



# Valley Clean Energy Special Board Meeting – January 21, 2021 Via Teleconference

## Item 13 – Treasurer’s Investment Report





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# Item 13 – Treasurer’s Investment Report

- VCE at formation selected County Chief Financial Officer as the VCE Treasurer in JPA agreement (could be revisited should VCE desire to do so).
- Treasurer role focuses in three areas:
  - Banking & Cash Management – Day to day transactions are done by VCE staff. Treasurer participates in selection of banking institutions and collaborates with staff on Cash Flow management.
  - Investing – Responsible for the investment of funds in accordance with law and investment policy.
  - Financing – Participates as a key member along with VCE staff on financing decisions and development debt policies.

# Item 13 – Treasurer’s Investment Report

- VCE investment ability is presently restricted by Revolving Loan of Credit Agreements with River City Bank (excerpts below):
  - *“Borrower shall maintain all of borrower’s deposit accounts exclusively with the lender.”*
  - *“Borrower shall not directly or indirectly, make, retain or have any investments ...”*
- In effect, VCE currently only has products offered by RCB open to it. Thus, VCE has opened a Money Market Account with RCB (presently 0.20% annual interest rate).
- Treasurer will schedule regular check-ins with VCE Director of Finance and Internal Ops to review cash flow and will revisit investment options in the future.

# Item 13 – Treasurer’s Investment Report

- Investment Policy
  - Propose to ratify the County’s policy for Treasury pool until VCE has sufficient investment capital to warrant creating their own in more detail.
  - Focuses on Safety, Liquidity and then Yield (in that priority order)
- Investment Options (allowed by Policy)
  - All legally allowed investment types (fixed income)
  - Investment maturities (limited to 5 years or shorter by type due to legal constraints)
  - Concentration Risk (no more that 5% with any issuer excepting federal government)

# Item 13 – Treasurer’s Investment Report

- Requested Actions:
  - Accept Treasurer’s Report
  - Ratify County of Yolo Investment Policy as applicable Investment Policy to VCEA for the calendar year 2021.





# Valley Clean Energy Special Board Meeting – January 21, 2021 Via Teleconference

## Item 14 – Arrearage Management Program





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# Item 14 – Arrearage Management Program

## Overview/Background

- The Arrearage Management Program (AMP) is a CPUC-authorized program administered by IOUs, including PG&E, to allow forgiveness of outstanding customer utility debt in exchange for payment of current utility bills.
- Staff seeks Board approval of a Resolution to allow VCE to submit their interest in participating in the AMP
- Upon officially notifying PG&E, VCE would be enrolled and active in the AMP within 60 days

# Item 14 – Arrearage Management Program

## Key aspects of the AMP

- Each current on-time payment by customer participants will result in forgiveness of 1/12<sup>th</sup> of the outstanding debt, resulting in full forgiveness after 12 consecutive on-time payments of current bill
- Customers are eligible to participate if they meet the following:
  - CARE or FERA customer with outstanding debt > \$500
  - At least a portion of the debt > 90 days old
- Customers can be removed from the program if they miss two consecutive on-time payments or three in total – although any debt already forgiven remains forgiven



# Item 14 – Arrearage Management Program

## Key aspects of the AMP (cont.)

- VCE would be made whole from costs of forgiven debt through a payment from PG&E collected via the Public Purpose Program Charge (PG&E is required to track these amounts and remit payment to VCE)
- PG&E is required to enroll CCAs in the AMP within 60 days of receiving notice

# Item 14 – Arrearage Management Program

## Key Benefits of VCE participation in the AMP

- Without AMP participation, VCE is unlikely to recover significant portions of arrearages > 90 days from CARE and FERA customers
- The amounts forgiven under the AMP will be refunded to VCE from PG&E via the PPP, thus there is a mechanism to recover forgiven arrearages
- VCE customers pay the PPP and are therefore paying into the AMP forgiveness, so it's appropriate that it benefits VCE customers
- It will assist customers who are struggling with arrearages, particularly during this ongoing time of COVID and recessionary factors
- It provides needed support to emerging and historically marginalized communities
- Many other CCA's have publicly signaled their intent to participate in the AMP



# Item 14 – Arrearage Management Program

## Conclusion

- The AMP can benefit struggling low-income families while still preserving VCE's financial position
- It's aligned with VCE's stated objective to address the needs of emerging and historically marginalized communities
- VCE can be made whole for portions of customer debt without aggressive collection activity and in a way that includes the customer in the process

## Recommendation

Approve the Resolution authorizing AMP participation.





**Valley Clean Energy Special Board Meeting –  
January 21, 2021 Via Teleconference  
Item 15 – Approve Long Term Renewable Power Purchase  
Agreement (PPA) with Resurgence Solar I, LLC**





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# Item 15 – PPA with Resurgence Solar I, LLC

## Background

- Mid-2020, a previously approved photovoltaic (PV) PPA was terminated due to counterparty default.
- VCE Board gave staff direction to move forward with finding a replacement project.
- On a bilateral basis, staff engaged 10 reputable developers that focus on renewable development in and out of state.
- 12 opportunities were assessed and projects that employed PV + storage were the most valuable to VCE.
- PPA negotiations commenced with two entities which ultimately resulted in the finalized PPA with a wholly owned subsidiary of NextEra.



# Item 15 – PPA with Resurgence Solar I, LLC

## Key Contract Terms

- Term = 20 yrs.
- Guaranteed Commercial Operation Date: 12/31/2022.
- Capacity: 165 MW.
  - 90 MW PV.
  - 75 MW battery (lithium-ion) energy storage system (4 hrs, 300 MWhs).
- Competitively priced energy (\$/MWh) and capacity (\$/Kw-mo).
- SMUD will perform scheduling coordinator services.
- The agreement outlines two funds that will be paid for by NextEra and will be distributed as directed by the VCE Board.
  - \$200,000 workforce development fund.
  - \$100,000 local sustainability fund.

# Item 15 – PPA with Resurgence Solar I, LLC

## Counterparty

- NextEra Energy Inc. subsidiary, NextEra Energy Resources (NextEra) will develop, own and operate the Resurgence Solar I project<sup>1</sup>.
- NextEra is the largest generator of wind and solar power in North America<sup>2</sup>.
- In the state of California, NextEra owns and operates wind, solar, battery energy storage facilities and transmission assets in 20 counties.
- NextEra has long term agreements with a half dozen community choice aggregators (CCAs).

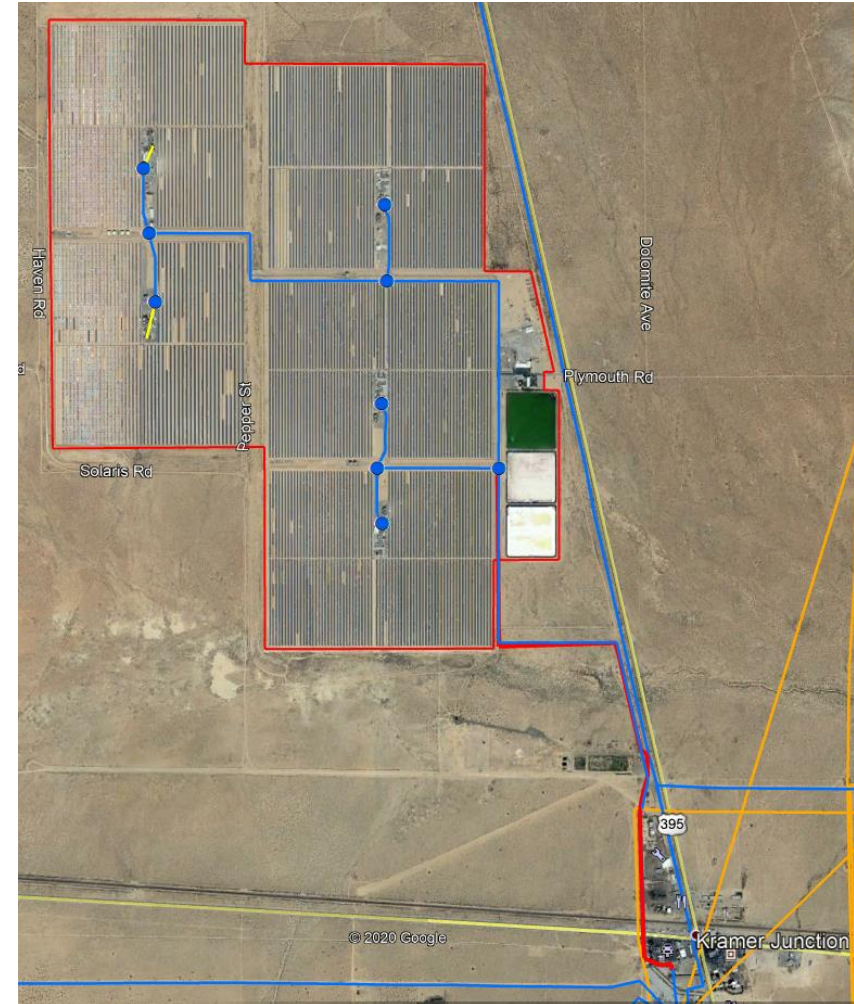


- 1) Resurgence Solar I, LLC is the project company formed by NextEra for this project.
- 2) Approx. 160 utility-scale projects totaling nearly 20,000 MWs.

# Item 15 – PPA with Resurgence Solar I, LLC

## Project Description

- Resurgence is a repower of the legacy 150 MW SEGS III-VII solar thermal project.
- Interconnection at Kramer Junction in San Bernardino County, California.
- Project was put into cold layup (“mothballed”) in 2019.<sup>1</sup>
  - Existing interconnection agreements have been repurposed for solar PV and storage.
- 138 MW of deliverability has been transferred from the legacy project to Resurgence.
- The site is disturbed land with no wetlands, biological or cultural issues.



1) Cold layup: operations ceased, facilities were turned off, heat transfer fluid (HTF) was mostly pumped out of piping, mirrors turned downward and no longer generating. 19



# Item 15 – PPA with Resurgence Solar I, LLC

## Project Description (cont.)

- The development plan will require:
  - Conditional use permit (CUP) from San Bernardino County.
  - An approved decommissioning plan from the California Energy Commission (CEC)
  - Neither are anticipated to be controversial.

# Item 15 – PPA with Resurgence Solar I, LLC

## Staff Recommendation

- Approve the Power Purchase Agreement (PPA) by VCEA for 100% of the output for 20 years of the Resurgence Solar I project under development by NextEra Energy Resources.
- Authorize the Interim General Manager to execute the PPA and authorize the Interim General Manager, in consultation with General Counsel, to make minor changes to the PPA so long as the term and price are not changed.





**Valley Clean Energy Special Board Meeting –  
January 21, 2021 Via Teleconference  
Item 16 –2021 PG&E allocation of Greenhouse Gas (GHG)-  
free (Large Hydro and Nuclear) resources**





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# Item 16 - 2021 GHG Free Allocation Background

- PG&E owns or contracts for a number of GHG-free resources (including large hydro and nuclear from Diablo Canyon Power Plant).
- PG&E has been able to count these resources on its power content label (PCL) to meet its GHG-free targets.
- Load serving entities (LSEs), including VCE, have been paying for those same assets through Power Charge Indifference Adjustment (PCIA), yet do not receive any of the GHG-free benefits.
- In mid 2020, PG&E offered LSEs these resources for 2020. VCE Board elected to receive the large hydro only attributes.
- VCE will ultimately receive 30,000-35,000 MWhs for 2020 (representing approx. 5% of VCE load).

# Item 16 - 2021 GHG Free Allocation Background (con't)

- VCE can choose to accept neither resource pool, one or the other, or both.
- If VCE were to accept the hydro attributes for 2021, this would amount to approximately 10% of clean resources on the PCL .
- In December 2020, the Community Advisory Committee (CAC) were supportive of accepting only the hydro allocations and the CAC recommended that the Board only approve 2021.
- The monetary benefits for either of these allocations is very low.
  - Difficult to market as the volume and timing is uncertain.
  - At a minimum, most LSEs are accepting the large hydro which creates an over-supply and little demand.
- Generally nuclear is not considered a clean fuel source due to risks associated with spent fuel and long-term disposal options.

# Item 16 - 2021 GHG Free Allocation Timeline

<b>Tentative Timeline</b> ( <i>assumes December 17, 2020 CPUC approval of Draft Resolution 5111-E without modification</i> )	
Week of November 16, 2020	<ul style="list-style-type: none"> <li>• Notice Issued (<b>complete</b>)</li> </ul>
Week of November 30, 2020	<ul style="list-style-type: none"> <li>• PG&amp;E will provide Eligible LSEs with 2021 Sales Agreement for review (<b>complete</b>)</li> </ul>
Thursday, December 10, 2020 ( <b>ACTION REQUIRED</b> )	<ul style="list-style-type: none"> <li>• Feedback on form Sales Agreement due to PG&amp;E [<b>Note: VCE submitted on 12/8/2020</b>]</li> </ul>
Thursday, December 17, 2020	<ul style="list-style-type: none"> <li>• Scheduled CPUC Voting Meeting (<b>complete</b>)</li> </ul>
<b>Thursday, January 14, 2021</b>	<ul style="list-style-type: none"> <li>• <b>VCE Board Action (PENDING)</b></li> </ul>
Monday, January 18, 2021	<ul style="list-style-type: none"> <li>• Expected final and non-appealable date of CPUC approval (30 days following issuance of approval via Resolution, assuming no applications for rehearing are filed)</li> </ul>
Up to Week of January 25, 2021 ( <b>ACTION REQUIRED</b> )	<ul style="list-style-type: none"> <li>• PG&amp;E will provide Eligible LSEs Offers and a final version of 2021 Sales Agreement</li> <li>• PG&amp;E and Eligible LSEs will execute 2021 Sales Agreement</li> </ul>
Monday, February 1, 2021 ( <i>pending execution of Sales Agreement</i> )	<ul style="list-style-type: none"> <li>• Expected start of Delivery Period under 2021 Sales Agreement</li> </ul>
Week of June 14, 2021 ( <i>approximation</i> )	<ul style="list-style-type: none"> <li>• First Quarterly Report with estimated Allocation Amount will be distributed</li> </ul>
On or about April 15, 2022	<ul style="list-style-type: none"> <li>• Final Report will be distributed to participating LSEs</li> </ul>



# Item 16 - 2021 GHG Free Allocation Staff Recommendation

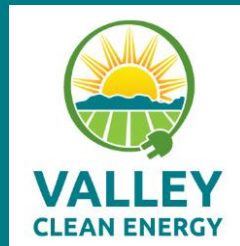
- Accept only the 2021 Large Hydro allocations
  - Attempts to balance the perceived benefits of increased GHG free on the Power Content Label and avoids reputational risk associated with the nuclear allocations.
  - Taking the allocations will reduce PG&E's unfairly represented power content.
- Allow the Interim General Manager to sign an agreement with PG&E for the GHG-free allocations.
- Revisit this topic for years 2022 and beyond.





# Valley Clean Energy Special Board Meeting – January 21, 2021 Via Teleconference

## Item 17 – 2021 Procurement Plan





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# Item 17 – 2021 Procurement Plan

## Background

- In December 2019, VCE Board approved VCE's Procurement Guide which established the procurement plan for 2020.
- 2021 Plan is an update to the delegations of authority and a reflection of the power purchase agreements which were executed and are under development.

# Item 17 – 2021 Procurement Plan

## Main Purposes of Procurement Plan

- Meet VCE’s compliance, regulatory, and business practice requirements under the California Public Utilities Commission (CPUC), California Independent System Operator (CAISO), and other relevant regulatory agencies.
- Satisfy the power supply portfolio targets set by the VCE Board.
- Minimize the potential risk exposure of the portfolio, according to practices defined in VCE’s Wholesale Energy Risk Manual.

# Item 17 – 2021 Procurement Plan

## Procurement Plan – Product Categories

- Resource Adequacy
- Renewable Energy
- Carbon-free Energy
- Price Hedging Energy
- CAISO Market Energy & Congestion Revenue Rights



# Item 17 – 2021 Procurement Plan

## Portfolio Approach

- Early procurement actions focused primarily on firm volume deliveries from existing generation assets.
- In the future, VCE will be the off-taker of variable output resources under the long-term agreements.
- Uncertainty during the transition to new resources complicates the achievement of internal portfolio targets.
- VCE Board set minimum targets of 10% renewable, 20% carbon-free for 2021.
- VCE will meet or exceed the RPS compliance obligation for the period '21-'24

# Item 17 – 2021 Procurement Plan – Evolving Portfolio

## VCE Contracted Resources

**(1)** Aquamarine Solar Facility – Kings Co.

50 MW

Scheduled online – Q3 2021

## VCE Local Request for Offers (RFO)

2 Yolo County Solar + Storage Projects

**(2)** 3 MW/3 MW BESS and **(3)** 20MW/6.5 MW BESS

Scheduled online – Fall 21/22

## Joint Resources with Redwood Coast Energy (CCA)

**(4)** Tierra Buena Battery Storage Facility - Sutter Co.

VCE share is 2.5 MW

Anticipated online – Summer 2022

**(5)** Aggregated Demand Response – System wide

VCE share is 7 MW

Anticipated online – Summer 2021

## VCE Bilateral Negotiation

Solar + Storage Project [CAISO interconnected]

**(6)** Approx 100 MW/50 MW BESS +/-

Scheduled online 2022/23



# Item 17 – 2021 Procurement Plan

## Recommended Action

- Board approval of the 2021 Procurement Plan.

## Next Steps

- Continue to monitor the construction of the projects VCE entered into this year.
- Finalize PV + Storage agreement for the Rugged replacement.