



Valley Clean Energy Board Meeting

Wednesday, January 23, 2019

Yolo County Board of Supervisors Chambers, Woodland, CA

Item 14 – VCE 2019 Procurement Guide Update, Delegations and Directives

Overview:

- Background
- Purpose
- Requested Action

Item 14 – VCE 2019 Procurement Guide Update, Delegations and Directives

Background:

- Initial VCE Procurement Guide approved January 18, 2018.
 - Procurement strategy, delegations, and directives for the power procurement activities to take place in 2018
- 2018 Power Procurements were completed.
 - Within the budget and delegation levels authorized by the Board
- 2019 Power Procurements mostly completed.
 - PCC-2 Renewable Power
 - Resource Adequacy
- 2019 is the year to complete 2020 procurements.
 - Some 2021 and 2022 procurements

Item 14 – VCE 2019 Procurement Guide Update, Delegations and Directives

Background:

- Procurement Objectives:

- Procure the Energy Products necessary to form VCE’s power portfolio:

- PCC-1 and PCC-2 renewable energy volumes to achieve 42% renewable content
- 33% non-RPS clean energy (large hydro)
- Resource Adequacy
- CAISO Market Power
- Fixed price market power for fixing VCE’s power cost (hedging)

- Procure needed Energy Products at lowest cost

Item 14 – VCE 2019 Procurement Guide Update, Delegations and Directives

Purpose:

- Procurement Guide lays out the criteria for the products purchased.
- Guide also includes a section on specific procurement strategy (which has been redacted because of the commercially sensitive nature of the information).
- The specific delegation allows SMUD to procure forward products for 2020 within certain dollar limits:
 - \$41.49 million (plus a 5% contingency)

Item 14 – VCE 2019 Procurement Guide Update, Delegations and Directives

Recommendations:

Adopt resolution that:

1. Approves the revised Procurement Guide, a redacted version of which is attached.
2. Approves specific Directives and Delegations to SMUD for procuring all of VCE's power portfolio for calendar 2020, and portions of the power portfolio for 2021 and 2022, which is the table in Exhibit B of the Procurement Guide.
3. Approves the Calendar 2019 Power Budget of \$41.49 million with an additional 5% contingency.
4. Approves continuing the portfolio mix of 42% renewable and 33% clean large hydro into 2019.



VALLEY CLEAN ENERGY

Starting June 2018, VCE is bringing cleaner energy at competitive rates to all residents and businesses.

dro for 2018

pt-Outs and



Meetings & modifications alternative 2 working

If you have to a mem

Board M
Angel B
(Chair/C

5:30 PM

1. We

2. Ap

3. Pu

This item is reserved for persons wishing to add on this meeting agenda. Public comments on m called. As with all public comment, members to two minutes per speaker, but an extensio

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ValleyCleanEnergy.org

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Facebook.com/valleycleanenergy

@VCleanEnergy

WELCOME TO THE NEIGHBORHOOD!

As a new resident or business, you are automatically a Valley Clean Energy (VCE) customer, your source for cleaner electricity!

With VCE, you now have a say in where your electricity comes from. As a customer, you will automatically receive a higher percentage of renewable electricity at rates that are competitive with PG&E.

[Learn more at ValleyCleanEnergy.org](http://ValleyCleanEnergy.org)

BIENVENIDO AL VECINDARIO!

Como nuevo residente o negocio, usted es automáticamente un cliente de Valley Clean Energy (VCE), ¡su fuente de electricidad más limpia!

Con VCE, ahora puedes decidir de dónde viene tu elec automáticamente recibirá un mayor porcentaje de elec son competitivos con PG&E.

[Obtenga más información en ValleyCleanEnergy.org](http://ValleyCleanEnergy.org)



Item 15 - Customer Care and Marketing Update

Item 15 - Customer Care and Marketing Update - Agenda

- Activities to date
- Current activities
- Planned activities

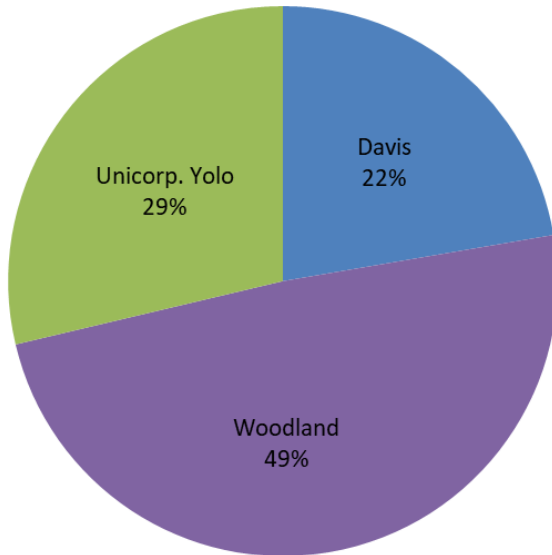
Item 15 - Customer Notices

- Required to send 4 notices to new customers at start-up—2 prior to start-up and 2 after start-up
 - We sent these notices in April and May (pre- start-up) and June and July (post start-up)
 - 210,000 notices were sent
- For new customers (move-ins and new construction) we are required to send 2 notices letting them know they are getting generation from VCE
 - We are sending approximately 5,000 notices/month, which represents 2,500 new/move-in customers/month

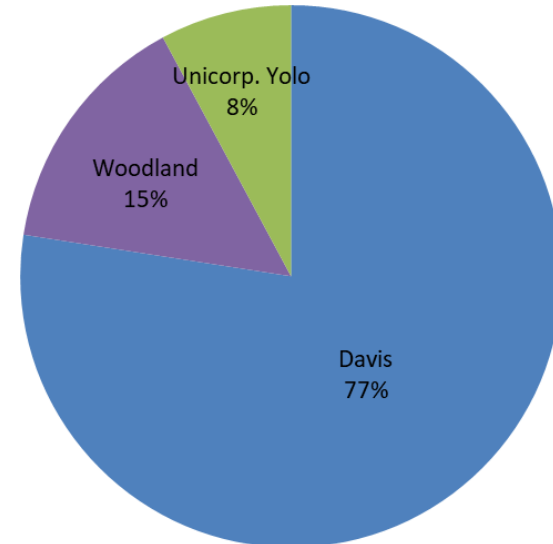


Item 15 - Enrollment Update

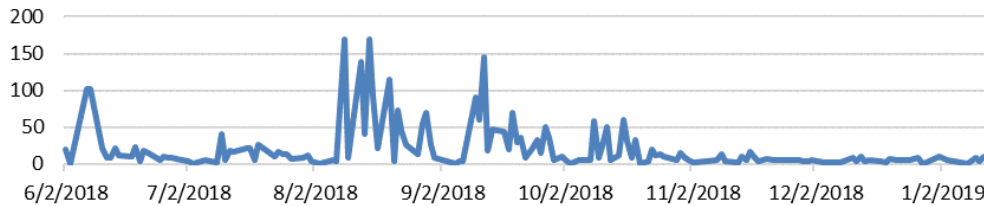
4,446 Opt Outs
6.8% of customers



102 Opt Ups



Daily Opt Outs



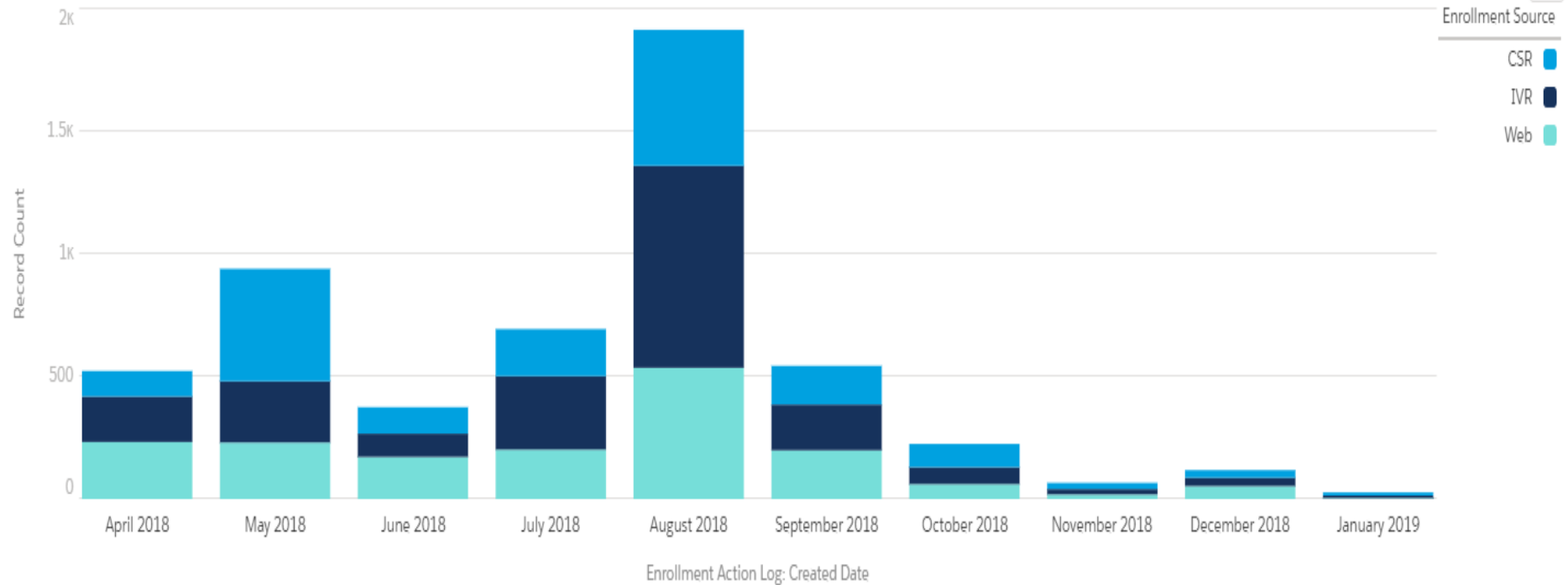
	Eligible	Opt-Out	% Opt Out
Residential	56,500	3,746	6.6%
Non-Residential	8,500	700	8.2%
Total	65,000	4,446	6.8%



Status Date: 1/14/19

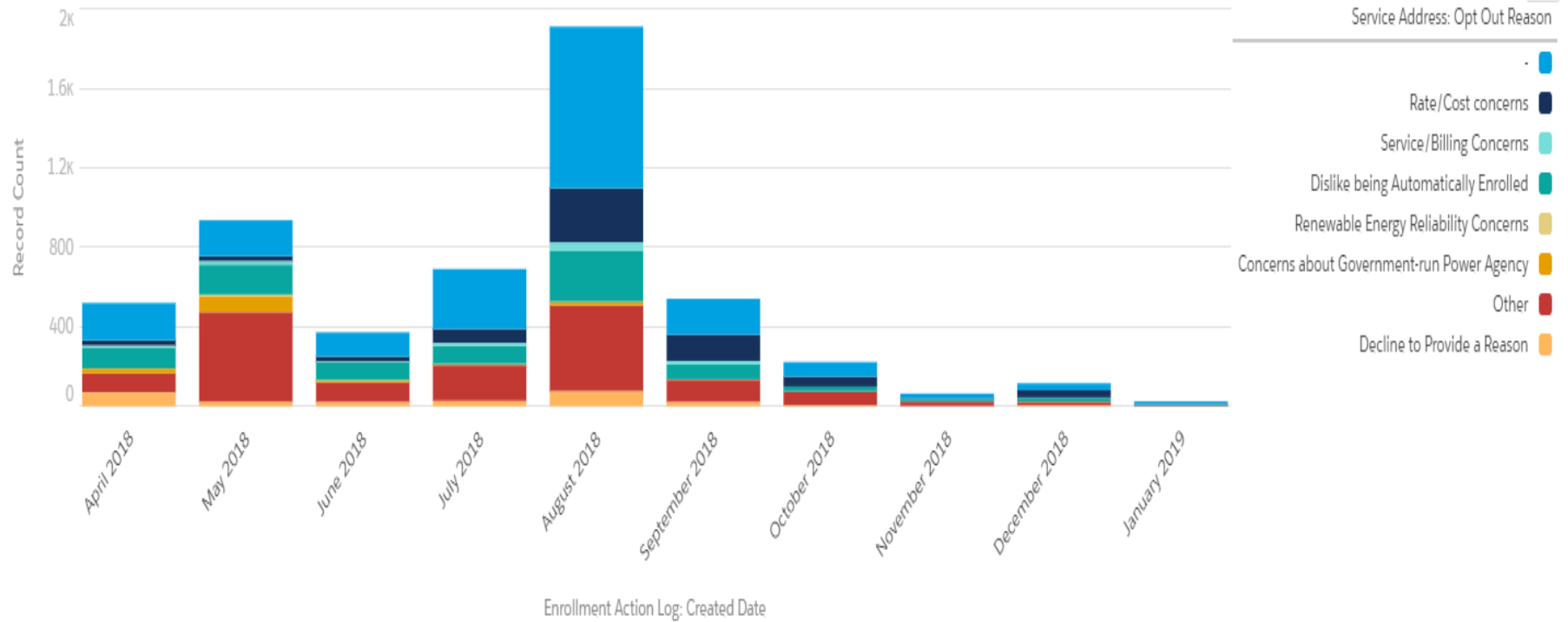
Item 15 - Opt-Out Summary

Monthly Opt Out Summary - VCEA



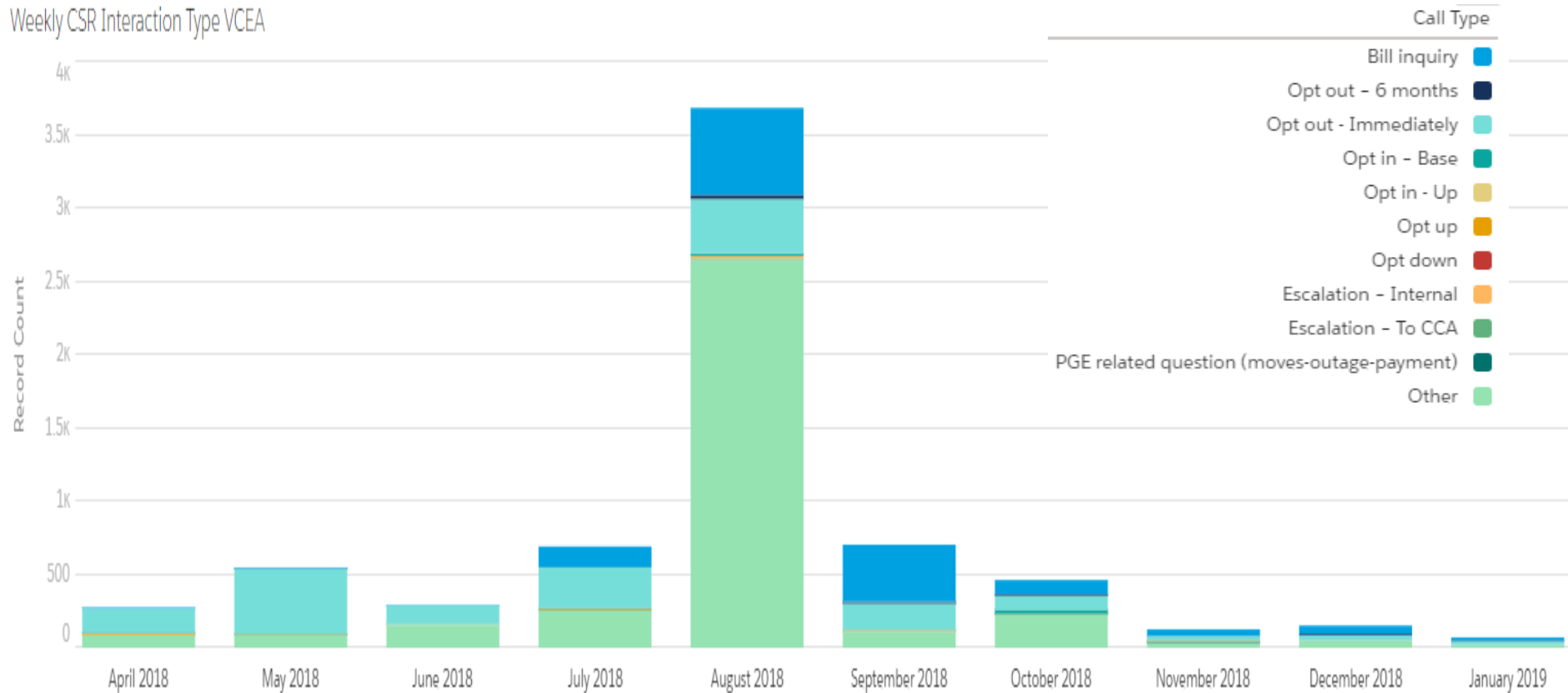
Item 15 - Opt-Out Reasons

Monthly Opt Out Reason - VCEA



Item 15 - Customer Service Rep Interactions

Weekly CSR Interaction Type VCEA




Item 15 - Net Energy Metering Activities

- We were originally scheduled to begin enrolling solar customers on June 1
- Issues with our NEM policy were pointed out, so we delayed enrollments to 2019 to review and revise policy
- Gathered input from public, CAC and staff to develop revised policy for implementation beginning 1/1/2019
- NEM enrollments delayed again due to PCIA changes
- Existing VCE customers that install solar remain with VCE—we currently have 1,235 NEM customers, 1,175 residential 30 commercial and 30 agriculture

Item 15 - Recent NEM Activities

- Letter sent to NEM customers re: delayed enrollment
- Website Solar text updated
- Solar Info sheets (3 pgs) designed and added to website
- OpEd submitted to local papers and blogs
- Social media postings, directing reader to website for more info



Board of Directors
Angel Barajas
Woodland City Council
Duane Chamberlain
Yolo County Board of Supervisors
Dan Carson
Davis City Council
Lucas Frerichs
VCE Chair
Davis City Council
Don Saylor
Yolo County Board of Supervisors
Tom Stallard
VCE Vice Chair
Woodland City Council

Important Update for Solar PV Customers with Installations Prior to June 2018

December 17, 2018


Dear Solar PV Customer]

If you're like other solar families and businesses, you installed your solar panels because you care about clean, carbon-free energy *and* having some control over your energy costs. So do we. That's why we're making some changes to our solar program (also called Net Energy Metering or NEM) for customers with solar panel installations.

You're probably eager to join Valley Clean Energy, so the energy you purchase—on those occasions when your generated energy isn't quite enough—is both competitively priced and higher in renewable content. But the recent California Public Utility Commission's decision to raise PG&E exit fees (also called PCIA), means we're shouldering substantial cost increases here at VCE. This has led VCE's Board of Directors to make the difficult decision to delay its solar program for customers who installed their solar PV systems before June 1, 2018; VCE customers who install solar PV systems after June 1, 2018 will continue to be VCE customers.

The primary reasons for the delay include:

- Solar customers cost somewhat more to serve than the revenues they return. While solar customer investments help strengthen our local economies, this benefit does not accrue directly to VCE as a service provider. This is mainly because solar customers place the same early evening electricity demand requirements on the system as other customers, but they purchase less grid



SOLAR INFORMATION

Residents and businesses who install solar PV panels are usually just a bit ahead of the curve, willing to make a financial investment to secure completely renewable, more affordable electricity. That's one reason we were severely disappointed by the California Public Utilities Commission's (CPUC) recent decision, resulting in VCE's need to postpone enrollment of existing PG&E Net Energy Metering (NEM) customers. The VCE Board of Directors approved the decision at its November 15, 2018 Special meeting.

To read our News Release on this topic click [here](#), or go to [valleycleanenergy.org/news-resources](#)

REASONS FOR THE CHANGE

What was the CPUC decision?

The decision by the CPUC increases the "exit fee" charged by PG&E to all Community Choice Energy (CCE) program customers. Known as the Power Charge Indifference Adjustment or PCIA, this fee compensates the utility for costs it incurred in the past to build and maintain electricity generation plants or to purchase energy contracts. The CPUC ruled that it was unfair to the remaining bundled customers to shoulder a greater portion of these costs, so PG&E has increased the amount that all CCE customers pay.

How does the change impact VCE?

The change in PCIA will increase VCE's 2019 expenses by \$3.5 million. This additional expense is just one of the recent changes affecting our budget.

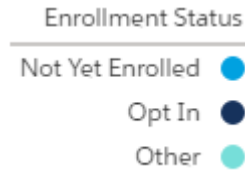
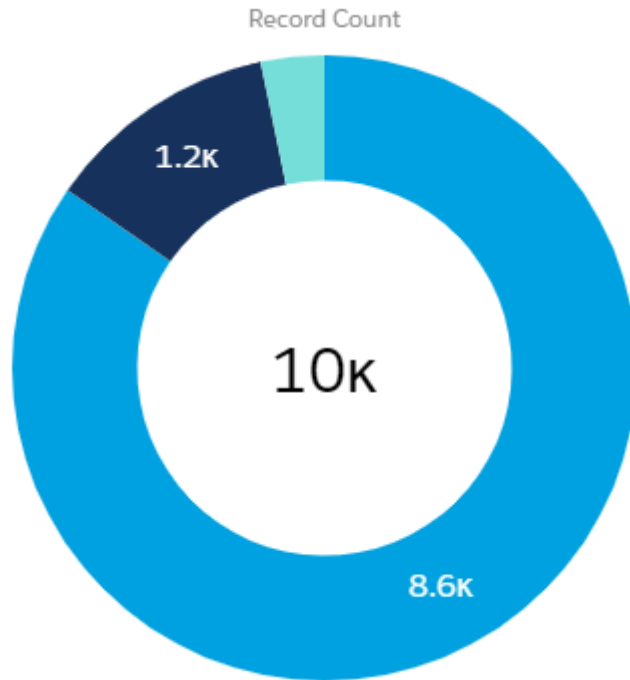
Planning energy usage and costs

VCE must ensure that the load profile of purchased power matches the time of day that energy is used by customers; this is called Resource Adequacy, or RA. Regulatory agencies require that utilities must procure adequate resources to match the profile they assign, even if it's far higher than actual use expectations. Due to the load profile recently applied by regulatory agencies to VCE service territory, our RA costs are going up by \$1.5 million in 2019.

The cost of purchased power is also expected to increase by approximately \$800,000 in 2019, adding an additional burden to the budget. Taken as a whole, these additional costs have a significant impact on VCE's financial obligations.

Prior to the projected PCIA rate increase, higher Resource Adequacy (RA) procurement costs, and increasing short-term power market prices, VCE had the ability to absorb the financial impact of enrolling NEM customers in 2019. That is no longer the case, so the VCE Board reluctantly made the decision to defer NEM participation.

Item 15 - NEM Customers



ENROLLMENT STATUS	RECORD COUNT
Not Yet Enrolled	8,644
Opt In	1,235
Opt Out Immediately	158
Opt Out after 6 months	4
Terminated	174
GRAND TOTAL	10,215

Item 15 - Earned Media

- **12/7/18 - Op Ed 1 - Lucas Frerichs (PCIA)**
 - Picked up by Davis Enterprise, Davis Vanguard blog, Davisite blog, Winters Express, West Sac News-Ledger
- **12/11/18 - SACOG Grant news release**
 - Included in Davis Enterprise story by Anne Ternus-Bellamy on 12/13 (online) and 12/14 (font page print edition)
 - Also picked up by Daily Democrat, Vanguard blog, Davisite *blog*
- **12/19/18 - The Davis Enterprise “Our View” published**
 - Voicing support for VCE, and urging patience with CPUC challenges
- **1/14/19 - News release on VCE’s response to PG&E plan**
 - Davis Enterprise and Winters Express are writing staff-written stories using this
 - Included in Daily Democrat broader story 12/15, in Davisite blog, and in West Sac Web 12/15
- **1/15/19 - Op Ed 2 -by Stallard/Saylor (Solar)**

Item 15 - Earned Media

Full media list for all news releases:

- Sebastian Oñate, editor, **The Davis Enterprise**: sonate@davisenterprise.net
- Jim Smith, editor, **The Daily Democrat**: jsmith@dailydemocrat.com
- David Greenwald, editor, **The Davis Vanguard blog**: info@davisvanguard.org
- Roberta Millstein, editor, **The Davisite blog**: Roberta.millstein@rlm.net
- Emma Johnson, editor, **The Winters Express**: news@wintersexpress.com
- Matthew Keys, staff writer, **The Winters Express**:
matthew@wintersexpress.com (included at his request)
- Monica Stark, editor, **West Sacramento News-Ledger**: editor@news-ledger.com
- Danny Luna, editor, **West Sac Web**: westsacweb@wavecable.com
- Paul V. Scholl, publisher, **West Sacramento Sun**: publisher@mpg8.com

Item 15 - Social Media

- Program postings twice weekly
- Special topical postings additional—boosted with modest budget (\$25 per posting) to increase reach, on topics such as:
 - Cool Davis workshop
 - PG&E plan to file Chapter 11
- “Hit” numbers low. Working to bring them up.

Item 15 - SACOG Grant

- \$2.9 million grant jointly with VCE, Davis, Yolo County and Woodland to install electric vehicle charging infrastructure
- Social media employed to spread the good news
- OpEd (sent 1/15/19) included reference in overview of accomplishments in 2018
- Social media updates planned
- Website updates planned



Item 15 - Presentations/Outreach

- 35 community presentations made in 2018 including:
 - Rotary Clubs
 - Kiwanis
 - Chamber of Commerce
 - League of Women Voters
 - Citizens Advisory Committees—Esparto, Clarksburg, Madison
 - Homeowners Associations
 - Senior Center
 - School Districts
- Participated in numerous community events including the Davis Farmer's Market, Woodland Farmer's Market, Tomato Festival and the Honey Festival

Item 15 - CAC Outreach Committee Assistance

CAC Assisted With—

- NEM policy change and documents
- NEM Letters
- Evaluation of marketing consultant proposals
- Website recommendations
- Ongoing reviews marketing collateral

Moving Forward

- Consulting with staff and Green Ideals on short-term and long-term outreach strategies
- Helping to define audience segments and consulting on appropriate messages and communications approaches
- Providing a sounding board to assist in message development and copy testing
- Soliciting input from individual Community Advisory Committee members on audience segments, messages, and other issues that may impact VCE
- Reviewing development procedures for marketing communications projects
- Conducting review of marketing materials at the draft (pre-release) stage
- Preparing concise monthly summaries for the CAC on all marketing materials currently in the development pipeline

Item 15 - Planned/Future Activities

- Re-scheduling presentations with community groups
- Continued support of farmers markets and other events include the Heating and Cooling Workshop (1/27), Almond Festival in Esparto (2/24), Interfaith Summit in Davis (3/16)
- Write/distribute Op Eds on topics of interest/concern, as needed
- Develop radio/TV pitch list to arrange for interviews of VCE leaders re: program achievements and topics of special interest
- Revise website for freshness, optimism, updated information, ease of navigation, relevant news, info banner on HOME page
- Update communication plan to:
 - Detail cost-effective opportunities to create positive impressions via traditional and social media channels
 - Build brand awareness
 - Shift focus away from cost to emphasize other benefits of VCE, such as taking control of power resources, responding to climate change, and investing in our communities

Item 15 - Summary

- We have successfully launched and have weathered the bumps
- Our opt-out rate is within the expected range
- We will continue to get the word out about our program, emphasizing its community benefits and helping customers to realize why it's important—not merely what it is

Item 17 – Update on Potential PG&E Bankruptcy

Background

- PG&E 15 day notice to file bankruptcy; file on or about January 29, 2019; PG&E estimates a 2 year process
- PG&E CEO and Senior Management step down
- Would be 2nd bankruptcy since 2001

VCE/CCA related topics

- PG&E role in CCA operations; 12 operating CCA's in PG&E service area; 41% of load in 2019
- No expected interruption in service by PG&E (same as 2001 bankruptcy); “business as usual” for VCE customers and VCE operations
- Additional wildfire related fees? Unknown; will be determined by CPUC; CCA's plan to participate in CPUC proceedings on bankruptcy related issues
- VCE activities – monitoring closely; participating in CalCCA joint efforts

Item 15 - Opt-Out Summary

ENROLLMENT SOURCE	CSR	IVR	WEB	Total
ENROLLMENT ACTION LOG: CREATED DATE	COUNT	COUNT	COUNT	COUNT
April 2018	104	186	233	523
May 2018	459	250	231	940
June 2018	108	95	172	375
July 2018	192	300	202	694
August 2018	555	825	536	1,916
September 2018	158	187	199	544
October 2018	95	69	61	225
November 2018	25	22	19	66
December 2018	31	34	53	118
January 2019	13	10	4	27
Total	1,740	1,978	1,710	5,428

Item 15 - Opt-Out Reasons

SERVICE ADDRESS: OPT OUT REASON	RATE/COST CONCERNS	SERVICE/BILLING CONCERNS	DISLIKE BEING AUTOMATICALLY ENROLLED	RENEWABLE ENERGY RELIABILITY CONCERNS	CONCERNS ABOUT GOVERNMENT-RUN POWER AGENCY	OTHER	DECLINE TO PROVIDE A REASON	Total	
ENROLLMENT ACTION LOG: CREATED DATE	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	
April 2018	188	26	11	105	1	24	97	71	523
May 2018	181	24	18	152	7	81	451	26	940
June 2018	122	24	5	89	1	12	97	25	375
July 2018	302	70	16	90	1	5	181	29	694
August 2018	814	273	44	255	2	17	432	79	1,916
September 2018	182	131	18	74	1	2	111	25	544
October 2018	73	50	0	25	0	1	68	8	225
November 2018	24	4	2	9	0	1	24	2	66
December 2018	35	36	2	18	1	1	19	6	118
January 2019	15	4	0	3	0	0	4	1	27
Total	1,936	642	116	820	14	144	1,484	272	5,428

Item 15 - CSR Interactions and Reasons

CALL TYPE	BILL INQUIRY	OPT OUT - 6 MONTHS	OPT OUT - IMMEDIATELY	OPT IN - BASE	OPT IN - UP	OPT UP	OPT DOWN	ESCALATION - INTERNAL	ESCALATION - TO CCA	PGE RELATED QUESTION (MOVES-OUTAGE-PAYMENT)	OTHER	Total	
CREATED DATE	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	COUNT	
April 2018	9	0	159	7	1	9	0	2	0		3	85	275
May 2018	7	1	443	4	1	2	0	0	0		1	90	549
June 2018	5	0	130	2	1	3	0	2	0		0	153	296
July 2018	142	0	276	10	0	7	1	1	0		1	254	692
August 2018	594	27	374	14	0	0	0	19	0		2	2,657	3,687
September 2018	389	11	180	3	1	1	0	8	0		1	110	704
October 2018	97	9	96	29	0	2	0	0	0		2	228	463
November 2018	44	1	27	2	2	1	0	1	4		8	36	126
December 2018	56	9	36	1	0	0	0	1	0		0	49	152
January 2019	21	4	28	0	0	3	0	0	0		1	14	71
Total	1,364	62	1,749	72	6	28	1	34	4		19	3,676	7,015