



Valley Clean Energy Board Meeting – November 12, 2020
Via Teleconference
Item 15 – 2020 Local RFO Power Purchase Agreements (PPA)
Approval



Public Comments

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Item 15 – 2020 Local RFO Power Purchase Agreements Approval - Background

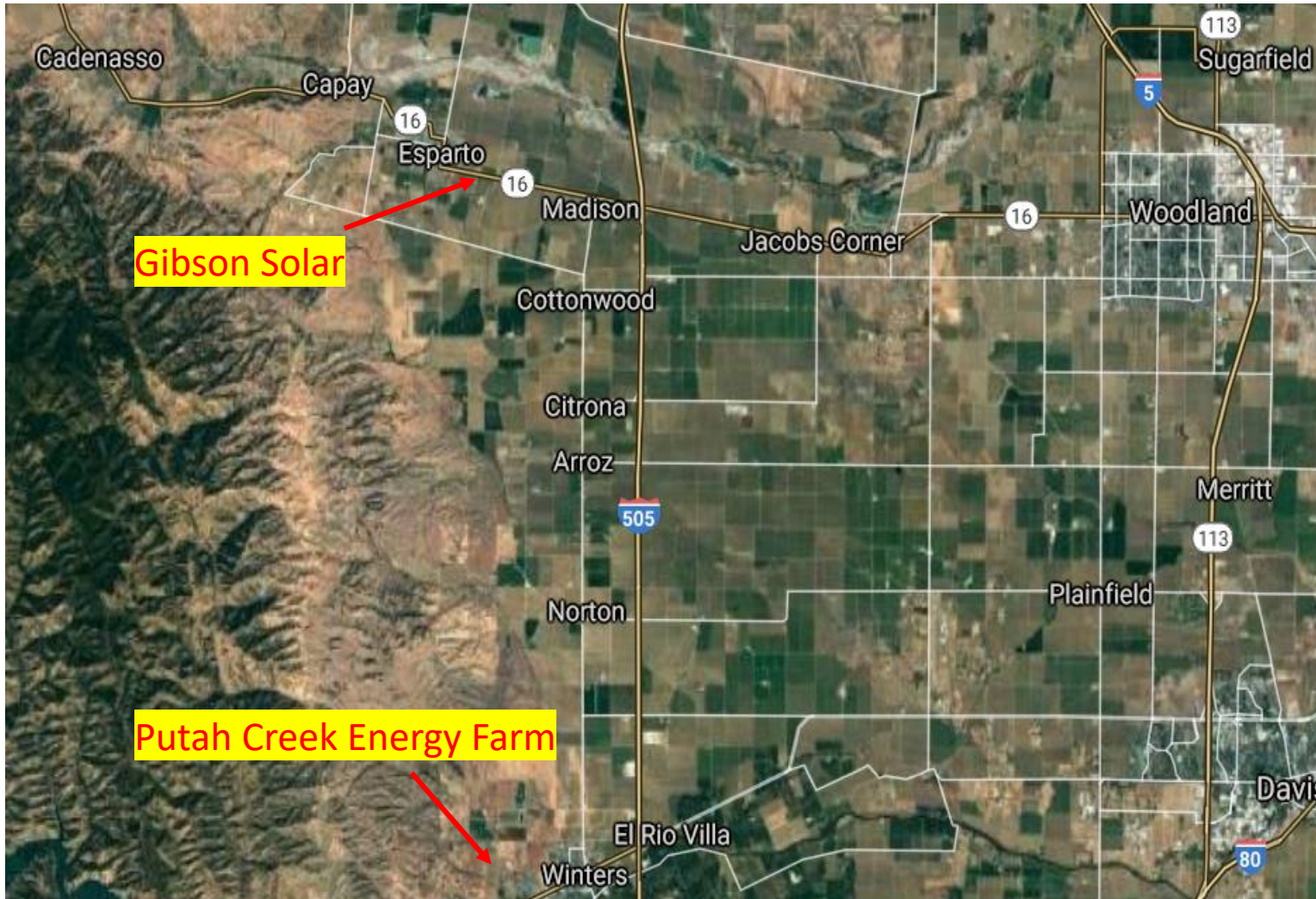
- VCE Board RFO approval April 9, 2020; RFO launched Q2; Shortlist and commenced negotiations Q3; Contract approval Q4
- 2019 RPS Plan: “VCE plans to establish an open solicitation for local renewables in the first quarter of 2020 in order to supply up to 25% of its targeted 2030 renewable goal of 80%.”
- The two selected projects will satisfy over 40% of the above target
 - Future solicitation(s) will fulfill the remaining local commitment

Item 15 – 2020 Local RFO Power Purchase Agreements Approval - Background

	Original response (5/26/2020)	Initial Short-list (mid July 2020)	Negotiations conducted ¹
Bidders	12	6	4
Proposals	31	16	4
Technology types	PV, PV + Storage (BESS), Geothermal, Hybrid (combination of wind, PV and BESS)	PV, PV + Storage (BESS), Geothermal, Hybrid (combination of wind, PV and BESS)	PV + Storage (BESS)
Counties	Colusa, Lake, Solano, Yolo	Lake, Solano, Yolo	Yolo

1) Initial negotiations w/ 4 entities, reduced the number to 3 and finally selected 2.

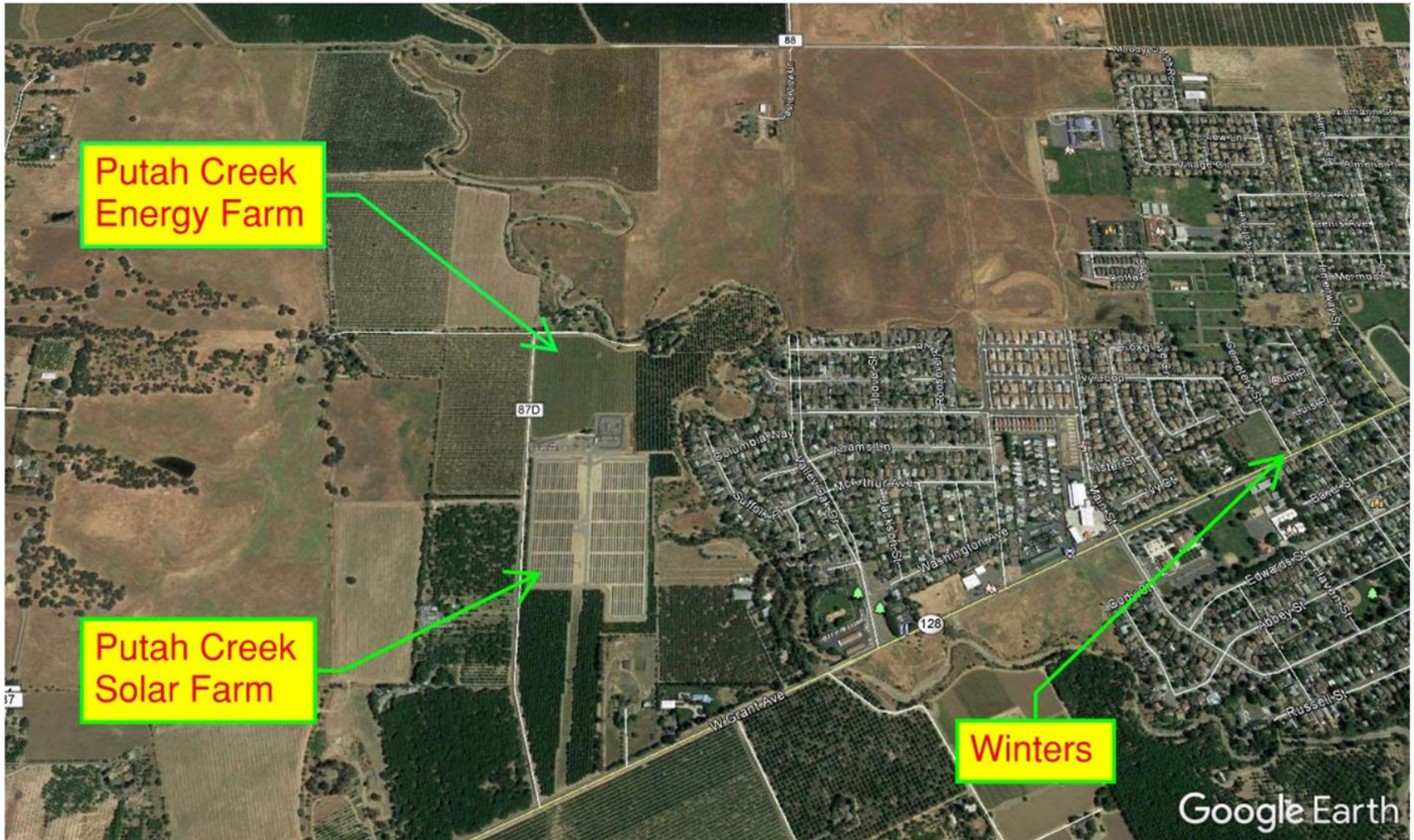
Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Project Locations



Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Putah Creek Energy Farm (PCEF)

- Counterparty: Putah Creek Solar Farms LLC
- 3MW AC of Solar PV Bifacial modules on Trackers , 3MW of BESS storage
- Pollinator friendly
- Approved for Conditional Use Permit (CUP) through county processes including Solar Ordinance
- Contributes 10% towards Yolo County Climate Action Plan 2021 Carbon reduction goals
- Planned educational uses include research of sustainable planting under bifacial arrays for agricultural and power production purposes

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Project Location



Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Current Status of Development

- Development of PCEF is almost complete
 - In January 2020, approved by Yolo County Planning Board at the CUP hearing
 - CUP provisions for approval include habitat and agricultural mitigations
 - In Spring 2020, received final, signed interconnection agreement from PG&E, and the approved CUP from Yolo County

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Development Timeline

Phase	Start	End	Notes
EPC Selection	Jun-20	Dec-20	Shortlisted 3 potential EPC partners based on a May 2020 initial RFP
Design	Nov-20	Feb-21	Design will be by the EPC contractor, with review and independent oversight by PCEF and Solvida
Financing	Jul-20	Dec-20	Engaged with 2 local banks. Each has expressed specific interest in providing construction financing for the project. One bank was involved in the financing of Putah Creek Solar Farm.
Permitting	Nov-20	Jan-21	Next steps: Visit by Yocha Dehe Cultural Resources Tribal Monitors, schedule pre-construction surveys and meet up with County permitting officials
Construction	1-Mar-21	10-Aug-21	Civil, electrical and structural contractors onsite building site in accordance with approved construction and permit drawings
Testing and Commissioning	10-Aug-21	1-Sep-21	Array and inverter testing and commissioning to meet permit, interconnection and product warranty requirements
System Startup	1-Sep-21	1-Sep-21	PG&E written approval to backfeed power, end of commissioning phase

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Counterparty

- Dan Martinez and Santiago Moreno, Owners and Operators
 - Developed first privately developed project in Yolo County, 2010-2014
 - Managing and operating 2MWAC PCSF since Summer 2015
 - Multi-generational Winters residents and farmers; owners of Martinez Orchards, Inc.
- Project owners, own and operate 500+ acres of active agricultural crops across Yolo County supporting dozens of local jobs
- The Martinez family has been farming in Yolo County since 1956
- PCSF LLC's first project, Putah Creek Solar Farm (PCSF) was constructed in 2014 and has been actively contributing renewable energy to the County distribution grid for 5+ years

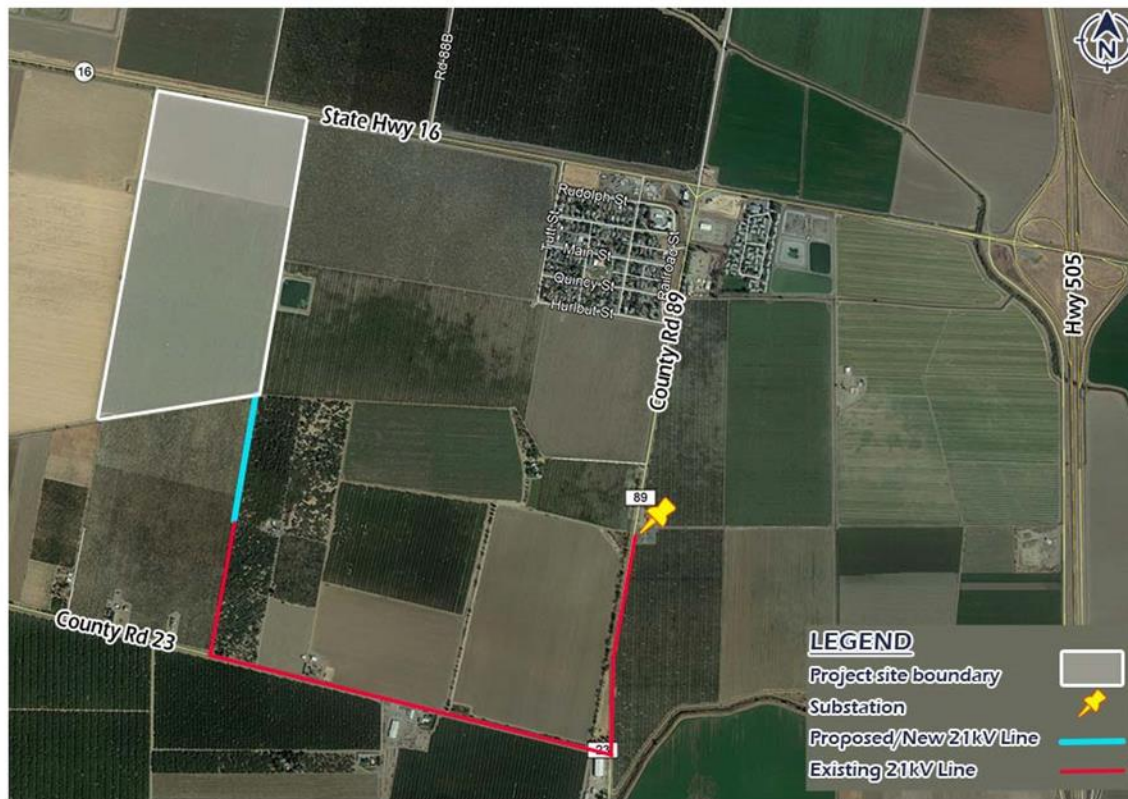
Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Developer (Solvida Energy Group)

- Stephen Smith – experienced, 25-years in the solar industry
- Co-developer of Putah Creek Solar Farm with PCSF LLC 2010-2015
- Solvida Energy Group, Inc., Founder; 2009- present
 - Focus on technical training, project development support, project financial modeling and appropriate technology selection
 - Published author of two industry reports and several white papers
 - Recognized thought leader in technical balance of system design and optimization
- Solvida Design + Engineering, Inc., Co-Founder; 2014-present
 - Engineer of Record for more than 100 installed and operational solar and solar plus storage projects across the United States totaling 1GW
 - Recognized as Top 10 Solar Design Firm by Utilities Tech Outlook

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Gibson Solar Project

- Counterparty: Gibson Renewables LLC
- 20 MW AC of Solar PV Bifacial modules on Trackers , 6.5 MW of BESS storage
- Pollinator friendly
- Applying (late Q4 '21) for Conditional Use Permit (CUP) through county processes including Solar Ordinance

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Gibson Solar Project



- Net Area: 147.0 acres
- Address: State Hwy 16, Madison, CA 95653
- Current Land Use: Occasionally Farmed (Wheat & Alfalfa)
- Zoning: Agricultural Intensive (A-N)
- Size & Technology: 20.0 MWac/26.0 MWdc Solar
- PV + 6.5 MWac/26.00 MWh Battery Energy Storage System (BESS)
- POI: Existing Madison 21kV Distribution Line
- COD: September 30, 2022

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Current Status of Development

	Gibson Solar
Land Use Permit Process:	<ul style="list-style-type: none">• Public meeting with Esparto/Madison advisory committees• Public hearings – Planning Commission (PC) & Board of Supervisors (BOS)
Land Use Permit Type:	Major Use Permit
Est. Processing Time:	8 – 14 months
Required Studies:	<ul style="list-style-type: none">• CHRIS Cultural Resources Study• Biological Resources Inventory• HCP/NCCP form• Drainage/Storm Drainage Plan (TBD)

Land Use Permits will be submitted in Q4 2020.

Item 15 – 2020 Local RFO Power Purchase Agreements Approval – Counterparty

Located in Pleasanton, CA, ET Capital is dedicated to project development, project finance, EPC Management and asset investment in the US. ET Capital was established in 2013.

It is subsidiary of ET Energy Group.

Team Highlights:

- Experienced management team from leading US utilities and project development firms, such as Duke Energy, Recurrent Energy, First Solar;
- 300 MW project development, project finance, and asset sales in CA, NC, MA, OR, MN etc.
- 500 MW+ project pipeline under development;
- Successful Partnership with top ranking US utilities and IPPs, such as Duke, NRG, Greenbacker, Heelstone;
- Won best project award by NRG in 2016

ET Energy Group:

ET Energy Group is a global solar energy solutions provider since 2005:

- ✓ **15 years** of operations active in **20** counties
- ✓ **2GW** global project delivery



Item 15 – 2020 Local RFO Power Purchase Agreements Approval

Requested Actions:

Approve the Power Purchase Agreements (PPA) for renewable energy and capacity resulting from VCE's local request for offers for long term renewables projects.

- a) PPA between Valley Clean Energy and Putah Creek Solar Farms, LLC to procure 3 megawatts of solar co-located with a battery energy storage system under development in Yolo County, California; and,
- b) PPA between Valley Clean Energy and Gibson Renewables LLC to procure 20 megawatts of solar combined with a battery energy storage system under development in Yolo County, California



**Valley Clean Energy Board Meeting – November 12, 2020
Via Teleconference**

Item 16 – Load, Revenue & Power Cost Forecast Update



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Item 16 - Overview

- Discussion and Comparison of Load Estimates:
 - May 2020 Forecast
 - October 2020 Forecast
- Profit & Loss and Cash Flow Impacts

Purpose: inform the Board of updated load forecasts based on recent data related to COVID-19 and recessionary factors, as well as related financial impacts.

Item 16 - May 2020 Load Forecast

- At the May Board Meeting staff and SMUD presented scenarios showing load forecasts resulting from the COVID-19 pandemic, shelter-in-place orders, and the predicted economic recession
- Best Case, Worst Case, and Most Likely Cases were developed. The Most Likely case, used for the budget, reflected 3.8% and 3.6% load reductions in 2020 and 2021 compared to pre-COVID estimates

		Best Case*	Most Likely*	Worst Case
2020	Retail Load	-3.8%	-3.8%	-8.0%
	Power Costs	-1.9%	-1.9%	-4.0%
	Revenue	-4.2%	-4.2%	-8.3%
2021	Retail Load	-2.3%	-3.6%	-8.7%
	Power Costs	-1.6%	-2.7%	-6.0%
	Revenue	-2.3%	-3.7%	-8.5%

Item 16 - October 2020 Load Forecast Update

In late October SMUD and VCE updated the 2020-2022 load forecast, which included:

- Pre-COVID load forecast produced by SMUD in 1st quarter of 2020
- January through mid-August actual load data
- SMUD estimation of weather versus COVID shutdown load impact
- Reforecast of COVID shutdown/recessionary impact to future load
- Consideration of National Oceanic and Atmospheric Administration (NOAA) forecast of a warm California winter

	Total Impact	COVID Shutdown	Weather
Residential	12%	4%	8%
Small Commercial	-13%	-16%	3%
Medium Commercial	-11%	-13%	2%
Large Commercial	-7%	-9%	2%

Item 16 - October 2020 Load Forecast Update

To summarize the findings since May:

- The updated forecast reflects the following increases from May to October forecasts:
 - 6.3% load increase for 2020 from Most Likely (budget) case
 - 2.8% load increase for 2021 from Most Likely (budget) case
- An unusually hot summer increasing load
- The forecast residential load increase offsets almost all of the commercial load reductions

The higher load will increase both revenue and power cost. For the two years of FY2021 and FY2022, revenue has increased \$5.3 million while power cost is increasing \$5.9 million, for a two-year reduction in net income of \$0.6 million.

Item 16 - P&L and Cash Flow Impacts

FY2021 and FY2022 Profit & loss and cash outlook has not changed significantly since the Board approved the budget in June 2020:

- Operating losses in both FY2021 and FY2022
- Significant revenue erosion from PCIA both years
- Notable power cost increase due largely to increased Resource Adequacy (RA) costs
- Cash reserves being utilized to stabilize customer rates through the end of FY2022

Item 16 - P&L and Cash Flow Impacts

PCIA and power costs may start to normalize in 2023 and beyond, but margins will be very low or negative until that occurs. Some of these potentially helpful interventions may include:

- PCIA costs normalizing due to regulatory/legislative decisions
- Reduced power costs as VCE long-term power purchase agreements (PPA's) start coming on-line
- Change in market factors, such as Diablo Canyon units coming off the books for PG&E
- Favorable regulatory decisions

Staff believes that VCE should not rely on positive outcomes from these interventions until they become more certain, and that the organization should make financial decisions, including potential dividends, through a lens of prudence.

Item 16 - P&L and Cash Flow Impacts

	FY2020	FY2021	FY2022
May 2020 Forecast			
Revenue	\$ 55,249	\$ 49,467	\$ 49,400
Power Cost	\$ 41,538	\$ 47,695	\$ 50,335
Other Expenses	\$ 4,346	\$ 4,611	\$ 4,992
Net Income	\$ 9,365	\$ (2,839)	\$ (5,927)
Oct 2020 Forecast			
Revenue	\$ 55,249	\$ 53,038	\$ 51,159
Power Cost	\$ 41,538	\$ 50,630	\$ 53,288
Other Expenses	\$ 4,346	\$ 4,671	\$ 4,990
Net Income	\$ 9,365	\$ (2,263)	\$ (7,119)
Difference			
Revenue	\$ -	\$ 3,571	\$ 1,759
Power Cost	\$ -	\$ 2,935	\$ 2,953
Other Expenses	\$ -	\$ 60	\$ (2)
Net Income	\$ -	\$ 576	\$ (1,192)
Unrestricted Cash	\$ 13,334	\$ 9,397	\$ 363
Load (Kwh)	690,231	689,988	721,345



**Valley Clean Energy Board Meeting – November 12, 2020
Via Teleconference**

Item 17 – Allocation of Fiscal Year 2020 Net Margin



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Item 17 - Overview

- Dividend Program Guidelines
- Dividend Program Calculations
- Cash Considerations
- Recommended Allocation of Net Margin
- Dividend Sensitivities
- Program Reserve Prior to Dividend Program
- Financial Summary

Purpose: Seek Board decision on allocation of audited Net Margin for the fiscal year ended June 30, 2020.

Item 17 - Dividend Program Guidelines

Guidelines of the Dividend Program:

- Every fiscal year, the audited Net Margin (Less Principal Debt Payments) is to be allocated amongst Cash Reserves, Local Program Reserve, and Cash Dividends, at the Board's discretion
- VCE to match PG&E's generation rates (less PCIA)
- Before any dividends are paid:
 - VCE must have > 5% Net Margin (less debt payments)
 - The enrollment process for the legacy NEM accounts must have begun

For fiscal year ended June 30, 2020, these criteria have been met.

Item 17 - Dividend Program Calculations

Dividend Program Formula

The adopted Dividend Program formula recommends allocating the net margin as follows:

- Any Net Margin up to 5% is allocated as follows:
 - At least 5% (of the 5%) goes to Local Programs Reserve (LPR)
 - Up to 95% to Cash Reserves
- Any Net Margin > 5% is allocated as follows:
 - At least 50% to Cash Reserves
 - Remaining allocated among customer Dividends and LPR

Item 17 - Dividend Formula Calculations

FY2020 produced Net Margin (less debt payments) of \$6.3M, which is 11.4%.

Based on Dividend Program guidelines, the ranges of allocations are:

- Local Programs Reserve: at least \$140,000
- Customer Dividends: \$0 to \$1.8M
- The balance goes to Cash Reserves

Item 17 - Cash Considerations

Although VCE has strong cash reserves at June 30, 2020, it is expected to experience significant cash challenges in the next two fiscal years due to continuing regulatory pressures related to the Power Charge Indifference Adjustment (PCIA/Exit Fee) and changing Resource Adequacy requirements.

Projected Days Cash on Hand:

June 30, 2020: 103 days

June 30, 2021: 70 days

June 30, 2020: 3 days

Item 17 - Recommended Allocation of Net Margin

Based on the Dividend Program parameters and cash reserves, staff recommends the following allocation of VCE's \$6.318 million audited net margin for FY2020:

- \$138,000 to the Local Programs Reserve (LPR)
- \$0 to dividends, given the current cash reserve forecast
- The balance (\$6,180,000) to cash reserves to help stabilize customer rates over the next two fiscal years

Item 17 - Dividend Sensitivities

For reference, if the Board decided to institute a small dividend this year the effects would be:

- A 1% dividend in FY2020 would be an \$800,000 reduction in cash reserves and reduce days cash on hand going forward by 6 days
- A 2% dividend in FY2020 would be a \$1,600,000 reduction in cash reserves and reduce days cash on hand going forward by 12 days

A 1% dividend would be approximately \$1.50/mo. reduction in the average residential customer bill and an approximately \$3.75/mo. reduction in the average small commercial customer bill

These levels of customer dividends would not likely have significant effects on customer retention or recruitment.

Item 17 - Program Reserve Prior to Dividend Program

Prior to the introduction of the Dividend Program, VCE set aside 1% of net income as funds for local program development. This was based on the Board's Financial Reserve Policy adopted on December 14, 2017.

Based on the Financial Reserve Policy's 1% calculation, VCE has approximately \$86,500 set aside as of June 30, 2019 for programs.

Any LPR approved for FY2020 would add to this existing total.

Item 17 - Financial Summary

	Audited 2020 Results	
Electricity Sales	\$ 55,248,868	
Operating Expense	\$ 45,887,956	
Principal Debt Payments	\$ 3,042,674	
Net Margin Less Principal Debt Payments	\$ 6,318,238	
Net Margin %	11.4%	
5% Net Margin	\$ 2,762,443	
Amount > 5% NM	\$ 3,555,794	
Disposition of First 5% Net Margin	\$ 2,762,443	
At least 5%: Local Programs Reserve (LPR)	\$ 138,122	Minimum
Up to 95% to Cash Reserves	\$ 2,624,321	Maximum
Disposition of Net Margin >5%	\$ 3,555,794	
At least 50% to Cash Reserves	\$ 1,777,897	Minimum
Remaining (after Cash Reserves) - Split between LPR and Dividends	\$ 1,777,897	Maximum

Item 17 - Financial Summary

FY 2020 Summary		
Minimum Amount to LPR	\$	138,122
Minimum Amount to Dividends	\$	-
Maximum Amount to Dividends	\$	1,777,897
FY 2019 Summary		
Minimum Amount to LPR	\$	86,463
Total 2019-20 (2 Years)	\$	224,585
Days Cash on Hand at 6/30/2020		103
Projected Days Cash on Hand at 6/30/2021		70
Projected Days Cash on Hand at 6/30/2022		3



**Valley Clean Energy Board Meeting – November 12, 2020
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Item 18 – Winters Enrollment Materials



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Item 18 – Winters Enrollment Materials

- Winters Enrollment Letter #1: English
- Winters Enrollment Letter #1: Spanish (page 2 of letter)
- Envelope for Winters Enrollment Letter #1
- Pole Banners for Downtown Winters: English (2)
- Pole Banner for Downtown Winters: Spanish (back side of banners)
- Advertisement for Winters Express
 - Running November 4, 11 and 24; December 12

Item 18 – Winters Enrollment Materials Timeline

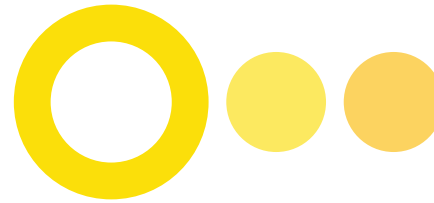
Nov
2020



Dec
2020



Jan
2021



Feb-
Dec
2021



- First Enrollment Notifications
- First Community Meeting (Zoom)
- Rotary Presentation
- Advertisements and Pole Banners

- Second Enrollment Notifications
- Second Community Meeting (Zoom)
- Advertisements and Pole Banners

- All Non-NEM Accounts Enrolled
- Third Enrollment Notifications

- All NEM Accounts Enrolled in True-up Month
- Fourth Enrollment Notifications (Feb)

Item 18 – Enrollment Notification #1



November 2, 2020

Dear **FIRST NAME**,

We're pleased to announce that Winters is joining Valley Clean Energy (VCE)! You've waited patiently...now it's your turn to join the VCE family, where local control—*your* control—over an affordable, cleaner electricity supply is our top priority.

Starting in January 2021, residential and commercial electric accounts will automatically transition to VCE's electric generation services¹. PG&E will continue to provide electric transmission and delivery, and will send your monthly bill as always. We work hard for our customers, to provide a higher percentage of renewables in our energy mix while keeping our rates competitive. You can choose to pay a little extra each month to receive 100% renewable energy from VCE. Otherwise, you don't have to do anything to finally get a local voice in how electricity gets done in Yolo County. As a public electricity provider, **our customers are our shareholders**.

Our Story

VCE has been the official public electric generation provider in Woodland, Davis, and unincorporated Yolo County for more than 2 years. We kept our promise to our customers to provide cleaner energy at competitive rates.

VCE was founded by your community leaders to provide benefits to all of us, including:

- Cleaner electricity at competitive rates.
- Local control by representatives from each of our member communities—you now have a say in your electricity supply.
- We're a public, not-for-profit electricity provider, which means we can reinvest revenues back into the communities we serve. VCE helped bring almost \$3 million dollars to Yolo County to install public electric vehicle charging stations — some will be right here in downtown Winters!

Part of a Growing Statewide Clean Energy Coalition

Why join VCE? That's easy. There are already 21 (and growing!) programs just like ours serving well over 10 million customers across the state. Together we're making great strides in reducing greenhouse gas emissions, finally giving Californians a fighting chance to



Item 18 – Enrollment Notification 1: Spanish (back of page #1)



November 2, 2020

Estimado **FIRST NAME**,

Nos complace anunciar que Winters se une a Valley Clean Energy (VCE), donde el control local, *su control*, sobre un suministro de electricidad más limpio y asequible es nuestra principal prioridad.

A partir de enero de 2021, las cuentas eléctricas residenciales y comerciales pasarán automáticamente a los servicios de generación eléctrica de VCE¹. PG&E continuará brindando transmisión y entrega de electricidad y enviará su factura mensual como siempre. Proporcionaremos más energía renovable manteniendo nuestras tarifas competitivas, o puede optar por comprar energía 100% renovable de VCE. De lo contrario, no tiene que hacer nada. Como proveedor público de electricidad, **nuestros clientes son nuestros accionistas.**

Nuestra Historia

VCE ha sido el proveedor oficial de generación eléctrica pública en Woodland, Davis y el condado no incorporado de Yolo durante más de 2 años. Somos uno de los 22 programas de este tipo que atienden a más de 10 millones de clientes en California.

VCE fue fundada por los líderes de su comunidad para brindar beneficios a todos nosotros, que incluyen:

- Electricidad más limpia a tarifas competitivas.
- Control local por parte de representantes de cada una de nuestras comunidades miembros -- ahora tiene voz y voto en su suministro de electricidad.
- Somos un proveedor público de electricidad, sin fines de lucro, lo que significa que podemos reinvertir los ingresos en las comunidades a las que servimos. VCE ayudó a traer casi \$ 3 millones de dólares al condado de Yolo para instalar estaciones de carga de vehículos eléctricos públicos; ¡algunas estarán aquí en el centro de Winters!

Qué debe esperar



Item 18 – Envelope for Notification #1



VALLEY
CLEAN ENERGY

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Davis, CA 95616

PRSR STD
US POSTAGE
PAID
SACRAMENTO, CA
PERMIT #1890

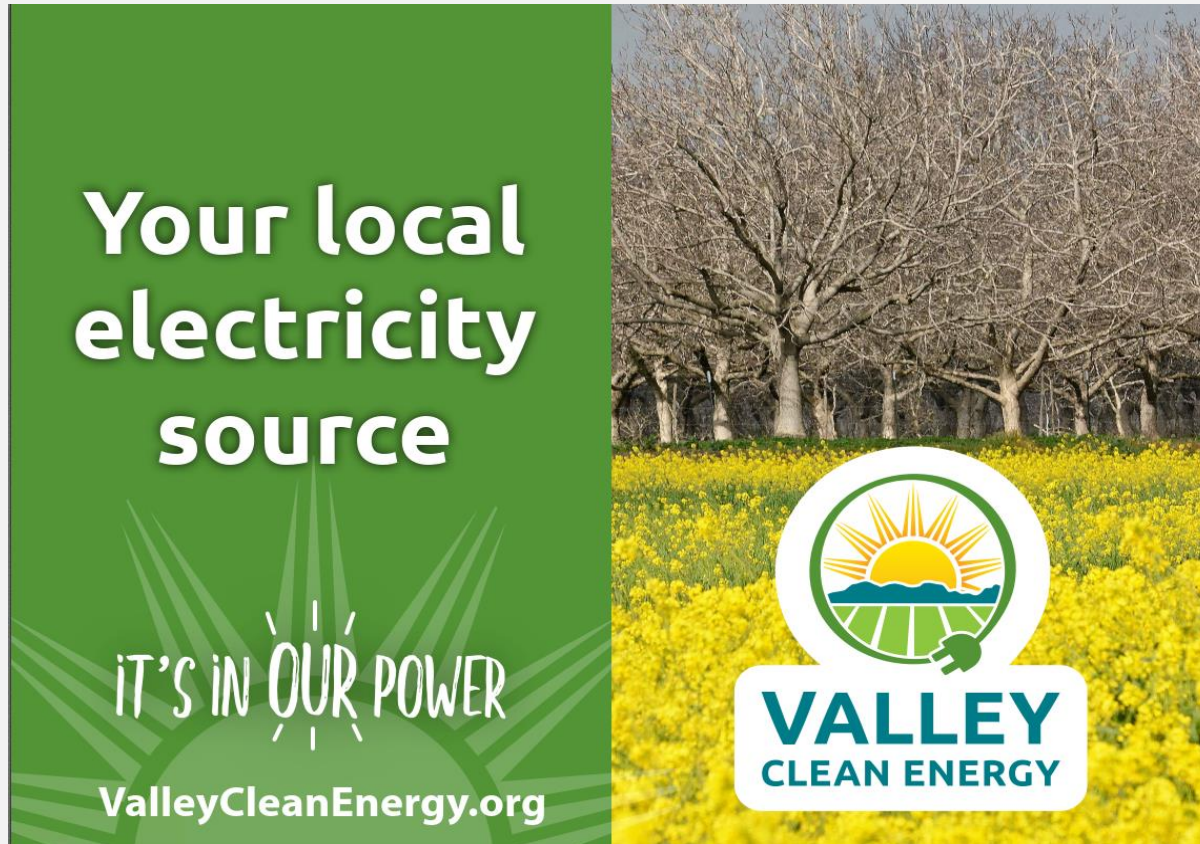
Important news about your
electric account!

*¡Noticias importantes sobre
su cuenta eléctrica!*



VALLEY
CLEAN ENERGY

Item 18 – Pole Banners for Downtown Winters



Item 18 – Pole Banners for Downtown Winters



Item 18 – Pole Banners for Downtown Winters



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Thank You

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