need to ensure the charity sends tax-deductible receipts to donors
- SMUD will mark the NEM accounts with the option the customer chooses so the exercise will not need to be repeated every year.

DRAFT