

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Agenda Item 9

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**TO:** Valley Clean Energy Community Advisory Committee

**FROM:** Mitch Sears, Interim General Manager  
Gary Lawson, Sacramento Municipal Utility District (SMUD)

**SUBJECT:** UltraGreen Rate

**DATE:** March 12, 2018

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### **RECOMMENDATION**

Support Board adoption of a resolution establishing a voluntary 100% renewable program that:

- Costs \$0.015/kWh for both residential and commercial customers
- Is sourced with a mix of PCC-1 and PCC-2 resources equivalent to VCEA's overall renewable portfolio
- Uses any excess net revenue to fund local renewable projects
- Is Green-e certified

### **BACKGROUND AND ANALYSIS**

UltraGreen is a voluntary program that will allow customers to purchase their power from 100% renewable sources for a price premium. Renewable Energy Certificates (RECs) are procured for 100% of opt-in customer load and retired on behalf of the customer.

The program design recommended balances three goals:

- Offering 100% renewable power at a competitive, affordable price
- Purchasing RECs that have the greatest environmental impact
- Building reserves to quickly move beyond RECs to funding new local renewable projects.

Specific recommendations are as follows:

#### 1. Price structure – volumetric (price per kWh)

Although a flat monthly fee can be easier for customers to understand, it is not necessarily equitable, as lower usage customers will pay more than their share of the renewable costs, and higher usage customers will pay less. VCEA seeks to set prices that are reflective of the underlying costs, and to minimize cost shifting between customer classes. Designing marketing materials to highlight what a customer would pay on average each month can achieve some of the benefits of a flat rate program, without the associated cost shifts.

## 2. Price – \$0.015/kWh

At this price, VCEA will be competitive with other CCAs, and will ensure the total bill is lower for nearly all customers relative to the PG&E Solar Choice option. Due to fluctuations in PCIA and the PG&E Solar Choice rates across different customer classes, it is impossible to guarantee the rate will be better for all customers. However, \$0.015/kWh represents a price on par with the lowest Solar Choice rates, and VCEA customers will combine this price with the 2% discount on the base power purchase. Reducing the price is possible, but would limit VCEA to purchasing renewable energy from existing plants, rather than investing in new local renewable resources, which tend to be more expensive than non-local projects.

## 3. Renewable Mix – Match VCEA base product renewable mix

Staff recommends the program meet REC needs by incrementally increasing the overall procurement of renewables needed for VCEA load. For 2018, this will include 52% PCC-1 and 48% PCC-2 resources. This ensures a balance of PCC-1 and PCC-2 resources while minimizing complexity in the procurement process.

## 4. Green-e Certification

Staff recommends obtaining Green-e certification. While this will represent a cost of approximately \$17,000/year, it will provide customers with assurance that the renewable content in the program meets the highest standards. This will aid in marketing the program and establishing VCEA's reputation for quality. In addition, participation in Green-e will provide VCEA with access to resources outlining best practices in green energy marketing.

## **CONCLUSION**

Staff is seeking a recommendation from the Community Advisory Committee in support of Board adoption of a resolution establishing a voluntary 100% renewable program that:

- Costs \$0.015/kWh for both residential and commercial customers
- Is sourced with a mix of PCC-1 and PCC-2 resources equivalent to VCEA's overall renewable portfolio
- Uses any excess net revenue to fund local renewable projects
- Is Green-e certified